AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Ecopack Limited as at June 30,2007,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 the 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 accounts 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 accounts and are further in accordance with accounting policies consistently applied;

   (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,cash flow 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 the 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 30,2007,and of the Profit,its cash flows and changes in equity for the year then ended;and

(d) in our opinion,no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Karachi
Dated:September 25,2007

KHALID MAJID RAHMAN SARFARAZ
RAHIM IQBAL RAFIQ
Chartered Accountants.

BALANCE SHEET AS AT JUNE 30,2007

	Note	JUNE 30, 2007	JUNE 30, 2006
		(Rupees in '000)	
			RESTATED
ASSETS			
NON-CURRENT ASSETS			
Property, Plant & Equipment	3	1,061,394	833,473
Long term security deposits	4	8,376	8,875
CURRENT ASSETS			
Stores,Spares and loose tools	5	77,277	53,304
Stock in trade	6	386,420	226,971
Trade debts - unsecured	7	175,240	135,781
Loans and advances	8	31,965	31,839
Short term prepayments & deposits	9	6,042	1,898
Other receivables	10	36,944	15,051
Cash and bank balances	11	3,090	7,046
		716,978	471,891
TOTAL ASSETS		**1,786,749**	**1,314,239**
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital			
Authorised			
50,000,000 (June 2006 :25,000,000) Ordinary shares of Rs.10 each		500,000	250,000
Issued,subscribed and paid-up	12	229,770	164,121
Reserves		95,392	145,699
		325,162	**309,820**
SURPLUS ON REVALUATION OF OPERATING PROPERTY, PLANT & EQUIPMENT	13	92,503	102,324
NON-CURRENT LIABILITIES			
Long term finance - Secured	14	525,296	306,668
Liability against assets subject to finance lease	15	33,366	27,693
Deferred liabilities	16	95,756	98,263
		654,418	**432,624**
CURRENT LIABILITIES			
Trade and other payables	17	363,873	303,183
Accrued mark-up on loans	18	25,482	8,324
Short term finances	19	206,570	64,231
Current portion of non-current liabilities	20	102,825	84,131
Taxation		15,915	9,601
		714,666	**469,470**
CONTINGENCIES AND COMMITMENTS	21	-	-
TOTAL EQUITY AND LIABILITIES		**1,786,749**	**1,314,239**

The annexed notes form an integral part of these financial statements

Hassain Jamil
Charirman

Ahsan Jamil
Chief Executive Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2007

	Note	JUNE 30, 2007	JUNE 30, 2006
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		8,558	86,519
Adjustment for:			
Depreciation		62,559	48,744
Reversal of liability		(675)	-
Gain on disposal of fixed assets		(665)	(178)
Impairment loss on property, plant and equipment		-	4,154
Exchange loss		75	14
Provision for obsolete stocks		-	3,678
Provision for doubtful debts		1,000	1,906
Provision for WPPF		450	4,556
Provision for gratuity		4,524	3,316
Financial charges		107,182	57,373
		174,449	123,562
Cash flow from operating activities before working capital changes		**183,007**	**210,081**
(Increase) / Decrease in current assets :			
Spares & loose tools		(23,973)	(24,181)
Stock in trade		(159,448)	(57,744)
Trade debts		(39,459)	(35,349)
Loans & advances		(126)	(22,536)
Short term prepayments & deposits		(4,144)	37
Other receivables		(12,543)	807
Net increase in current assets		**(239,694)**	**(138,966)**
Increase / (Decrease) in current liabilities:			
Trade and other payables		64,781	89,055
Other payments:			
Financial charges paid		(90,023)	(54,438)
Gratuity paid		(3,755)	(435)
WPPF paid		(4,554)	(2,804)
Income taxes paid		(9,887)	(4,583)
		(108,219)	(62,260)
Net cash (Outflow) / inflow from operating activities		**(100,125)**	**97,911**
CASH FLOW FROM INVESTING ACTIVITIES			
Property, plant and equipment		(179,086)	(316,958)
Capital work-in-progress		(112,061)	118,830
Long term security deposits		499	(1,870)
Proceeds from disposal of fixed assets		1,333	540
Net cash outflow from investing activities		**(289,316)**	**(199,458)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long term loans		306,528	133,886
Repayment of long term loans		(75,100)	(44,661)
Finance leases acquired		28,501	8,854
Payment of finance lease liability		(16,784)	(13,985)
Net cash outflow from financing activities		**243,146**	**84,094**
Net Increase in cash and cash equivalents		(146,295)	(17,454)
Cash and cash equivalents at the beginning of the period		(57,185)	(39,730)
Cash and cash equivalents at the end of the period	**40**	**(203,480)**	**(57,185)**

The annexed notes form an integral part of these financial statements

Hassain Jamil
Charirman

Ahsan Jamil
Chief Executive Officer

DIRECTOR'S REPORT

The Board of Directors' of Ecopack Limited is pleased to present the audited financial statement for the year ended 30th June, 2007.

OVERVIEW:

Your company continues to grow and has once again achieved its highest ever sales of Rs.1.26 billion which is almost a 9% growth over last year. The preform capacity expansion successfully came on stream from April 2007 lending further impetus to our entry into nationwide perform sales as well as our initiating preform export.However, delays in the bottle capacity expansion for through the wall supplies to Pepsi Islamabad meant missing out on some important peak summer season higher margin bottle sales.This delay in start up along with high PET resin cost, self manufacture of bottles by a number of customers and steep increase in financial charges (by Rs.50m) this year resulted in a significant drop in profit before tax i.e. Rs.8.6 million this year compared to Rs.86.5 million last year.

SALES & OPERATONS:

Growth in PET container demand once again came largely from the carbonated soft drink (CSD) industry and that too for small packs. Continued rapid conversion from glass to PET bottles has required enormous and immediate capital investments beyond the bottle vendor industry's capabilities thereby also necessitating substantial customer investment in bottle manufacturing capacity.This in turn has resulted in a fast growing demand for preforms.In light of these market developments your company has more than doubled its preform capacity while only increasing its bottle capacity by 50% and that too against a 3- year supply agreement with the Pepsi Cola bottler in Islamabad.

Company sales grew mainly on account of preform sales.Your company successfully commenced its preform business achieving a first year sale of Rs.208 million.Preform sales could have been higher but for the late start up of some customers' bottle blowing projects. This year too preform export was successfully initiated by your company within the region and while volumes achieved are still small, the potential is quite promising.

Bottle sales grew quantatively by 7% on the back of small packs (300 ml, 500ml) replacing some of the 1.5 liter volume which consequently meant that bottle sales revenue was down by 9%.This growth could have been appreciably higher but for the startup delay in bottle manufacture at the Pepsi Islamabad location.This start up delay was a set back not only in terms of sales volume but resulted in our supplying bottles to Pepsi Islamabad from our existing Hattar factory capacity at lower (long-term contract) prices.

FINANCIALS:

The profitability of your company was adversely affected by high raw material prices on the back of high international oil prices and its resultant cost push trend. Moreover, the opportunity cost of supplying Pepsi Islamabad from our existing Hattar capacity further reduced profitability;the start up delay of our new plant at their premises meant higher-margin spot price sales were forgone to serve our longer term business interest with them.Margin at the gross level,therefore, dropped 5 percentage points this year to 16% from 21% last year. As operating expenses were at par with last year but against a higher sale, the operating margin drop was only 4.4 percentage points from last year.

Increase in financial charges was the single largest cost increase (87%),rising from Rs.57.4m last year to Rs.107.2m in this year.This was in part due to the increase in long term borrowings to finance the perform capacity expansions and in part on account of the full year impact of a higher KIBOR level.This rise in financial costs when combined with the above cited factors has resulted in a substantial drop in after tax profit from Rs.70.369 million last year to Rs.0.234 million.

The Rs.20m bottom line loss reported for the 9 month period was successfully wiped out as anticipated then and a meager profit but a profit nonetheless of Rs.0.234m for the year 2006-07 has been posted.This profit could have been significantly more but for the one-time start-up delay of the new plant at the customer location.A claim on the blowing machine supplier is,however, being made for non fulfillment of contractual obligations and only a very small portion of the claim has been provided for in our financials.

