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Mission Statement

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

Corporate Strategy

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



COMPANY INFORMATION

BOARD OF DIRECTORS:

Mr. Hussain Jamil Chairman/Chief Executive Officer
 Mr. Ahsan Jamil
 Mr. Shahid Jamil
 Mrs. Deborah Jamil
 Mrs. Ayesha Khan
 Mr. Asad Ali Sheikh
 Syed Sohail Raza Zaidi

AUDIT COMMITTEE:

| | | |
|------------------|----------|------------------------|
| Mr. Ahsan Jamil | Chairman | Non-Executive Director |
| Mrs. Ayesha Khan | Member | Non-Executive Director |
| Mr. Shahid Jamil | Member | Non-Executive Director |

CHIEF FINANCIAL OFFICER

Mr. Ashfaq Abdul Gaffar FCA

COMPANY SECRETARY:

Mr. Muhammad Ali Adil

BANKERS:

Askari Bank Limited
 Habib Bank Limited
 Allied Bank Limited
 JS Bank Limited
 RBS Limited

AUDITORS:

Rahman Sarfaraz Rahim Iqbal Rafiq
 Chartered Accountants

LEGAL ADVISOR:

M/s. Ebrahim Hosain Advocate & Corporate Council

FACTORY:

1. Plot No. 112-113, Phase V, Industrial Estate Hattar, District Haripur, N.W.F.P., Tel: (0995) 617682-3, Fax: (0995) 617074
Email: plant_h@ecopack.com.pk
2. C/o Haidri Beverages (Pvt.) Ltd, Kahota Triangle Estate, Islamabad
Phone: (051) 5595165 Email: headoffice@ecopack.com.pk

REGISTERED & CORPORATE OFFICE:

Suite # 206, Second Floor, The Plaza, Kehkshan
 Clifton, Block 9, Karachi
 Phone: (021) 35361231-6 Fax: (021) 35361242
 Email: headoffice@ecopack.com.pk Web: www.ecopack.com.pk

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 18th Annual General Meeting of Ecopack Limited will be held on Thursday October 29, 2009 at 8:00 P.M. at "ICAP Auditorium, Ground Floor, *ICAP House, Chartered Accountant Avenue, Clifton, Karachi*", to transact the following business:

Ordinary Business

1. To confirm the minutes of the 17th Annual General Meeting held on October 31, 2008.
2. To receive and adopt the Directors' and Auditors' report together-with Audited Accounts of the company for the year ended June 30, 2009.
3. To appoint external auditors for the year ending June 30, 2010 and to fix their remuneration. The present auditors M/s. Rahman Sarfraz Rahim Iqbal Rafiq, Chartered Accountants being eligible offer themselves for reappointment.
4. To consider any other business of the company with the permission of the chair.

By order of the Board

Karachi,
Dated: October 06, 2009

MUHAMMAD ALI ADIL
(Company Secretary)

Note:

1. The register of members will remain closed from October 16, 2009 to October 29, 2009. (both days inclusive).
2. A member eligible to attend and vote at the General Meeting is entitled to appoint another member as a proxy to attend and vote instead of him. Proxy form duly completed and signed must be deposited with the company secretary at the registered office at least 48 hours before the meeting.

CDC account holders will further have to follow the guideline mentioned below as laid down in Circular No. 1 of 2001 dated January 2000 issued by the Securities & Exchange Commission of Pakistan

- 2.1. For attending the Meeting.
 - a. In case of individuals, the account holder or sub account holder and/or the person whose securities are in group account and their registration details are uploaded as per regulations shall authenticate his/her identity by showing his/her national Identity card (NIC) or original passport at the time of attending the meeting.
 - b. In case of a corporate entity the Board of Directors resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.
- 2.2. For appointing proxies.
 - a. In case of individuals, the account holder or sub account holder and/or the person whose securities are in group account and their registration details are uploaded as per regulations shall submit the proxy form as per requirement.
 - b. The proxy form shall be witnessed by two persons whose name, address and new NIC number are mentioned on the form.
 - c. Attested copies of NIC or passport of the beneficial owner and the proxy shall be furnished with the proxy form.
 - d. The proxy shall produce his/her original NIC or original passport at the time of the meeting.
 - e. In case of corporate entity the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) along with the proxy form of the Company.
3. Change of address, if any, should be notified to the Company immediately.

DIRECTORS' REPORT

The Board of Directors of Ecopack Limited is pleased to present its' report for the financial year ended 30th June 2009:

Overview :

The financial year 2008 – 09 began with worldwide economic turbulence on the back of a deepening and unprecedented global financial crisis and historically high crude oil prices reaching a peak of US\$ 147 per barrel in July 2008. In conjunction with sky-rocketing financial charges (6-months KIBOR @ 16% p.a.) and the wide ranging impact of high crude oil prices driving the cost of electricity, transportation (truck-freight rates) and the company's main raw material, PET Resin, the inflationary cost push became an uphill task for the company's customers to absorb. This slowed down their anticipated growth rate.

As soon as your company's management geared itself to meet the prevailing challenges by (i) passing on the spiraling costs through an automatically adjusting "resin pass-through" mechanism and (ii) aggressive Bottle & Preform sales to absorb its fixed costs in the first quarter of the new financial year, the onset of severe recession in the developed western economies caused a sudden drop in international oil prices to below US\$ 40 per barrel. This caused the company a substantial inventory loss as PET Resin prices fell from over PKR 120/kg to under PKR 80/kg within a span of less than two months (September/October ' 09). Thus the company was constrained to suffer considerable inventory losses as expensive products were sold at rapidly declining raw material prices.

Sales :

Widespread and severe inflationary pressures combined with acute load-shedding of electricity (upto 8 hours/day) in industrial areas and a rapidly depreciating Pak Rupee viz foreign currencies, compelled the soft drink industry (Coke, Pepsi & other Beverage customers) to increase the retail prices of their products by almost 20 percent across the board. Despite ensuing slow down due to increasing financial strain on consumers, your company maintained marginal growth in bottle sales over the preceding year, however, Preform sales declined by almost ten percent over the same period. While Preform exports grew substantially this year, expensive inventory costs and high financial charges remained burdensome throughout the financial year.