FUTURE OUTLOOK:

The demand for PET performs and bottles are expected to continue to be strong. This is based on the increasing 'on-the-go consumption' and 'convenience culture' which is taking root in Pakistan.These trends are particularly fueling growth in demand for the smaller PET bottle sizes in the CSD sector where the traditional 250ml returnable glass bottles' economic proposition is succumbing increasingly to the need for convenience.Add to this the 25-30% p.a.growth in soft drink sales and vastly improved and expanded supply side infrastructure and therefore, rapid growth can be safely anticipated.This growth is further backed by the introduction of drinking water in PET bottles by Coke and Pepsi whose international brands Kinley and Aqua fina are yet to be launched nationally as well as the impending growth of juice into clear and convenient PET bottles.Other local cola and csd players are also growing in their demand for PET bottles by taking strong positions in smaller packs and discount segments.

This continuously rapid growth in demand for PET bottles has required massive capital investments which the bottle vendor industry alone could not undertake. Therefore, large volume customers within the Coke and Pepsi systems have had to invest in bottle manufacture to assure some self reliance in bottle availability. Their demand for performs will more than make up for their slowing growth,if any, of bottle demand given the introduction of new fast growing pack sizes and the introduction of new products in PET. Your company intends to consolidate its recent expansions and expects to maximize capacity utilization and grow quickly towards the Rs.2 billion mark albeit profitably.To this end the primary focus for the next year will be on cost reduction and efficiency generation, while the other priority is formulating plans for growth-through-diversification It is external factors like high oil prices and interest costs that will be the main hurdles for our plans next year. However, given the massive growth in demand for PET packaging and its potential growth from cannibalizing huge volumes of glass, tetra pack and even other plastic containers your company is well poised with its experience and expertise to gainfully grow for many years to come.

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 Standard,as applicable in Pakistan,has been followed in the preparation of financial statement 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 not declared any cash dividend (2006 - NIL) or bonus shares (2006 - 40%).

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

11. The company maintains a funded provident fund scheme and invested a sum of Rs.7.1 million in various schemes duly approved by Govt of Pakistan for Provident Fund investment.The Gratuity scheme is un-funded and no investment made for that.

12. 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	04
Mrs. Ayesha Khan	03
Mr. Shahid Jamil	01
Mr. Ali Jamil	01
Mr. Ashiq Hussain Qureshi	01

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

14. Trading of shares by Directors & Financial Controller/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	1,285,440 (Bonus share)
Mr. Ahsan Jamil	Chief Executive Officer	967,655 (Bonus share)
Mr. Shahid Jamil	Director	256,460 (Bonus share)
Mrs.Deborah Jamil	Director	343,860 (Bonus share)
Mrs. Ayesha Khan	Director	396,905 (Bonus share)
Mr. Ashiq Qureshi	Director	750 (Bonus share)
Mr. Ali Jamil	Director	(105,000) / 174,292 (Bonus share)
Mr. H.R Siddiqui	Chief Financial Officer	47,077

15. The Company has received the notice from a member under section 253(1) of the Companies Ordinance 1984 proposing the name of M/s.Rahman Sarfaraz Rahim Iqbal Rafiq,Chartered Accountant for the year ending on June 30,2008 for appointment as Auditors in place of retiring auditors.

AUDITORS:

The present Auditors M/s. Khalid Majid Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountant, retired and has not offered themselves for re-appointment for the year 2007-2008.

STAFF & ACKNOWLEDGEMENT:

I would like to place on record our appreciation for the untiring efforts, team work and the dedication by the management and employees during the year under review.

I would also like to express my gratitude to our valued shareholders, customers, suppliers and financial institutions for their co-operation,consistent support and trust proposed in your company.

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

For & on behalf of the Board of Directors

AHSAN JAMIL
(Chief Executive Officer)

Karachi,
Dated:October 9,2007

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2007

1. STATUS AND NATURE OF BUSINESS

The company was incorporated on 25 August 1991 as a private limited company under the Companies Ordinance, 1984.It was converted as a public limited company on April 29,1992 and subsequently in March 1994 was listed at Karachi Stock Exchange. The principal activity of the company is to manufacture and sale of Poly Ethylene Terepthalat (PET) bottles and preforms for beverage and non-beverage industry.The company is the market leader in PET bottle manufacturing for the beverage industry in Pakistan.Its manufacturing facilities are located in the province of Sindh at Karachi and in the province of NWFP at Hattar.

2. 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 New accounting standards,interpretations and amendments that are not yet effective

The following standards,interpretations and amendments in approved accounting standards are only effective for accounting periods beginning on or after 1 July 2007 and are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain increased disclosures in the certain cases:

IAS 1 - Presentation of Financial Statements - Amendments Relating to Capital Disclosures;
IAS 23 - Borrowing Costs (as revised);
IAS 41 - Agriculture;
IFRS 2 - Share-based Payments;
IFRS 3 - Business Combinations;
IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations;
IFRS 6 - Exploration for and Evaluation of Mineral Resources;
IFRIC 10 - Interim Financial Reporting and Impairment;
IFRIC 11 - Group and Treasury Share Transactions;
IFRIC 12 - Service Concession Arrangements;
IFRIC 13 - Customer Loyalty Programs;
IFRIC 14 - The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction.

2.2 Accounting Convention

These financial statements have been prepared under the historical cost convention, except that certain Operating Property, Plant & Equipments 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.

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make the judgment,estimates and assumptions that affect the application of policies and the reported amounts of assets,liabilities,income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances,the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period,or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards,as applicable in Pakistan,that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are discussed in Note No.41 to these financial statements.

2.3 Employees' retirement benefit

The retirement benefits comprises of Gratuity and Provident fund schemes.

2.3.1 Gratuity scheme

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 (refer note no. 16.1).

Past service cost is recognized immediately to the extent that the benefits are already vested. For non-vested benefits past service cost is amortized on the straight line basis over the average period until the amended benefits become vested.

Amounts recognized in the balance sheet represents the present value of defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost,if any,and as reduced by the fair value of plan assets.Any assets resulting from the calculation is limited to the unrecognized actuarial losses and unrecognized past service cost plus the present value of available refunds and reduction in future contribution to the plan.

Actuarial gains and losses are recognized as income or expense when the cumulative unrecognized actuarial gains or losses for each individual plan exceeds 10% of the higher of (a) the defined obligation and (b) the fair value of plan assets.These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plan.

2.3.2 Provident fund

The Company also operates an approved funded contributory provident fund for its management and non-management employees.Equal monthly contributions are made both by the Company and the employees at the rate of 5% per annum of the basic salary.

2.4 Taxation

Current

Provision for current taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation on income.The charge for current tax is calculated using prevailing tax rates.The charge for current tax also includes adjustments for prior years (if any) or otherwise considered necessary for such years.The tax charge as calculated above is compared with turnover tax under section 113 of the Income tax Ordinance, 2001 and whichever is higher is provided in the financial statements.

Deferred

Deferred tax is accounted for using the balance sheet liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences,unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverses, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to income.

2.5 Operating Property,Plant & Equipments

Owned Property,Plant & Equipments

These are stated at cost less accumulated depreciation and impairment loss, if any, except for certain Property, Plant & Equipments that are shown at revalued amounts. Depreciation is charged to the profit and loss account on depreciable amount after considering residual values of respective assets applying the methods and rates used are stated in note no.3.1 to the financial statements. Depreciation on additions is charge for the full month in which an asset is put to use and on deletions upto the month immediately proceeding the deletion.

Maintenance and normal repairs are charged to the profit and loss account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced,if any, are retired.

Gains and losses on disposal of assets,if any, are taken to the profit and loss account.

The carrying values of tangible Property, Plant & Equipments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exist and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.The recoverable amount of tangible fixed assets is greater of net selling price and value in use.

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.

Capital spares having useful life of more than one year have been capitalized and accounted for as Property, Plant & Equipment.

Leased Property, Plant & Equipments

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 no. 3.1.

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

Intangible assets

Expenditure incurred to acquire software license is capitalized as intangible assets and stated at cost less accumulated amortization and impairment loss,if any. Intangible assets are amortized using the straight line method over a period of three years or license period whichever is lower. Where the carrying amount of an asset exceed its estimated recoverable amount is written down immediately to its recoverable amount.

2.6 Capital work-in-progress

Capital work-in-progress is stated at cost.It consists of expenditure incurred and advances made in respect of tangible and intangible assets in the course of their construction and installation. Transfers are made to relevant fixed assets category as and when assets are available for use.

2.7 Borrowing cost

The borrowing cost incurred for purchase/import of plant and machinery are added to the cost of respective assets till their installation is completed.The other borrowing cost is charged to income.

The capitalization of borrowing costs as part of a qualifying asset should commence when expenditure for the asset are being incurred;borrowing costs are being incurred;and activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalization of borrowing costs is suspended during extended periods in which active development is interrupted.

Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete.

2.8 Stores,Spares & loose tools

Stores,spares and loose tools excluding items in transit are valued at lower of moving average cost and net realizable value. Provision is made for slow moving and obsolete items.

Net realizable value signifies the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

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

2.9 Stock in trade

Stock of raw and packing materials are valued at lower of moving average cost and net realizable value. Items in transit are valued at cost comprising invoice values plus other charges incurred thereon accumulated to the balance sheet date. Stocks of semi-finished and finished products are valued at lower of cost,determined on average basis and net realizable value. Cost in relation to semi-finished and finished products represents cost of materials and an appropriate allocation of manufacturing overheads.Cost in respect of semi-finished items is adjusted to an appropriate stage of processing.

Net realizable value signifies the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.10 Trade Debts

These are recognized and carried at original invoice amount less an allowance for uncollectible amounts.An estimate for doubtful debts is made when collection of the full amount is no longer probable.Debts considered irrecoverable are written-off.

2.11 Cash and cash equivalents

Cash in hand and at books,short term bank deposits and short term running finances,if any, are carried at cost. For the purpose of cash flow statement,cash and cash equivalents consists of cash in hand and deposits in bank,net of short term running finances (if any) that are highly liquid in nature and are readily convertible into known amounts of cash,which are subject to insignificant risks of changes in value.

2.12 Foreign Currency Translation

Foreign currencies are translated into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into reporting currency equivalents using year-end spot foreign exchange rates.Non-monetary assets are translated using exchange rates that existed when the values were determined.Exchange differences on foreign currency translations are included in income currently.

2.13 Financial Instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.All the financial assets are derecognized at the time when the Company losses control of the contractual rights that comprise the financial assets.All financial liabilities are derecognized at the time when they are extinguished that is,when the obligation specified in the contract is discharged, cancelled, or expires.Any gains or losses on derecognition of the financial assets and financial liabilities are taken to profit and loss account currently.

2.14 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 recognized amounts and intends either to settle on a net basis or to realize the asset and settle liability simultaneously.

2.15 Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, 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.

2.16 Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, and is recognized on dispatch of products to the customers.

2.17 Related party transactions

The transactions between the Company and related parties are carried out on an arm's length basis and the relevant rates are determined in accordance with the Comparable Uncontrolled Price Method.

2.18 Segment reporting

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

2.19 Impairment

The carrying amount of the assets is reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a group of assets.If any such indication exists,the recoverable amount of such assets are estimated and impairment losses are recognized in the profit and loss account.

	Note	JUNE 30, 2007	JUNE 30, 2006
		(Rupees in '000)	
3. PROPERTY, PLANT & EQUIPMENT			
Operating Property, Plant & Equipment	3.1	939,986	824,126
Capital Work-in-progress	3.6	121,408	9,347
		1,061,394	**833,473**

3.1 Property, Plant & Equipment

(Rupees in '000')

Particulars	COST AND REVALUATION				Rate %	Method	DEPRECIATION				Written Down Values 30-Jun-07
	As at 1-Jul-06	Inter Transfer	Additions/ (Deletions)	As on 30-Jun-07			As at 1-Jul-06	Inter Transfer	For the year	As on 30-Jun-07	
OWNED											
Land	3,525	-	-	3,525	-	-	-	-	-	-	3,525
Factory Building	34,000	-	5,571	39,571	5%	WDV	6,155	-	1,418	7,573	31,998
Factory Road	769	-	-	769	10%	WDV	526	-	24	551	218
Piping Work	9,986	-	2,861	12,846	10%	WDV	2,808	-	758	3,565	9,281
Electrification	25,568	-	6,765	32,333	10%	WDV	6,619	-	2,006	8,625	23,708
Preform Container	9,350	-	9,436	18,786	10%	WDV	1,769	-	1,221	2,991	15,795
Furniture & Fixture	4,077	-	585	4,661	10%	WDV	1,324	-	302	1,626	3,035
Vehicles	4,071	1,205	239	2,212	20%	WDV	2,440	886	1,242	1,932	280
			(3,302)						(2,635)		
Injection Moulds	138,666	-	-	138,666	5%	ST.LINE	53,950	-	7,200	61,150	77,516
Blow Mould	29,945	-	4,789	34,734	5%	WDV	13,549	-	3,740	17,289	17,445
Local Moulds	10,592	-	8,802	19,395	20%	WDV	6,633	-	2,328	8,961	10,434
Plant & Machinery:											
Local	49,697	-	9,891	59,589	5%	ST.LINE	14,491	-	2,407	16,898	42,691
Imported	669,326	-	99,490	768,815	5%	ST.LINE	125,660	-	30,446	156,106	612,710
Capital Spares	7,222	-	9,549	16,771	50%	ST.LINE	301	-	4,463	4,764	12,007
Office Equipment	9,982	-	7,241	17,222	10%	WDV	3,347	-	770	4,117	13,105
Labortary Equipment	430	-	1,491	1,920	10%	WDV	208	-	52	260	1,660
Weighing Scale	1,539	-	79	1,618	10%	WDV	994	-	57	1,051	567
Water Tank	53	-	-	53	10%	WDV	5	-	5	9	43
Sub Total (Rupees)	1,008,796	1,205	166,788	1,173,486			240,779	886	58,438	297,467	876,019
			(3,302)						(2,635)		
LEASED											
Vehicles	16,368	(1,205)	4,981	20,144	20%	WDV	3,865	(886)	2,278	5,258	14,886
Generator	3,506	-	-	3,506	5%	ST.LINE	175	-	140	316	3,191
Chiller	7,588	-	-	7,588	5%	ST.LINE	379	-	-	379	7,209
Air Conveyor	4,806	-	-	4,806	5%	ST.LINE	240	-	-	240	4,566
Plant&Machinery (Imported)	30,000	-	7,318	37,318	5%	ST.LINE	1,500	-	1,702	3,202	34,115
Sub Total (Rupees)	62,268	(1,205)	12,299	73,362			6,159	(886)	4,121	9,394	63,968
RUPEES 2007	1,071,064	-	179,086	1,246,848			246,938	-	62,559	306,861	939,986
			(3,302)						(2,635)		
RUPEES 2006	773,834	-	316,958	1,071,064			201,838	-	48,744	246,939	824,126
			(19,728)						(3,644)		

	JUNE 30, 2007	JUNE 30, 2006
	(Rupees in '000)	
Allocation of Depreciation		
Cost of Goods Sold	59,431	46,307
Administrative Expense	3,128	2,437
	62,559	**48,744**

Cost of machinery imported during the year includes borrowing cost of Rs. 6.6 million capitalized.

3.3 The above balances represents 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.92.52 million and Rs. 141.34 million respectively;and as well as impairment in 2005-06 amounting to Rs.11.59 million.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.

3.4 Had there been no revaluation,the net book value of specific classes of Operating Property, Plant and Equipment as at June 30,2007 would have been as follows:

	2007	2006
	(Rupees in '000)	
	W.D.V.	W.D.V.
Leasehold land	2,995	3,525
Factory building	30,477	26,978
Plant & Machinery		
- Local	42,558	35,879
- Imported	506,633	393,388
Injection mould	45,707	49,291
Blow mould	14,767	13,577
Electrification	23,625	18,884
	666,763	**541,521**

3.5 Disposal

Particulars	Cost	Accumulated Depreciation	Written Down	Sales Proceeds	Gain/ (Loss)	Mode of Disposal	Particulars of the Purchaser
	(Rupees in '000)						
Vehicle ACJ-231	550	419	132	316	184	Company policy	Mr. Syed Shamshad Hussain
Vehicle ACH-766	320	261	59	165	106	Company policy	Mr. Siraj Akber
Vehicle ABX-005	565	401	164	278	115	Company policy	Mr. Habib ur Rehman Siddiqui
Vehicle ACQ 527	293	250	43	55	12	Company policy	Mr. Mohammad Hussain Khan
Vehicle ACT-380	1,085	888	197	330	133	Company policy	Mr. Ahsan Jamil
Vehicle ACK-539	320	254	66	108	42	Company policy	Mr. Ghalib Naqvi
Vehicle IDC-3499	169	162	7	80	73	By Negotiation	Mr. Azeem ur Rehman
Rupees 2007	**3,302**	**2,635**	**667**	**1,333**	**665**		
Rupees 2006	1,608	1,247	362	540	178		