Financial Highlights :

Gross Profit margin increased by rupees 39 million as compared to last year, registering a growth of 26%. Total Gross Profit for the year stood at rupees 187. 68 million which as a percentage of Net Sales is 10.6%; in comparison, last years Gross Profit was rupees 148.67 million, which was 8.4% of the Net Sales. Profit from operations for the year was rupees 89.6 million, as compared to rupees 71. 2 million last year, registering a growth of 26%. After Tax Loss for the year stood at rupees 85.6 million, as compared to rupees 79.4 million last year.

During the year, the Financial Charges, due to the high KIBOR prevailing during the year, rose significantly, and closed at rupees 195.4 million registering an increase of 37% over last year. Financial Charges last year were at rupees 142.2 million.

Loss per share during year is rupees 3.72 (2008: rupees 3.45)

Future Outlook :

With bank financial charges firmly in decline (6 months KIBOR @ less than 12.65%) and crude oil prices stable under US\$ 70 per barrel, an improved economic scenario can be envisaged for the new financial year. The beverage industry's growth expectation is at around 20 percent for next year as the consumer resistance to increased prices abates. This is a good sign for the PET Bottle & Preform vendor industry. Moreover, the 300 ml single serve bottle has also been launched in PET this year, which will further galvanize high growth rates for PET packs in the beverage sector as it begins to replace the highest selling 250 ml returnable glass bottle.

With the Resin price adjustment mechanism effectively in place now and the recent absorption of costs in selling price, alongwith efficient inventory management, your company is determined to substantially reduce the financial costs it previously incurred. The continuing emphasis on consistent high quality of product, reliability of timely supply and competitively responsible product pricing make your company a leading partner for the growth driven carbonated beverages and liquid packaging industry. This format combined with sincere all round efforts by your company's management and the blessings of the Almighty will ensure our return to profitability in the new financial year.

For & on the behalf of the Board of Directors

Karachi,
Dated: October 06, 2009

Hussain Jamil
(Chief Executive Officer)

Annexure 'A'

ATTACHMENT TO THE DIRECTORS REPORT

TO ALL MEMBERS OF THE COMPANY

Dear Sir / Madam,

ABSTRACT OF THE TERMS OF APPOINTMENT/VARIATION UNDER SECTION 218 OF THE COMPANIES ORDINANCE 1984

In pursuance of section 218 of the Companies Ordinance 1984, this is to inform you that the Board of Directors of the Company in their meeting held on October 06, 2009 has approved an increase in remuneration of Mr. Hussain Jamil (Chief Executive Officer) and approved terms and conditions of Syed Sohail Raza Zaidi (working Director) as follows:

Remuneration of Mr. Hussain Jamil (Chief executive Officer) will be as follows with effect from 01 July 2009:-

| | |
|----------------------|-------------|
| Basic salary | Rs. 570,648 |
| House rent allowance | Rs. 43,143 |
| Utility | Rs. 57,088 |
| Total | Rs. 670,879 |

In addition to the above, all other benefits would be increased by 18% of the prevailing amounts as per Company policy.

Remuneration of Syed Sohail Raza Zaidi (Director) will be as follows with effect from 01 April 2009:-

| | |
|----------------------|-------------|
| Basic salary | Rs. 225,806 |
| House rent allowance | Rs. 101,613 |
| Utility | Rs. 22,581 |
| Total | Rs. 350,000 |

The remaining terms and conditions of his employment are the standard terms applicable to executive employees of the Company.

MEMORANDUM UNDER SECTION 218 OF THE COMPANIES ORDINANCE 1984

Both the above named directors were interested in the above mentioned resolutions and did not take part in the discussion of or vote on any of the resolutions dealing with their employment. [In addition, in the case of Mr Hussain Jamil, his wife, Mrs. Deborah Jamil who is also a director, also did not participate in the discussion of or vote on the resolution in respect of variation of his remuneration.]

Yours faithfully,

Muhammed Ali Adil
Company Secretary

SIX YEARS AT A GLANCE

Annexure 'B'

Rupees in '000'

| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|-----------|-----------|-----------|-----------|---------|---------|
| Profit & Loss: | | | | | | |
| Sales | 1,764,852 | 1,763,546 | 1,262,124 | 1,162,567 | 751,188 | 442,919 |
| Cost of sales | 1,577,168 | 1,614,878 | 1,061,395 | 920,083 | 595,997 | 332,393 |
| Gross Profit | 187,683 | 148,668 | 200,729 | 242,484 | 155,191 | 110,526 |
| Operating expenses | 104,420 | 106,605 | 93,854 | 93,235 | 64,503 | 44,634 |
| Operating profit | 83,263 | 71,165 | 106,875 | 149,248 | 90,688 | 65,893 |
| Other income/ (charges) | 6,293 | 29,103 | 9,315 | (803) | (2,006) | (2,139) |
| Financial charges | 195,368 | 142,238 | 107,182 | 57,373 | 32,604 | 19,502 |
| Profit / (Loss) before taxation | (105,812) | (71,071) | 8,558 | 86,519 | 53,275 | 42,040 |
| Unusual item | - | - | - | - | - | 21,473 |
| Taxation | - | 13,598 | 8,324 | 16,150 | 25,667 | 5,351 |
| Profit / (Loss) after taxation | (85,621) | (84,669) | 234 | 70,369 | 27,607 | 58,162 |
| Dividend | - | - | - | - | - | 5,709 |
| Bonus shares | - | - | - | 6,565 | 21,407 | 28,543 |
| | | | | | | |
| Balance Sheet | | | | | | |
| Shareholder's equity | 180,124 | 255,591 | 325,162 | 309,820 | 212,434 | 121,241 |
| Surplus on Revaluation of Fixed Assets | 213,329 | 82,691 | 92,503 | 102,324 | 124,957 | 129,181 |
| Financing facilities | 872,476 | 577,544 | 558,662 | 334,361 | 269,381 | 242,525 |
| Fixed assets (net of depreciation) | 1,278,115 | 1,078,169 | 939,986 | 824,126 | 571,995 | 476,635 |
| Current Assets | 572,711 | 699,565 | 716,978 | 468,126 | 329,387 | 184,986 |
| Current Liability | 868,062 | 782,917 | 714,666 | 465,703 | 329,210 | 179,154 |
| | | | | | | |
| Key Financial Ratios: | | | | | | |
| Gross profit | 11% | 8% | 16% | 21% | 21% | 25% |
| Operating profit | 6% | 2% | 8% | 13% | 12% | 15% |
| Profit before tax to net sales | -6% | -4% | 1% | 7% | 7% | 9% |
| Return on capital employed | -8% | -8% | 1% | 12% | 9% | 8% |
| Inventory turnover (times) | 7.61 | 5 | 3 | 5 | 8 | 7 |
| Fixed assets turnover (times) | 1.39 | 1.64 | 1.34 | 1.41 | 1.31 | 0.93 |
| Debt equity ratio | 52:48 | 63 : 37 | 57 : 43 | 45 : 55 | 44 : 56 | 49 : 51 |
| Current ratio | 0.66 | 0.89 | 1.00 | 1.01 | 1.00 | 1.03 |
| Earnings per share | (3.72) | (3.45) | 0.01 | 3.06 | 2.15 | 5.11 |