	JUNE 30, 2007	JUNE 30, 2006
	(Rupees in '000)	
3.6 CAPITAL WORK IN PROGRESS		
Plant & Machinery	116,706	2,739
Electric installation	993	1,121
Piping work	-	397
Building and roads	3,708	5,090
	121,408	**9,347**

4. LONG TERM SECURITY DEPOSITS

Utilities	2,775	1,257
Leasing Companies	5,539	6,219
Others	63	1,399
	8,376	**8,875**

5. STORES,SPARES AND LOOSE TOOLS

Stores and Spares	76,066	52,327
Loose tools	1,811	1,578
	77,877	53,905
Provision for obsolete store and spares	(600)	(600)
	77,277	**53,304**

		JUNE 30, 2007	JUNE 30, 2006
		(Rupees in '000)	
6. STOCK IN TRADE			
Raw material		152,400	119,165
Packing material		9,499	7,659
Work in process		156,406	57,256
Finished goods	6.1	71,643	46,568
		228,049	103,824
		389,947	230,649
Provision for obsolete stocks		(3,528)	(3,678)
		386,420	**226,971**
7. TRADE DEBTS - unsecured			
Considered good		175,240	135,781
Considered doubtful		2,906	1,906
		178,146	137,687
Provision against debts considered doubtful		(2,906)	(1,906)
		175,240	**135,781**
8. LOANS AND ADVANCES			
Considered good:			
Suppliers		28,816	24,514
Employees:			
- Directors		63	1,898
- Employees		1,902	1,757
Expenses		1,185	3,670
		31,965	**31,839**
9. SHORT TERM DEPOSITS AND PREPAYMENTS			
Deposits		4,264	914
Prepayments		1,778	984
		6,042	**1,898**
			Restated
10. OTHER RECEIVABLES			
Income tax		20,103	10,754
Excise duty		101	101
Margin and charges on L/C		1,014	158
Sales tax refundable	10.1	12,419	4,016
Claim receivable		3,284	-
Others		23	23
		36,944	**15,051**

10.1 This represents the principal amount of sales tax of Rs.3.8 million demanded by the sales tax and excise department in three cases.The Company paid the principal demand under the amnesty schemes and filed petetions. In one case amounting 1.8 million the Collector Sales Tax Peshawar made the Judgement in Company's favour while the other cases are yet to be decided.In the opinion of legal advisor, the said case is likely to be decided in favour of the Company and as such the amount is reflected as receivable.

	JUNE 30, 2007	JUNE 30, 2006
	(Rupees in '000)	
11. CASH AND BANK BALANCES		
Cash in hand	18	23
Cash with banks - current account	2,611	6,551
Cash with bank - dividend account	461	472
	3,090	**7,046**

			JUNE 30, 2007	JUNE 30, 2006
			(Rupees in '000)	

12. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2007	2006		JUNE 30, 2007	JUNE 30, 2006
4,554,100	4,554,100	Ordinary shares of Rs.10/- each fully paid in cash.	45,541	45,541
5,708,564	5,708,564	Ordinary shares of Rs.10/- each issued as right shares fully paid in cash.	57,086	57,086
12,714,307	6,149,458	Ordinary shares of Rs.10/- each issued as bonus shares.	127,143	61,495
22,976,971	**16,412,122**		**229,770**	**164,121**

13. SURPLUS ON REVALUATION OF OPERATING PROPERTY, PLANT & EQUIPMENT

	2007	2006
Surplus on revaluation:		
Balance as July 01	157,417	192,237
Impairment on plant & machinery	-	(11,568)
Transferred to retained earnings in respect of incremental depreciation charged during the year	(15,109)	(23,252)
Balance as June 30	142,308	157,417
Related deferred tax:		
Balance as July 01	55,093	67,280
Impairment on plant & machinery	-	(4,049)
On incremental depreciation charged during the year	(5,288)	(8,138)
Balance as June 30	49,805	55,093
	92,503	**102,324**

14. LONG TERM FINANCE - SECURED

Particulars	Askari Bank Limited					Habib Bank Limited			Pak Oman Investment	Total	
	Term Finance	Term Finance 1	Term Finance 2	Term Finance 3	Term Finance 4	Demand Finance 1	Demand Finance 2	Demand Finance 3		2007	2006
Opening Balance	66,330	5,900	52,952	55,200	-	60,000	133,886	-	-	374,268	285,042
Obtained during the year	-	-	-	-	150,000	-	6,528	100,000	50,000	306,528	133,886
Total loan payable	66,330	5,900	52,952	55,200	150,000	60,000	140,414	100,000	50,000	680,796	418,928
Paid during the year	(21,000)	(5,900)	(20,000)	(13,200)	-	(15,000)	-	-	-	(75,100)	(44,661)
	45,330	-	32,952	42,000	150,000	45,000	140,414	100,000	50,000	605,696	374,268
Current portion	(22,000)	-	(26,000)	(17,400)	-	(15,000)	-	-	-	(80,400)	(67,600)
Closing balance	23,330	-	6,952	24,600	150,000	30,000	140,414	100,000	50,000	525,296	306,668
Significant Term & Condition Notes No.	14.1	14.2	14.3	14.4	14.5	14.6	14.7	14.8	14.9		

14.1 This represents term finance obtained to pay leasing.It carries mark up at 12 months average KIBOR plus 2.5% spread floor of 12% p.a.,12 months average KIBOR rate to be reset on 1st of each calendar quarter, to be paid in quarterly installments upto December 2009.

14.2 Term Finance-I has been fully paid and settled during the year.

14.3 This represents term finance obtained to finance expansion in existing production facilities at Hatter plant.It carries mark up at 12 months average KIBOR plus 2.5% spread floor 12% pa.,12 months average KIBOR rate to be reset on 1st of each calendar quarter, to be paid in five years in quarterly installments from February 2005 to February 2009.

14.4 This represents term finance obtained to finance expansion in existing production facilities at Hatter plant.It carries mark up at 12 months average KIBOR plus 2.5% spread floor 12% p.a.,12 months average KIBOR rate to be reset on 1st of each calendar quarter, to be paid in five years in quarterly installments from October 2005 to November 2009.

14.5 This represents term finance obtained to finance expansion in existing production facilities at Hatter plant.It carries mark up at 3 months average KIBOR plus 2.5% spread p.a.,to be paid in 16 quarterly installments from March 2007 to February 2012 with a grace period of one year.

14.6 This represents demand finance obtained to finance expansion in existing production facilities at Hatter plant .It carries mark up at 3 months KIBOR plus 2.5% with floor of 12 % per annum,to be paid in five years in quarterly installments.

14.7 This represents demand finance obtained to finance expansion in existing production facilities at Hatter plant .It carries mark up at 3 months KIBOR plus 2.5% with floor of 12 % per annum,to be paid in five years in quarterly installments with a grace period of one year.

14.8 This represents demand finance obtained to finance expansion in existing production facilities. It carries mark up at 3 months KIBOR plus 2.5% with floor of 12 % per annum, to be paid in five years in quarterly installments with a grace period of one year.

14.9 This represents Term Finance facility obtained.It carries mark up at 6 months KIBOR plus 2.5% per annum,to be paid in two quarterly installments with a grace period of one year.

Security :
The above finances are secured as follows :

Askari Bank Ltd.

- 1st charge of Rs.450 million ranking pari passu with Prime Bank and Habib Bank Limited (Prime Bank charge to the extent of Rs.10 million and HBL to be extent of Rs.415 million) Overall present & future fixed assets of the Company.
- 1st floating charge of Rs.20 million over customer undertaking and other property and assets (both present & future).
- Personal guarantees of two working Directors of the Company.

Habib Bank Ltd.
1st charge of Rs.415 million ranking pari passu on factory building located at Hattar.

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

	JUNE 30, 2007	JUNE 30, 2006
	(Rupees in '000)	
15. LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Opening balance	44,224	49,356
Obtained during the year	28,501	8,854
	72,725	58,210
Paid during the year	(16,784)	(13,985)
Security deposit adjusted	(150)	-
	(16,934)	(13,985)
	55,791	44,224
Less :Current portion shown under current liabilities	(22,425)	(16,531)
	33,366	27,693

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

	2007		2006	
	Minimum lease payments	Present value	Minimum lease payments	Present value
	Rupees	Rupees	Rupees	Rupees
Within one year	27,733	22,425	20,191	16,531
After one year but not more than five years	39,216	33,366	29,957	27,693
Total minimum lease payments	66,949	55,791	50,148	44,224
Less : Amount representing financial charges	(11,158)	-	(5,923)	-
Present value of minimum lease payments	55,791	55,791	44,224	44,224
Less :Current portion	(22,425)	(22,425)	(16,531)	(16,531)
	33,366	33,366	27,693	27,693

15.2 Finance Lease - Significant terms and conditions

Leasing Company	Principal (Rs.In '000)	Installments Payment	Number of Installments	Implicit rate of Commencement date	Lease finance per annum	Rental (Rupees)
NIB Bank Limited	590	Monthly	60	31st Dec 2002	14.00%	12,215
Faysal Bank Ltd.	560	Monthly	60	01st April 2004	7.75%	10,094
Faysal Bank Ltd.	1,580	Monthly	60	01st July 2004	7.75%	28,479
Faysal Bank Ltd.	519	Monthly	36	01st October 2004	8.00%	14,540
Faysal Bank Ltd.	355	Monthly	48	01st October 2004	8.00%	7,748
Faysal Bank Ltd.	355	Monthly	48	01st October 2004	8.00%	7,748
Habib Bank Ltd.	1,287	Monthly	60	05th May 2005	9.50%	28,670
Atlas Investment Bank	15,892	Quarterly	16	01st May 2005	12.66%	1,156,126
Askari Leasing Ltd.	30,000	Monthly	36	01st April 2005	10.42%	882,999
Faysal Bank Ltd.	1,287	Monthly	60	01st Sep 2005	12.79%	26,157
Habib Bank Ltd.	2,410	Monthly	36	01st Sep 2005	10.75%	62,892
Faysal Bank Ltd.	427	Monthly	48	01st April 2006	13.34%	10,319
Faysal Bank Ltd.	1,309	Monthly	48	01st April 2006	13.34%	31,634
Faysal Bank Ltd.	464	Monthly	48	01st May 2006	14.30%	11,208
Habib Bank Ltd.	2,498	Monthly	36	01st Jan 2006	12.00%	74,672
Faysal Bank Ltd.	459	Monthly	48	01st April 2006	13.34%	11,092
Faysal Bank Ltd.	560	Monthly	48	30th April 2006	13.34%	13,533
Habib Bank Ltd.	1,506	Monthly	48	01st Oct 2006	12.50%	36,027
Habib Bank Ltd.	879	Monthly	48	01st Oct 2006	12.50%	21,027
Faysal Bank Ltd.	1,376	Monthly	36	01st Oct 2006	14.00%	41,837
Faysal Bank Ltd.	660	Monthly	36	01st Jan 2007	14.00%	20,067
Faysal Bank Ltd.	375	Monthly	36	01st Mar 2007	14.00%	11,402
Standard Chartered Modaraba	4,370	Quarterly	20	07th Mar 2007	Kibor + 3.00%	233,631
Standard Chartered Modaraba	571	Quarterly	20	21st Mar 2007	Kibor + 3.00%	30,457
Standard Chartered Modaraba	1,150	Quarterly	20	20th April 2007	Kibor + 3.00%	61,314
Standard Chartered Modaraba	3,565	Quarterly	20	11th April 2007	Kibor + 3.00%	188,468
Standard Chartered Modaraba	2,270	Quarterly	20	13th April 2007	Kibor + 3.00%	119,943
Standard Chartered Modaraba	4,628	Quarterly	20	26th April 2007	Kibor + 3.00%	242,681
Standard Chartered Modaraba	3,984	Quarterly	20	16th May 2007	Kibor + 3.00%	209,725
Standard Chartered Modaraba	2,604	Quarterly	20	21st May 2007	Kibor + 3.00%	137,023

15.2.1 The implicit rate of finance under leasing arrangement with Standard Chartered Modaraba is six months average KIBOR.

	Note	JUNE 30, 2007	JUNE 30, 2006
		(Rupees in '000)	
			Restated
16. DEFERRED LIABILITY			
Staff gratuity	16.1	11,657	10,888
Deferred taxation	16.2	84,099	87,375
		95,756	**98,263**
16.1 Reconciliation of Payable to Defined Benefit Plan			
Present value of defined benefit obligation		22,945	18,645
Net actuarial losses not recognized		(11,288)	(7,757)
		11,657	10,888
Movement in net liability recognized			
Opening net liability		10,888	8,007
Expense for the year		4,524	3,316
Benefits paid during the year		(3,755)	(435)
		11,657	10,888
Charge for Defined Benefit Plan			
Current Service Cost		2,239	1,853
Interest Cost		1,865	1,217
Actuarial losses recognized		421	246
		4,524	**3,316**

These figures are based on the latest actuarial valuation as on June 30,2007.The valuation uses the projected Unit Credit method. Actuarial gains and losses are amortized over the expected future service of current members.

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

	JUNE 30, 2007	JUNE 30, 2006
	(Rupees in '000)	
		Restated
16.2 Deferred Taxation		
Deferred tax debits arising from :		
Retirement benefits	(2,838)	(2,390)
Liability against assets subject to finance lease	(13,582)	(6,079)
Adjustment of minimum tax	(15,980)	(9,601)
Accumulated tax losses	(40,288)	(17,201)
	(72,687)	(35,271)
Deferred tax credit arising from :		
Accelerated depreciation	106,981	67,554
Deferred tax liability on revalued assets - net	49,805	59,141
Impairment of Property, Plant & Equipment	-	(4,049)
	156,786	122,646
	84,099	**87,375**

17. TRADE AND OTHER PAYABLES

	2007	2006
Trade Creditors including bills payables	341,767	280,735
Accrued & other liabilities	13,162	12,787
Advances from customers	3,739	3,523
Tax deducted at source	941	968
Workers' profit participation fund	482	4,573
Sales tax payable	3,321	125
Unclaimed Dividend	461	472
	363,873	**303,183**

17.1 Workers' profit participation fund

	2007	2006
Balance as on 1 July	4,573	2,804
Allocation for the year	450	4,554
	5,023	7,358
Mark-up on funds utilized in the Company's business at 14.5% per annum (2006 :12%)	13	19
	5,036	7,377
Less :Amount paid on behalf of the Fund	(4,554)	(2,804)
Balance as on 30 June	**482**	**4,573**

18. ACCRUED MARK-UP ON FINANCES

	2007	2006
Long-term finance	18,276	6,730
Short-term finance	7,206	1,594
	25,482	**8,324**

19. SHORT TERM FINANCE AND OTHER CREDIT FACILITIES - Secured

		Note	2007	2006
Askari Bank Ltd.	- Running finance		733	21,951
	- Local bills purchase		14,604	-
		19.1	15,337	21,951
Prime Commercial Bank Ltd.	- Running finance	19.2	2,807	2,934
Habib Bank Limited	- Running finance	19.3	12,635	11,518
Citibank N.A.	- Running finance	19.4	12,687	19,334
	- Import loan		-	8,495
			12,687	27,829
Allied Bank Limited	- Running finance		49,544	-
	- FATR		113,560	-
		19.5	163,103	-
			206,570	64,231

19.1 6 months average KIBOR plus 2.5% spread p.a.,floor 12% p.a.
19.2 Mark-up @ 13% per annum
19.3 3 months KIBOR plus 2.5% ,floor 12% p.a.
19.4 3 months KIBOR plus 2%
19.5 3 months KIBOR plus 2%

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.

	JUNE 30, 2007	JUNE 30, 2006
	(Rupees in '000)	

20. CURRENT PORTION OF LONG TERM LIABILITIES

Current Maturity:

	2007	2006
Term Finance	65,400	60,100
Demand Finance	15,000	7,500
Lease Finance	22,425	16,531
	102,825	**84,131**

21. CONTINGENCIES AND COMMITMENTS

21.1 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 favor of the Company annulling impugned order of Additional Commissioner of Income Tax dated March 22, 2002 passed under Section 66-A, resulting in tax assessment of Rs.6.695 million.The Company has not made any provision in this respect in view of the legal opinion of its Legal Advisor that the said case is likely to be decided in favor of the Company on legal grounds.No proceeding have yet started in the said matter.