"Annexure C" To The Directors' Report for the Year Ended June 30, 2009:

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 a 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 has attached with the Directors' report.
9. The Company has declared has not declared any cash dividend (2008 - NIL) or bonus shares (2008 - NIL).
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 a sum of Rs. 6.4 million is invested in various schemes duly approved by Govt of Pakistan for Provident Fund investment. The Gratuity scheme is unfunded and no investment has been made for that.
12. During the year 05 board meetings were held and the attendance by each director is given below:

| <u>Name of Director</u> | <u>No. of Meeting Attended</u> |
|-------------------------|--------------------------------|
| Mr. Hussain Jamil | 05 |
| Mr. Ahsan Jamil | 05 |
| Mrs. Deborah Jamil | 05 |
| Mrs. Ayesha Khan | 05 |
| Mr. Shahid Jamil | 02 |
| Mr. Ali Jamil | 03 |
| Mr. Asad Ali Sheikh | 05 |
| Syed Sohail Raza Zaidi | 01 |

13. Trading of shares by Directors & Financial Controller/Secretary of the Company during the year 2008-09 is as under:

| Name | Designation | No. of Shares Acquired/ (Sold) |
|-----------------------|-------------------------|-----------------------------------|
| Mr. Hussain Jamil | Chief Executive Officer | Nil |
| Mr. Ahsan Jamil | Director | Nil |
| Mr. Shahid Jamil | Director | Nil |
| Mrs. Deborah Jamil | Director | (216,500) |
| Mrs. Ayesha Khan | Director | Nil |
| Mr. Asad Ali Sheikh | Director | Nil |
| Mr. Ali Jamil | Director | Nil |
| Mr. Sohail Raza Zaidi | Director | 500 |

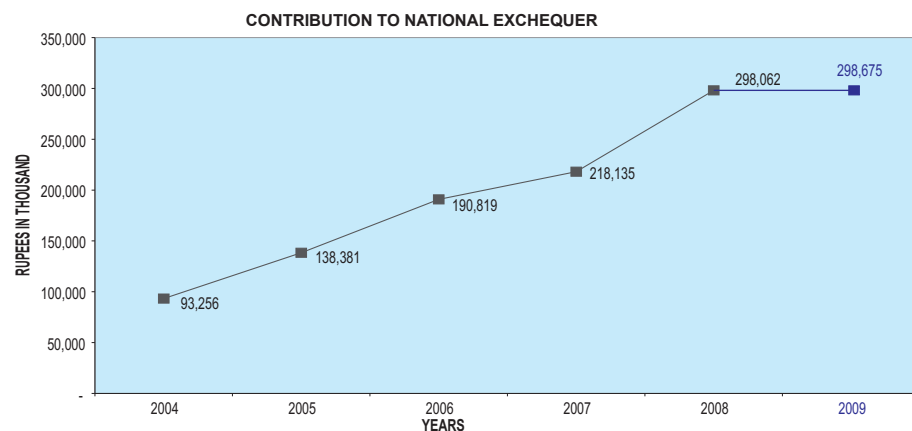
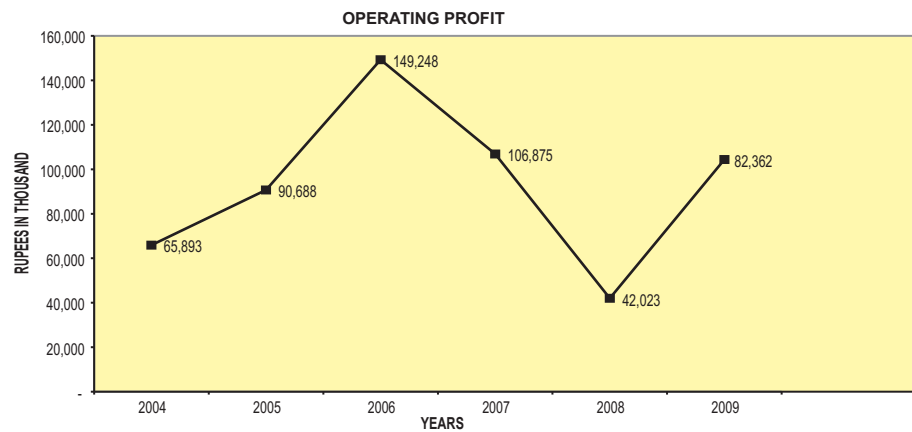
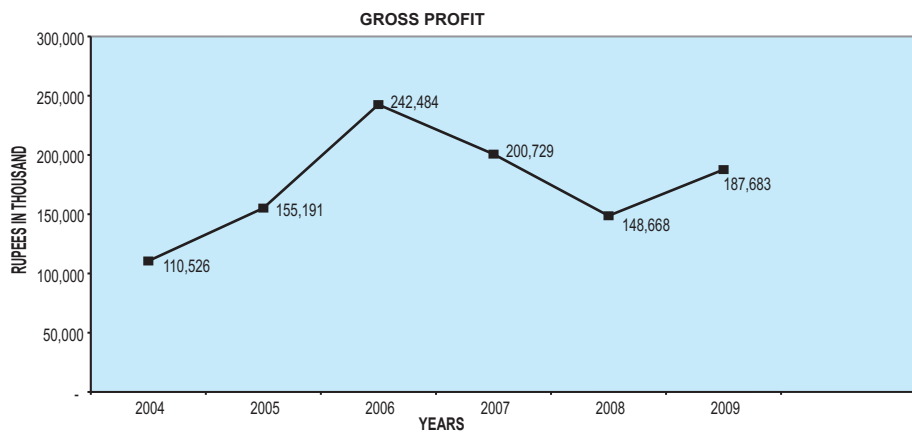
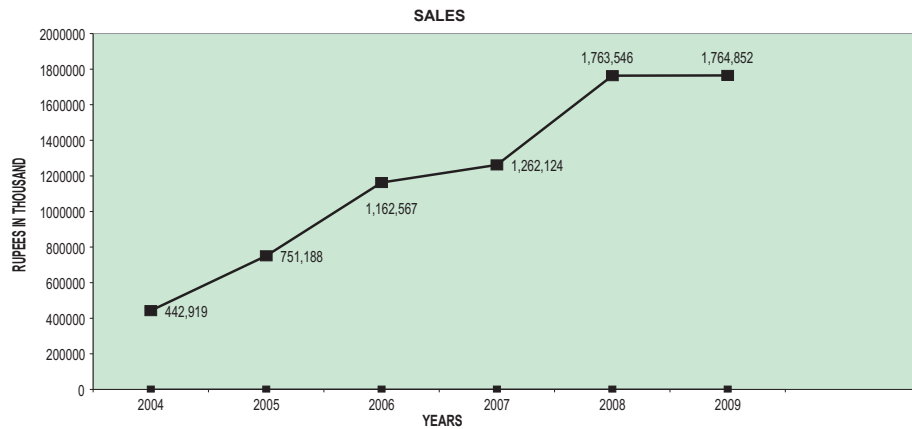
AUDITORS:

The present Auditors M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountant, retire and being eligible have offered themselves for re-appointment for the financial year 2009-2010.

For & on behalf of the Board of Directors

HUSSAIN JAMIL
Chief Executive Officer)

Karachi,
Dated: October 6, 2009



PATTERN OF SHAREHOLDING (Form 34)
 THE COMPANIES ORDINANCE 1984
 As At June 30, 2009

| Serial No | No. of Shareholders | Shareholding | | Total Shares Held | Percentage |
|-----------|---------------------|-------------------|-----------|-------------------|-------------|
| | | From | To | | |
| 1 | 401 | 1 | 100 | 17,518 | 0.08% |
| 2 | 962 | 101 | 500 | 259,352 | 1.13% |
| 3 | 448 | 501 | 1,000 | 378,658 | 1.65% |
| 4 | 766 | 1,001 | 5,000 | 1,708,181 | 7.43% |
| 5 | 120 | 5,001 | 10,000 | 891,994 | 3.88% |
| 6 | 29 | 10,001 | 15,000 | 364,727 | 1.59% |
| 7 | 21 | 15,001 | 20,000 | 368,499 | 1.60% |
| 8 | 9 | 20,001 | 25,000 | 205,512 | 0.89% |
| 9 | 7 | 25,001 | 30,000 | 187,141 | 0.81% |
| 10 | 6 | 30,001 | 35,000 | 164,503 | 0.72% |
| 11 | 2 | 35,001 | 40,000 | 74,315 | 0.32% |
| 12 | 8 | 40,001 | 45,000 | 342,624 | 1.49% |
| 13 | 3 | 45,001 | 50,000 | 150,000 | 0.65% |
| 14 | 1 | 50,001 | 55,000 | 52,381 | 0.23% |
| 15 | 4 | 60,001 | 65,000 | 246,850 | 1.07% |
| 16 | 1 | 65,001 | 70,000 | 67,500 | 0.29% |
| 17 | 1 | 70,001 | 75,000 | 75,000 | 0.33% |
| 18 | 1 | 75,001 | 80,000 | 80,000 | 0.35% |
| 19 | 1 | 80,001 | 85,000 | 85,000 | 0.37% |
| 20 | 2 | 85,001 | 90,000 | 174,024 | 0.76% |
| 21 | 2 | 95,001 | 100,000 | 200,000 | 0.87% |
| 22 | 3 | 105,001 | 110,000 | 326,500 | 1.42% |
| 23 | 1 | 155,001 | 160,000 | 156,941 | 0.68% |
| 24 | 1 | 200,001 | 205,000 | 202,500 | 0.88% |
| 25 | 1 | 220,001 | 225,000 | 225,000 | 0.98% |
| 26 | 1 | 230,001 | 235,000 | 233,610 | 1.02% |
| 27 | 1 | 255,001 | 260,000 | 259,541 | 1.13% |
| 28 | 1 | 280,001 | 285,000 | 282,500 | 1.23% |
| 29 | 1 | 300,001 | 305,000 | 305,000 | 1.33% |
| 30 | 1 | 310,001 | 315,000 | 314,500 | 1.37% |
| 31 | 1 | 385,001 | 390,000 | 389,168 | 1.69% |
| 32 | 1 | 515,001 | 520,000 | 515,700 | 2.24% |
| 33 | 1 | 545,001 | 550,000 | 549,910 | 2.39% |
| 34 | 1 | 615,001 | 620,000 | 620,000 | 2.70% |
| 35 | 1 | 795,001 | 800,000 | 797,610 | 3.47% |
| 36 | 1 | 810,001 | 815,000 | 810,782 | 3.53% |
| 37 | 1 | 1,430,001 | 1,435,000 | 1,432,635 | 6.24% |
| 38 | 2 | 1,975,000 | 2,075,500 | 2,074,500 | 9.03% |
| 39 | 1 | 3,385,001 | 3,390,000 | 3,386,793 | 14.74% |
| 40 | 1 | 3,995,001 | 4,000,000 | 4,000,000 | 17.41% |
| | <u>2,817</u> | Total Shares Held | | <u>22,976,969</u> | <u>100%</u> |

Categories of Shareholders

| S.No | Name | Number of shareholders | Total Shares Held | Percentage |
|------|---|---------------------------------|---|--|
| 1 | Associated Companies, undertaking and related parties | | NIL | 0.000% |
| 2 | Banks Development Financial Institutions, Non Banking Financial Institutions. The Bank of Khyber Bank Alfalah Limited Escorts Investment Bank Limited Samba Bank Limited National Development Fin. Corp. Investor | 1 1 1 1 1 | 515,700 18,074 22,500 549,910 7,037 | 2.244% 0.079% 0.098% 2.393% 0.031% |
| | Total: | 5 | 1,113,221 | 4.845% |
| 3 | Insurance Companies State Life Insurance Corporation of Pakistan | 1 | 810,782 | 3.529% |
| | Total: | 1 | 810,782 | 3.529% |
| 4 | Directors, Chief Executive Officer, and their Spouse and Minor Children Hussain Jamil Shahid Jamil Ayesha Noora Khan Deborah Jamil Ahsan Jamil Asad Ali Shaikh Syed Sohail Raza Zaidi | 1 1 1 1 1 1 1 | 4,000,000 798,110 671,668 270,052 3,386,793 500 500 | 17.409% 3.474% 2.923% 1.175% 14.740% 0.002% 0.002% |
| | Total: | 7 | 9,127,623 | 39.725% |
| 5 | Modarabas and Mutual Funds CDC - Trustee First Dawood Mutual Fund CDC - Trustee Alfalah GHP Value Fund First Prudential Modaraba First Pak Modaraba Prudential Stock Fund Ltd. CDC - Trustee KASB Stock Market Fund | 1 1 1 1 1 1 | 1,432,635 620,000 26,000 20,130 11,865 2,074,500 | 6.235% 2.698% 0.113% 0.088% 0.052% 9.029% |
| | Total: | 6 | 4,185,130 | 18.214% |
| 6 | NTT and ICP National Bank of Pakistan IDBP (ICP Units) Investment Corporation of Pakistan | 1 1 1 | 240 938 95 | 0.001% 0.004% 0.000% |
| | Total: | 3 | 1,273 | 0.006% |
| 7 | Foreign Investors Habibsons Bank Ltd - Client Account M/S Somers Nominee (Far East) Limited | 1 1 | 110,000 6,241 | 0.479% 0.027% |
| | Total: | 2 | 116,241 | 0.506% |

| S.No | Name | Number of shareholders | Total Shares Held | Percentage |
|------|---|------------------------|-------------------|------------|
| 8 | Others | | | |
| | Prudential Securities Limited | 1 | 607 | 0.003% |
| | Islamabad Stock Exchange (G) Limited | 1 | 121 | 0.001% |
| | Moosani Securities (PVT) LTD. | 1 | 5,220 | 0.023% |
| | Y.S. Securities & Services (PVT) LTD. | 1 | 1,207 | 0.005% |
| | Trustees Glaxo Welcome Pak LTD. Senior | 1 | 60,500 | 0.263% |
| | Darson Securities (PVT) LTD. | 1 | 34,003 | 0.148% |
| | ACE Securities (PVT) LTD. | 1 | 61,750 | 0.269% |
| | Highlink Capital (PVT) LTD. | 1 | 2,036 | 0.009% |
| | Excel Securities (PVT) LTD. | 1 | 1,000 | 0.004% |
| | Azee Securities (PVT) LTD. | 1 | 25,311 | 0.110% |
| | Mazhar Hussain Securities (PVT) LTD. | 1 | 7,000 | 0.030% |
| | Sat Securities (PVT) LTD. | 1 | 1,000 | 0.004% |
| | Dossani's Securities (PVT) LTD. | 1 | 13,270 | 0.058% |
| | Capital Vision Securities (PVT) LTD. | 1 | 5,546 | 0.024% |
| | Time Securities (PVT) LTD. | 1 | 1,016 | 0.004% |
| | H.S.Z. Securities (PVT) LTD. | 1 | 1,000 | 0.004% |
| | General Invest & Securities (PVT) LTD. | 1 | 1,500 | 0.007% |
| | Abbasi Securities (PVT) LTD. | 1 | 89,000 | 0.387% |
| | Clicktrade Limited | 1 | 4,900 | 0.021% |
| | Ismail Iqbal Securities (PVT) LTD. | 1 | 5,500 | 0.024% |
| | Al-Asar Securities (PVT) LTD. | 1 | 160 | 0.001% |
| | Hum Securities Limited | 1 | 34,500 | 0.150% |
| | AWJ Securities (SMC-Private) LTD. | 1 | 1,200 | 0.005% |
| | HK Securities (PVT) LTD. | 1 | 1,040 | 0.005% |
| | Muhammad Ahmed Nadeem Securities (SMC-PVT) LTD. | 1 | 505 | 0.005% |
| | MAM Securities (PVT) LTD. | 1 | 99 | 0.002% |
| | Dr. Arsalan Razaque Securities (SMC-PVT) LTD. | 1 | 1,073 | 0.000% |
| | Value Stock Securities Private Limited | 1 | 6,200 | 0.005% |
| | Stock Master Securities (PVT) LTD. | 1 | 2,000 | 0.009% |
| | Msmaniar Financials (PVT) LTD. | 1 | 6,465 | 0.028% |
| | Ghani Osman Securities (PVT) LTD. | 1 | 2,291 | 0.010% |
| | Durvesh Securities (PVT) LTD. | 1 | 21,257 | 0.093% |
| | S.Z. Securities (PVT) Limited | 1 | 700 | 0.003% |
| | MC FSL Trustee Alfalah GHP Principal PRO | 1 | 225,000 | 0.979% |
| | Alpha Beta Capital Markets (PVT) LTD. | 1 | 75,000 | 0.326% |
| | Company Secretary | 1 | 964 | 0.004% |
| | M/s. Freedom Enterprises (PVT) LTD | 1 | 2,518 | 0.011% |
| | Total: | 37 | 702,459 | 3.057% |
| 9 | Individual | 2756 | 6,920,240 | 30.118% |
| | Grand Total: | 2817 | 22,976,969 | 100% |
| | Share holding 10% or more voting interest | | | |
| | Hussain Jamil | 1 | 4,000,000 | 17.409% |
| | Ahsan Jamil | 1 | 3,386,793 | 14.740% |
| | Total | 2 | 7,386,793 | 32.149% |

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

For the year ended June 30, 2009

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 NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The casual vacancy occurred in the Board as a result of resignation by director was filled up by the director expeditiously as per clause vi of Code of Corporate Governance.
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 terms of reference of audit committee has been formed and duly approved by the board and advise to the committee for compliance.
17. 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.
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. The related party transactions have been placed before the audit committee and approved by the Board of Directors to comply with the requirements of listing regulation number 37 of the Karachi Stock Exchange (Guarantee) Limited.
22. We confirm that all material principles contained in the Code have been complied with.