21.2 Commitments

	2007	2006
Letters of credit	3,672	23,072

22. SEGMENT INFORMATION

	Note	Total		Hattar		Karachi	
		Jul-Jun 07	Jul-Jun 06	Jul-Jun 07	Jul-Jun 06	Jul-Jun 07	Jul-Jun 06
		Rupees in '000					
SALES							
Gross sales		1,463,414	1,341,811	1,229,211	1,115,557	234,203	226,254
Intersegment		-	-	126,189	65,338	-	-
		1,463,414	1,341,811	1,355,400	1,180,895	234,203	226,254
Less : Sales discount		4,033	2,578	2,987	2,578	1,046	-
Less : Sales tax		188,828	175,040	158,372	145,531	30,456	29,509
Sales Commission		1,507	1,237	1,507	1,237	-	-
Sales return		6,922	389	6,922	382	-	7
		201,290	179,244	169,788	149,728	31,502	29,516
		1,262,124	1,162,567	1,185,612	1,031,167	202,701	196,738
Less:							
Cost of sales	23	1,061,395	920,083	994,655	810,217	192,930	175,204
Gross profit		200,729	242,484	190,958	220,950	9,771	21,534
Operating expenses:							
Administrative	24	40,015	39,315	33,589	32,662	6,427	6,653
Distribution cost	25	53,839	53,920	43,085	43,684	10,754	10,236
		93,854	93,235	76,674	76,346	17,180	16,889
Operating profit / (loss)		106,875	149,249	114,284	144,604	(7,409)	4,644
Segment assets		1,700,332	1,249,530	1,539,123	1,095,290	161,209	154,240
Unallocated assets		83,327	53,899				
		1,783,659	1,303,429				
Segment liabilities		341,766	290,305	318,713	280,734	23,053	9,571
Unallocated liabilities		1,011,402	525,472				
		1,353,168	815,777				
Capital expenditure		179,086	316,958	160,529	309,195	18,557	7,763
Depreciation		62,558	48,744	55,177	43,158	7,381	5,586

Note:
Inter-segment sales have been eliminated from total.
Inter-segment business is recorded at cost.
Administrative expenses & distribution costs are allocated on the basis of the net sales value of each segment.

23. COST OF SALES

	Note	JUNE 30, 2007	JUNE 30, 2006
		(Rupees in '000)	
Opening stock		119,165	99,513
Purchases		909,022	719,533
		1,028,187	819,046
Closing stock		(152,400)	(119,165)
Raw material consumed		875,788	699,880
Provision for obsolete stocks		-	3,678
Packing material consumed		51,062	40,806
Salaries,wages & other benefits	23.1	58,919	49,719
Traveling & conveyance		1,937	1,669
Professional charges		511	590
Vehicle repair & maintenance		6,354	4,336
Rent,rate & taxes		13,772	8,252
Repair & maintenance		3,934	6,523
Telephone		1,417	1,547
Printing,postage & stationery		921	910
Entertainment		1,044	959
Advertisement		47	110
Insurance		2,351	2,035
Medical		984	602
Electricity, gas & water		78,988	66,755
Freight,octroi & toll tax		4,048	2,116
Depreciation		59,431	46,307
Transportation factory workers		3,617	3,002
Consumable store		19,888	19,379
Lab tests		446	1,070
Courses & seminars fee		7	377
Miscellaneous		154	52
		1,185,620	960,673
Work in process			
Opening		57,256	27,067
Closing		(156,406)	(57,256)
		(99,150)	(30,190)
COST OF GOODS MANUFACTURED		1,086,470	930,483
Finished goods			
Opening		46,568	36,167
Closing		(71,643)	(46,568)
		(25,075)	(10,400)
		1,061,395	**920,083**

23.1 Salaries & wages includes Rs.2,592,016 (2006:Rs 2,848,527) in respect of staff retirement benefit.

		JUNE 30, 2007	JUNE 30, 2006
		(Rupees in '000)	

24. ADMINISTRATIVE EXPENSES

	Note	2007	2006
Director's salary & other benefits	24.1	9,077	10,877
Directors' meeting fee		120	225
Staff salaries & other benefits	24.1	11,045	10,631
Rent,rate & taxes		1,085	1,053
Electricity, gas & water		322	296
Entertainment		402	654
Traveling & conveyance		2,481	2,534
Vehicle running & maintenance		2,471	2,264
Repair & maintenance		460	381
Communications		1,958	1,699
Legal & professional		3,578	2,799
Auditors' remuneration	24.2	375	355
Advertisement		253	212
Medical		1,506	1,413
Insurance		142	60
Printing & stationery		915	791
Depreciation		3,128	2,437
Books,newspaper and periodicals		15	20
Courses,seminar & subscription		219	213
Donation & others	24.3	463	400
		40,015	**39,315**

24.1 Directors' remuneration includes Rs.1,190,904 (2006 : Rs.952,716) and Salaries & wages includes Rs.102,146 (2006:Rs 674,314) in respect of staff retirement benefit.

24.2 Auditors Remuneration

	2007	2006
Audit fee	240	240
Fee for review of half yearly accounts	70	50
Other advisory services	60	60
Out of pocket expenses	5	5
	375	**355**

24.3. The Directors and their spouses have no interest in the donee fund.

25. DISTRIBUTION COST

	Note	2007	2006
Staff salaries & other benefits	25.1	5,810	3,357
Office rent		1,052	548
Electricity, water & gas		147	99
Entertainment		46	28
Traveling & conveyance		1,211	534
Repair & maintenance		64	49
Vehicle running & maintenance		569	553
Communications		634	436
Insurance		45	15
Printing & stationery		20	10
Carriage & freight outward		43,010	45,483
Medical		212	55
Courses & seminar		4	-
Books & periodicals		3	7
Contract Labour		14	-
Provision for doubtful debts		1,000	1,906
Bad debts written off		-	839
		53,839	**53,920**

25.1 Salaries & wages includes Rs218,282 (2006 :Rs.191,594) in respect of staff retirement benefit.

		JUNE 30, 2007	JUNE 30, 2006
		(Rupees in '000)	

26. FINANCIAL COST

		2007	2006
Mark-up on:			
- Long-term finance		50,071	29,832
- Short-term finance		20,980	5,732
- Lease finance		3,953	4,310
		75,004	39,875
Bank charges- Usance letters of credit		29,932	15,824
Bank charges		2,246	1,674
		107,182	**57,373**

27. OTHER CHARGES

		2007	2006
Impairment loss on fixed assets		-	4,154
Exchange loss		75	14
		75	**4,168**

28. OTHER INCOME

		2007	2006
Income from sale of scrap		3,444	3,178
Reversal of liability		675	-
Exchange gain		1,055	
Pre-operating income		-	9
Claim receivables	28.1	3,550	-
Gain on disposal of operating assets		665	178
		9,390	**3,365**

28.1 This represents amount of company's claim payable by the supplier of a new plant imported during the year in accordance with the terms of agreements reached between the supplier and company to compensate for the shortfall in standard level of efficiency during trial run.The plant commenced operation w.e.f. July 01,2007.

29. TAXATION

	2007	2006
For the year:		
Current	6,316	5,834
Deferred	2,008	10,316
	8,324	**16,150**

29.1 Relationship between tax expense and accounting profit

	2007	2006
Profit before tax	8,558	86,519
Expenses that are (admissible) / inadmissible in determining taxable profit	(98,922)	(164,159)
Taxable income/(loss)	(90,364)	(77,640)
Less:Carry forward losses	75,237	(724)
Taxable income/(loss)	(15,127)	(78,364)
Tax charge for the current year/minimum tax	6,316	5,834
Prior year adjustments		
Deferred tax adjustment	2,008	16,316
	8,324	**16,150**

The assessment of the Company have been finalized upto and including the tax year 2006.Assessed losses available to the Company to be carried forward amounted to Rs.75.2 million at the end of the tax year 2006.