Karachi,
Dated: October 06, 2009

HUSSAIN JAMIL
(Chief Executive 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 ("the Company"), to comply with the Listing Regulations 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 Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub-Regulation (xiii) of Listing Regulations 37 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in the arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism.

Further/ all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 June 30, 2009.

Karachi,
Dated: October 06, 2009

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Ecopack Limited ("the company") as at June 30, 2009, 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, 2009, and of the Loss, 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: October 06, 2009

Muhammad Rafiq Dossani

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

**BALANCE SHEET
AS AT JUNE 30, 2009**

| | NOTE | JUNE 2009 | JUNE 2008 |
|--|------|------------------|------------------|
| ----- (Rupees '000) ----- | | | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 4 | 1,271,094 | 1,086,225 |
| Long term deposits | 5 | 7,022 | 9,764 |
| | | 1,278,116 | 1,095,989 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | 6 | 54,859 | 47,559 |
| Stock in trade | 7 | 231,836 | 319,679 |
| Trade debts | 8 | 221,211 | 252,806 |
| Loans and advances | 9 | 16,241 | 2,980 |
| Short term deposits & prepayments | 10 | 5,075 | 1,929 |
| Other receivables | 11 | 4,959 | 11,157 |
| Advance tax | | 37,713 | 27,152 |
| Cash and bank balances | 12 | 817 | 36,304 |
| | | 572,711 | 699,565 |
| TOTAL ASSETS | | 1,850,827 | 1,795,554 |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized 50,000,000 ordinary shares of Rs.10 each | | 500,000 | 500,000 |
| Issued, subscribed and paid-up capital | 13 | 229,770 | 229,770 |
| (Accumulated loss)/Unappropriated Profit | | (49,646) | 25,820 |
| | | 180,124 | 255,590 |
| Surplus on revaluation of fixed assets | 14 | 213,329 | 82,689 |
| NON-CURRENT LIABILITIES | | | |
| Long term financing | 15 | 407,807 | 542,634 |
| Liabilities against assets subject to finance lease | 16 | 25,206 | 34,910 |
| Long term payables | | 5,192 | - |
| Deferred liabilities | 17 | 151,106 | 96,812 |
| | | 589,312 | 674,357 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 18 | 376,442 | 326,776 |
| Interest and mark-up accrued | 19 | 32,591 | 25,487 |
| Short term borrowings | 20 | 333,956 | 199,852 |
| Current portion of long term financing | 21 | 100,315 | 206,044 |
| Taxation | | 24,758 | 24,759 |
| | | 868,062 | 782,918 |
| TOTAL EQUITY AND LIABILITIES | | 1,850,827 | 1,795,554 |
| CONTINGENCIES AND COMMITMENTS | 22 | | - |

The annexed notes 1 to 43 form an integral part of these financial statements.

Hussain Jamil
Chief Executive Officer

Ahsan Jamil
Director

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2009**

| | NOTE | JUNE 2009 (Rupees '000) | JUNE 2008 Restated |
|---|------|--|-----------------------|
| Sales-net | 23 | 1,764,852 | 1,763,546 |
| Cost of sales | 24 | (1,577,169) | (1,614,878) |
| Gross profit | | 187,683 | 148,668 |
| Distribution cost | 25 | (62,762) | (62,547) |
| Administrative expenses | 26 | (41,659) | (44,058) |
| Other operating income/(cost) | 27 | 6,293 | 29,102 |
| | | (98,128) | (77,503) |
| Profit from operation | | 89,555 | 71,165 |
| Finance cost | 28 | (195,368) | (142,238) |
| Net loss before taxation | | (105,812) | (71,071) |
| Provision for taxation | 29 | 20,192 | (8,316) |
| Net loss after taxation | | (85,621) | (79,387) |
| Loss per share - basic and diluted (Rupees) | 30 | (3.72) | (3.45) |

The annexed notes 1 to 43 form an integral part of these financial statements.

Hussain Jamil
Chief Executive Officer

Ahsan Jamil
Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009**

| | NOTE | JUNE 2009 | JUNE 2008 |
|--|------|---------------------------|------------------|
| | | (Rupees '000) | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Cash generated From operations | 31 | 334,467 | 177,144 |
| Finance cost paid | | (187,976) | (142,979) |
| Gratuity paid | | (8,873) | (5,358) |
| WPPF paid | | (3) | (90) |
| Taxes paid | | (10,562) | (7,049) |
| Net cash flow from operating activities | | <u>127,053</u> | <u>21,668</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Fixed capital expenditure | | (44,098) | (217,229) |
| Capital work-in-progress | | (3,614) | 113,352 |
| Proceeds from disposal of fixed assets | | 1,552 | 1,427 |
| Long term security deposits | | (225) | (1,388) |
| Net cash outflow from investing activities | | <u>(46,385)</u> | <u>(103,838)</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Long term finance obtained | | - | 229,480 |
| Repayment of long term finance | | (236,750) | (101,500) |
| Leases acquired | | - | 15,393 |
| Re-payment of finance lease | | (13,510) | (21,272) |
| Net cash (outflow) / inflow from financing activities | | <u>(250,260)</u> | <u>122,101</u> |
| Net (decrease) / increase in cash and cash equivalents | | (169,592) | 39,931 |
| Cash and cash equivalents at the beginning of the period | | (163,548) | (203,480) |
| Cash and cash equivalents at the end of the period | 32 | <u>(333,139)</u> | <u>(163,549)</u> |

The annexed notes 1 to 43 form an integral part of these financial statements.

Hussain Jamil
Chief Executive Officer

Ahsan Jamil
Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2009**

| | SHARE CAPITAL | UNAPPROPRIATED PROFIT / (LOSS) | TOTAL |
|---|------------------|-----------------------------------|----------------|
| ----- (Rupees in '000) ----- | | | |
| Balance as at June 30, 2007 | 229,770 | 95,392 | 325,162 |
| Transfer from profit & loss account | - | (79,387) | (79,387) |
| Transfer from surplus on revaluation of fixed asset- net of deferred tax | - | 9,815 | 9,815 |
| Balance as at June 30, 2008 | 229,770 | 25,820 | 255,590 |
| Transfer from profit & loss account | - | (85,621) | (85,621) |
| Transfer from surplus on revaluation of fixed asset- net of deferred tax | - | 10,155 | 10,155 |
| Balance as at June 30, 2009 | <u>229,770</u> | <u>(49,646)</u> | <u>180,125</u> |

The annexed notes 1 to 43 form an integral part of these financial statements.

Hussain Jamil
Chief Executive Officer

Ahsan Jamil
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

1. STATUS AND NATURE OF BUSINESS

Ecopack Limited "the Company" was incorporated on August 25, 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 and its shares are quoted at Karachi Stock Exchange.

The principal activity of the company is to manufacture of Polyethylene Terephthalat (PET) bottles and preforms for sales to the beverage and other liquid packaging industry. The company has two manufacturing facilities located at Hattar, NWFP, and at Kahuta in Federal Capital Territory, Islamabad.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except that certain property, plant and equipment have been included at revalued amount and for revaluation of certain employee retirement benefits at present value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the functional currency of the Company and figures are rounded off to the nearest thousand of rupees.

2.4 Use of estimates and judgments

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

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

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

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognised in the financial statements are discussed below:

i) Employee retirement benefits

The company uses actuarial valuation to determine the present value of its retirement benefit obligations. The actuarial valuation is carried out by independent valuer using underlying assumptions that have been mentioned in note 3.1.1

ii) Provision for taxation

The company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by income tax department at the assessment stage and where the company considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

iii) Useful life and residual values of property, plant and equipment

The company reviews the useful lives of property, plant and equipment on the regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

2.5 Standards, amendments to published approved accounting standards and interpretations becoming effective in the year ended June 30, 2009:

The following standards, interpretations and amendments to existing standards have been published that are mandatory and relevant for the company's accounting period beginning on July 1, 2008.

IAS-29, 'Financial Reporting in Hyperinflationary Economies' The objective of this standard is to establish specific standard for enterprises reporting in the currency of a Hyperinflationary Economy.

IFRS 7, 'Financial instruments: Disclosures' This standards requires extensive disclosures about the significance of financial instruments for an entity's financial position and result of operations, and qualitative and quantitative disclosures on the nature and extend of risk arising from financial instruments. It combines disclosure requirements from IAS-32, Financial Instruments: Presentation, and IAS-30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and adds new disclosure requirements.

IFRIC Interpretation 14, 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction'. IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirements. The amendment does not have significant effect on the company's financial statements.

Standards, amendments to published approved accounting standards and interpretations becoming effective in the year ended June 30, 2009 but not relevant:

There are certain new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2008 but are considered not to be relevant or have any significant effect on the company's operations and are, therefore, not disclosed in these financial statements.

Standards, amendments to published approved accounting standards and interpretations as adopted in Pakistan, that are not yet effective:

The following standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after January 01, 2009:

IAS 1 (Revised), 'Presentation of financial statements' (effective from January 01, 2009), was issued in September 2007. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Further, where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The adoption of the above standard will only impact the presentation of the financial statements.

IAS 19 (Amendment), 'Employee benefits' (effective from January 01, 2009).

The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. Adoption of the amendment is not expected to have any effect on the company's financial statements.

The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation. Adoption of the amendment is not expected to have any effect on the company's financial statements.

The distinction between short term and long term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered. The adoption of this amendment will only impact the presentation of the financial statements.

IAS 37, 'Provisions, contingent liabilities and contingent assets', requires contingent liabilities to be disclosed, not recognised. IAS 19 has been amended to be consistent with IAS 37.

IAS 36 (Amendment), 'Impairment of assets' (effective from January 01, 2009). As per the new requirements, disclosures equivalent to those for value-in-use calculation should be made where fair value less costs to sell is calculated on the basis of discounted cash flows. Adoption of the amendment is not expected to have significant effect on the company's financial statements.

IAS 23 (Amendment) 'Borrowing costs' (effective from January 01, 2009). It requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) as part of the cost of that asset. On adoption of the above amendment, the option of immediately expensing those borrowing costs will be withdrawn. This amendment is not expected to have a significant effect on the company's financial statements.

"IAS 38 (Amendment) 'Intangible assets' (effective from January 1, 2009). It states that a prepayment may only be recognised in the event that prepayment has been made in advance of obtaining right of access to goods or receipt of services. This amendment is not expected to have a significant effect on the company's financial statements."

There are other amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after January 1, 2009 but are considered not to be relevant or do not have any significant effect to the company's operations and are therefore not mentioned in these financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

The Significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Employees' retirement benefits

The main features of the schemes operated by the company for its employees are as follows.

3.1.1 Defined benefit plan

A defined benefit plan is post employment benefit plan other than a defined contribution plan. The company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods, that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary using the projected unit credit method. 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.

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.

Actuarial gains or losses are recognized over the expected average remaining working lives of the employees participating in the plan. The following significant assumption is used for valuation of these schemes.

| | | |
|---|-----|-----------|
| Discount rate | 12% | Per annum |
| Expected rate of increase in salary level | 12% | Per annum |

3.1.2 Defined contribution plan

A defined contribution plan is a post employment benefit plan under which the company pays fixed contribution into a separate entity and will have no legal and constructive obligation to pay further amounts. Obligation for contributions to defined contribution plans are recognized as an employee benefit expense in profit and loss accounts when they are due. The Company also operates an approved funded contributory provident fund for its permanent employees. Monthly contributions are made both by the Company and the employees at the rate of 5% per annum of the basic salary.

3.2 Taxation

Income tax expense of comprises of current and deferred tax. Income tax expense is recognised in profit and loss accounts except to the extent that it relates to item recognized directly in equity, in which case it is also recognised in equity.

Current

Provision for current taxation is based on income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any. The charge for current tax includes adjustments to charge for prior years, if any.