30. EARNING PER SHARE - BASIC & DILUTED

	2007	2006
Profit after tax	234	70,369
Number of shares	22,977	22,977
Earning per share (2006 : restated)	0.01	3.06

31. REMUNERATION OF CHIEF EXECUTIVE,DIRECTORS AND EXECUTIVES

	Chief Executive		Director		Executive	
	2007	2006	2007	2006	2007	2006
	Rupees in '000					
Managerial remuneration	4,466	3,573	4,466	3,573	6,263	5,195
House allowance & utilities	784	270	784	270	3,303	2,857
Servant allowance	268	214	268	214	-	-
Telephone allowance	225	180	225	180	-	-
Retirement benefits	595	476	595	476	872	1
Medical reimbursement	447	298	447	298	385	79
	6,785	**5,011**	**6,785**	**5,011**	**10,823**	**8,132**
Number of Persons	1	1	1	1	6	2

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

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

33. FINANCIAL RISK MANAGEMENT OBJECTIVES

The company's activities expose it to a variety of financial risk,including the affects of changes in foreign exchange rates,credit and liquidity risk associated with various financial assets and liabilities instruments is limited as there is no significant exposure to market risk in respect of such instruments. management of working capital with a view to maintaining a reasonable mix between the various respectively as referred to in note no. 34.The company finances its operations through equity and management of working capital with a view t maintaining a reasonable mix between the various sources of finance to minimize risk..Taken as a whole, risk arising from the company's financial instrument is limited as there is no significant exposure to market risk in respect of such instrument.

34. 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 fluctuation in markup rate. The following table indicate their effective periods in which they will re-price or mature:

	Interest bearing		Non-Interest bearing	Total	
	One month to one year	One year and onward		2007	2006
	Rupees in '000				
Financial Assets					
Long Term Deposit	-	-	8,376	8,376	8,875
Loans and advances	-	-	31,965	31,965	31,839
Short term prepayments & deposits	-	-	6,042	6,042	1,898
Trade Debtors	-	-	176,240	175,240	135,781
Other Receivables	-	-	36,944	36,944	15,051
Cash and Bank	-	-	3,090	3,090	7,046
	-	-	262,657	261,657	200,490
Financial Liabilities					
Long term loan	80,400	525,296	-	605,696	374,268
Lease finance	22,425	33,366	-	55,791	44,224
Short term finance	206,570	-	-	206,570	64,231
Trade & other payables	532	-	360,070	360,602	303,057
Accrued mark-up on loans	-	-	25,482	25,482	8,324
	309,927	558,662	385,552	1,254,141	794,104
Balance sheet gap	(309,927)	(558,662)	(122,895)	(992,484)	(593,614)

	Rate of Interest
Long-term loan	Refer Note No. 14
Lease finance	Refer Note No. 15
Trade & other payables	Refer Note No. 17.1
Short-term finance	Refer Note No. 19

35. CREDIT RISK MANAGEMENT

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted.Out of the total financial assets of Rs.262.657 million (2006:Rs.200.49 million) the financial assets which are subject to credit risk amounted to Rs.176.240 million (2006:Rs.135.781 million).The company foresee that it is not exposed to major concentration of credit risk. To manage exposure to credit risk the Company applies restrictive credit period for its major customers.Deposits with leasing companies are guaranteed by assets acquired against them.

36. LIQUIDITY RISK MANAGEMENT

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

37. FOREIGN EXCHANGE RISK MANAGEMENT

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company exposure to foreign currency risk on purchases and import of machinery entered in a currency other than local currency is not considered to be material in view of the amount of the transaction.

38. PLANT CAPACITY AND ACTUAL PRODUCTION

	2007	2006
	Quantities in 000'	
Hattar Plant		
Blowing:		
100% plant capacity at 250 days (3 shifts)- No. of bottles	163,750	163,750
Actual production - Number of bottles	148,362	138,734
Utilization	91%	85%
Injection:		
100% plant capacity at 300 days (3 shifts)- No. of preforms	324,900	160,952
Actual production - Number of preforms	259,802	139,569
Utilization	80%	87%
Karachi Plant		
100% plant capacity at 250 days (3 shifts)- No. of bottles	32,400	32,400
Actual production - Number of bottles	30,855	27,253
Utilization	95%	84%

39. TRANSACTIONS WITH RELATED PARTIES

There is no any related party, therefore, no related party transaction has been taken place during the year.

40. CASH AND CASH EQUIVALENTS

	Note	2007	2006
Cash and bank balances	11	3,090	7,046
Short term finances	19	(206,570)	(64,231)
		(203,480)	(57,185)

41. ACCOUNTING ESTIMATES AND JUDGMENTS

41.1 Staff Retirement Benefits

Certain actuarial assumptions have been adopted as disclosed in Note 2.3 to the financial statement for valuation of present value of defined obligations and fare value of plan assets any changes in these assumptions in future years might effect gains and losses in those years.

41.2 Property, Plant and Equipment

The company's management determines the estimated useful life and related depreciation charge for its plant and equipment.The company reviews the value of the assets for possible impairment on an annual base. Any change in the estimates in future years might affect the caring amount of the respective items of the property, plant and equipments with a corresponding effect on the depreciation charged and impairment.

41.3 Income Taxes

In making the estimates for income taxes currently payable by the company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

42. CORRECTION OF ERROR

Previously the Company was providing for tax expenses by creating liability @ 0.5% of turn over. After the amendment in clause "C" to subsection 2 of Section 113 of Income Tax Ordinance, 2001 made through Finance Act,2004,the Company has started recording deferred tax asset on minimum tax paid @ 0.5% of turnover. The change resulted in reduction of net deferred tax liability and increase in advance tax by Rs.3.7 million for the year 2005 and Rs.5.8 million for the year 2006.The opening balance of retained earning and comparative figures for the year ended June 30,2006 were restated accordingly in September, 2006.

43. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on September 25,2007 by the Board of Directors of the Company.

44. GENERAL

Figures have been rounded- off to the nearest thousand of rupees.

Hassain Jamil
Charirman

Ahsan Jamil
Chief Executive Officer

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2007

	Note	JUNE 30, 2007	JUNE 30, 2006
		(Rupees in '000)	
Sales - Net	22	1,262,124	1,162,567
Cost of sales	23	(1,061,395)	(920,083)
Gross profit		**200,729**	**242,484**
Operating expenses			
Administrative	24	(40,015)	(39,315)
Distribution cost	25	(53,839)	(53,920)
		(93,854)	**(93,235)**
Operating profit		**106,875**	**149,249**
Financial cost	26	(107,182)	(57,373)
Other charges	27	(75)	(4,168)
Other income	28	9,390	3,365
		(97,867)	(58,176)
		9,008	91,073
Workers' profit participation fund		**(450)**	**(4,554)**
Profit before taxation		**8,558**	**86,519**
Taxation - Current		(6,316)	(5,834)
- Deferred		(2,008)	(10,316)
	29	(8,324)	(16,150)
Profit after taxation		**234**	**70,369**
Earning per share		**0.01**	**3.06**

The annexed notes form an integral part of these financial statements

Hassain Jamil
Charirman

Ahsan Jamil
Chief Executive Officer

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPALIANCE 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 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 for the year ended on June 30,2007.

KHALID MAJID RAHMAN SARFARAZ
RAHIM IQBAL RAFIQ
Chartered Accountants

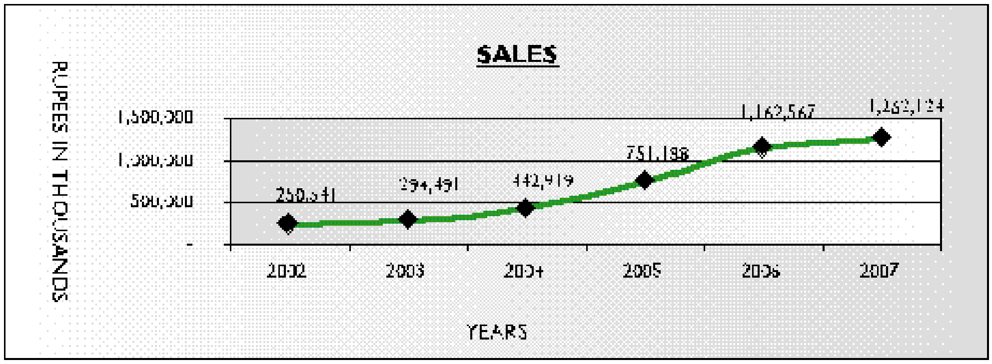
Karachi:
Dated:September 25,2007

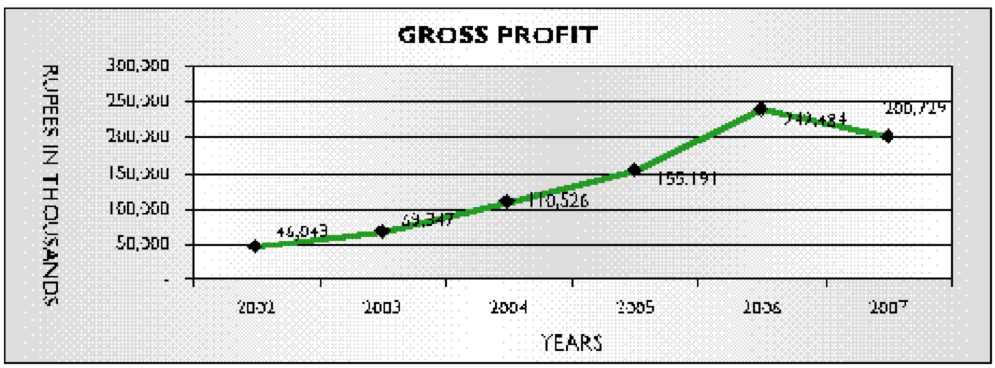
SIX YEARS AT A GLANCE

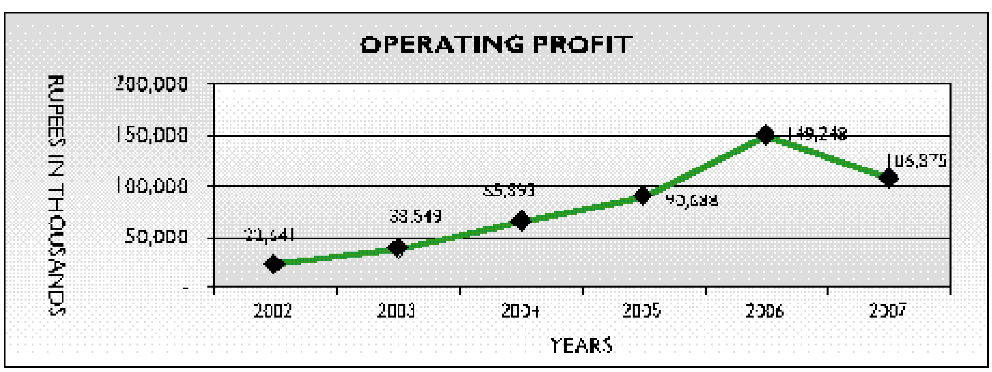
Annexure 'A'

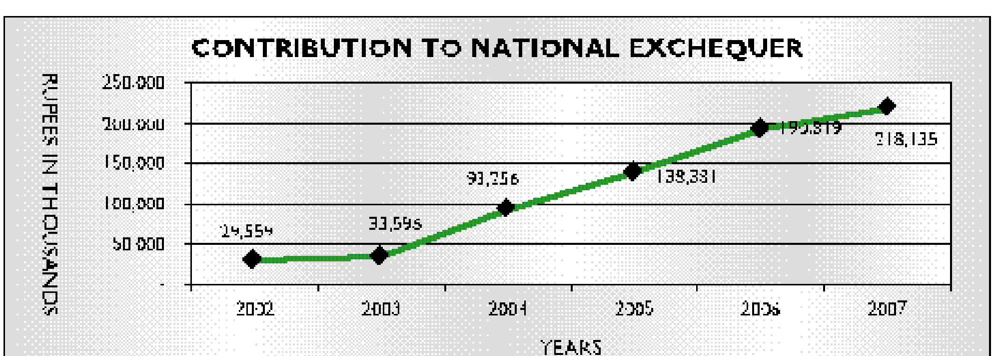
(Rupees in '000)

	2002	2003	2004	2005	2006	2007
Profit & Loss:						
Sales	250,541	294,491	442,919	751,188	1,162,567	1,262,124
Cost of sales	204,498	225,144	332,393	595,997	920,083	1,061,395
Gross Profit	46,043	69,347	110,526	155,191	242,484	200,729
Operating expenses	23,402	30,798	44,634	64,503	93,235	93,854
Operatig profit	22,641	38,549	65,893	90,688	149,248	106,875
Other income/ (charges)	(315)	948	(2,139)	(2,006)	(803)	9,315
Financial charges	40,436	33,805	19,502	32,604	57,373	107,182
Profit / (Loss) before taxation	(18,110)	5,407	42,040	53,275	86,519	8,558
Unusual item	-	-	21,473	-	-	-
Taxation	1,083	2,420	5,351	25,667	16,150	8,324
Profit / (Loss) after taxation	(19,192)	2,987	58,162	27,607	70,369	234
Dividend	-		5,709	-	-	-
Bonus shares	-		28,543	21,407	6,565	-
Balance Sheet:						
Shareholder's equity	123,685	104,000	256,132	337,391	412,144	417,665
Financing facilities	111,578	110,417	242,525	269,381	334,361	558,662
Fixed assets (net of depreciation)	295,110	279,079	476,635	571,995	824,126	939,986
Current Assets	98,935	110,730	184,986	329,387	471,891	716,978
Current Liability	163,506	150,524	179,154	329,210	469,470	714,666
Key Financial Ratios:						
Gross profit	18%	24%	25%	21%	21%	16%
Operating profit	9%	13%	15%	12%	13%	8%
Profit before tax to net sales	-7%	2%	9%	7%	7%	1%
Return on capital employed	-8%	2%	9%	9%	12%	1%
Inventory turnover (times)	5	6	7	8	5	3
Fixed assets turnover (times)	0.85	1.06	0.93	1.31	1.41	1.34
Debt equity ratio	47 :53	52 :48	49 :51	44 :56	45 :55	57 :43
Current ratio	0.6	0.73	1.03	1.00	1.01	1.00
Earnings per share	(3.36)	0.52	5.11	2.15	3.06	0.01


SALES
RUPEES IN THOUSANDS
1,500,000
1,000,000
500,000
-
294,491
442,919
751,198
1,162,567
2002
2003
2004
2005
2006
2007
YEARS


GROSS PROFIT
RUPEES IN THOUSANDS
300,000
250,000
200,000
150,000
100,000
50,000
-
46,043
69,347
110,526
155,191
200,729
2002
2003
2004
2005
2006
2007
YEARS


OPERATING PROFIT
RUPEES IN THOUSANDS
200,000
150,000
100,000
50,000
-
38,549
149,248
106,875
2002
2003
2004
2005
2006
2007
YEARS


CONTRIBUTION TO NATIONAL EXCHEQUER
RUPEES IN THOUSANDS
250,000
200,000
150,000
100,000
50,000
-
24,554
33,596
93,256
138,331
218,135
2002
2003
2004
2005
2006
2007
YEARS

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2007

	Note	Share Capital	Unappropriated Profit	Total
			(Rupees in '000)	
Balance as on July 01,2005		142,714	69,720	212,434
Correction of error	42	-	3,765	3,765
Balance as on July 01,2005 - Restated		142,714	73,484	216,198
Issue of Bonus shares @ 15%		21,407	(21,407)	-
Profit from Jul 2005 to Jun 2006		-	64,535	64,535
Correction of error		-	5,834	5,834
Transfer from surplus on revaluation of property, plant and equipment		-	23,252	23,252
Balance as at July 01,2006 - Restated		164,121	145,698	309,819
Issue of Bonus shares @ 40%		65,648	(65,648)	-
Net profit from Jul 2006 to Jun 2007		-	234	234
Transfer from surplus on revaluation of property, plant and equipment		-	15,109	15,109
Balance as at June 30,2007		**229,770**	**95,392**	**325,162**

The annexed notes form an integral part of these financial statements

Hassain Jamil
Charirman

Ahsan Jamil
Chief Executive Officer

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

For the year ended June 30, 2007

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 along with 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 at least once in every quarter.Written notices of the Board meetings,along with agenda and working papers, were circulated at least 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 Chief Financial Officer, Head of Internal Audit and Company Secretary, including their 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 Chief Financial Officer 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 at least 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 company maintains a funded provident fund scheme and invested a sum of Rs.7.1 million in various schemes duly approved by Govt of Pakistan for Provident Fund investment.The Gratuity scheme is un-funded and no investment made for that.
18. 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.
19. 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.
20. 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.
21. We confirm that all other material principles contained in the Code have been complied with.

Karachi,
Dated:September 25,2007

Ahsan Jamil
(Chief Executive Officer)