Deferred

Deferred tax is provided using the 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 measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and the tax laws that have been enacted or substantively enacted by the balance sheet date.

A deferred tax asset is recognised only when it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.3 Property, plant and equipment

Owned

Property, plant and equipment, except for free hold land, building, plant & machinery and capital work in progress are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Free hold land, building and plant & machinery are stated at revalued amounts less accumulated depreciation. Cost comprises acquisition and other directly attributable costs. Capital work in progress is stated at cost. Cost of certain property, plant and equipment comprises historical cost, exchange differences recognised in accordance with the previous forth schedule of the Companies Ordinance, cost of exchange risk of cover in respect of foreign currency loans obtained for the acquisition of plant and machinery upto the commencement of commercial production and the cost of borrowings during construction period in respect of loans taken for specific project.

Disposal of assets is recognizes when significant risk and rewards incidental to the ownership have been transferred to the buyers. Gain and losses on disposal of an item of property, plant and equipment are recognised in profit and loss account. The related surplus on revaluation of property, plant and equipment, if any, is transferred directly to retained earnings (unappropriated profits).

The costs of replacing parts of an item of property, plant and equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The cost of the day to day servicing of property, plant and equipment are recognised in profit and loss account as they incurred.

Depreciation is charged to profit and loss account applying either straight line method or written down value method, where the cost of an asset is written off over its estimated useful life. Depreciation on additions is charged from the month in which asset is available for use and on disposal up to the month immediately preceding of deletion.

The Company reviews the useful life and residual value of property, plant and equipment on a regular basis. Any change in estimated in future years might effect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on depreciation charge.

Leased

Lease in terms of which the Company assumes substantially all the risks and rewards of ownership, are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to lower of its fair value and present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Outstanding obligations under the lease less finance cost allocated to future periods are shown as a liability.

Finance cost under lease agreements are allocated to the periods during the lease term so as to produce a constant periodic rate of markup on the remaining balance of principal liability for each period.

3.4 Intangible assets

Acquired computers software licenses are capitalized on the basis of the costs incurred to acquired and bring to use the specific software. Software is stated at cost less accumulated amortization and accumulated impairment losses, if any. These are amortized using the straight line method over the estimated useful life of software. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Cost associated with maintaining computer software products are recognized as an expense as incurred.

3.5 Borrowing cost

Borrowings costs are recognised as an expense in the period in which they are incurred except, to the extent of borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

3.6 Stores, spares & loose tools

Stores, spares and loose tools are valued at weighted average cost except for items in transit, which are stated at cost incurred upto the balance sheet date. For items which are slow moving/or identified as surplus to the company's requirements, adequate provision is made for any excess book value over estimated realizable value. The company reviews the carrying amounts of stores and spares on a regular basis and provision is made for the obsolescence.

3.7 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realizable value. Cost is determined using the weighted average method except for raw material in transit, which is stated at cost. Cost includes applicable purchase cost and manufacturing expenses. The cost of work-in-process includes material and proportionate conversion cost.

Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and the costs necessary to make the sale.

3.8 Financial instruments

Financial assets and financial liabilities are recognised at the time when the company becomes a party to the contractual provisions of the instrument and derecognised when the company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is include in the profit and loss account for the year.

3.8.1 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

3.8.2 Trade and other receivables

Trade and other receivables are recognised and carried at original invoice/cost less an allowance for any uncollectible amounts. Carrying amounts of trade and other receivable are assessed on a regular basis and if there is any doubt about the realisability to these receivables, appropriate amount of provision is made.

3.9 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognised amount and the company intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3.10 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, demand deposits held with bank and highly liquid investments with less than three months maturity from the date of acquisition. Running finance facilities availed by the Company, which are repayable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of the statement of cash flows.

3.11 Segment reporting

A segment is a distinguishable component of the Company that is engaged in providing related products or services (business segment), or in providing product or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segment information is presented in respect of the Company's business segments.

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

- | | | |
|----|-----------|--|
| 1) | Injection | this represents manufacture and sale of Polyethylene Terephthalat (PET) preforms for beverage and non-beverage industry. |
| 2) | Blowing | this represents manufacture and sale of Polyethylene Terephthalat (PET) bottles for beverage and non-beverage industry. |

3.12 Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue from sale of goods are recognised when significant risks and rewards of ownership are transferred to the buyer, and is recorded on dispatch of goods to the customers.

3.13 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. Non-monetary items are translated into pack rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

3.14 Dividend

Dividend distribution to the company's shareholders is recognised as a liability in the period in which the dividends are approved.

3.15 Impairment

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset or group of assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account. Reversal of impairment losses are recognised in the profit and loss account restricted to the original cost of the asset.

3.16 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. Provisions are measured at present value of the expected expenditure, discounted at a pre-tax rate that reflects current market assessment of the time value of money and the risk specific to the obligation.

3.17 Related party transactions

Transactions with related parties are carried out on commercial terms and conditions.

| | | JUNE 2009 (Rupees '000) | JUNE 2008 (Rupees '000) |
|--------------------------------|-----|----------------------------|----------------------------|
| 4. PROPERTY, PLANT & EQUIPMENT | | | |
| Operating fixed assets | 4.1 | 1,259,423 | 1,078,169 |
| Capital work-in-progress | 4.2 | 11,671 | 8,056 |
| | | <u>1,271,094</u> | <u>1,086,225</u> |

(Rupees in '000)

4.1. OPERATING FIXED ASSETS

| | ASSETS OWNED BY THE COMPANY | | | | | | | LEASED ASSETS | | | Total | |
|------------------------------------|-----------------------------|--------------------------|-------------------|--------------------|--------------------------------|-------------------|----------|---------------|----------|-------------------|-------|-----------|
| | Freehold land | Factory building & roads | Plant & machinery | Factory equipments | Furniture & fixture equipments | Office equipments | Vehicles | Vehicles | Vehicles | Plant & machinery | | |
| COST AND REVALUATION | | | | | | | | | | | | |
| Balance as at July 1, 2008 | 3,525 | 45,457 | 1,250,141 | 62,728 | 4,544 | 15,728 | 3,419 | 24,553 | 49,299 | | | 1,459,393 |
| Additions | - | 1,685 | 15,043 | 24,780 | 772 | 844 | 974 | 4,293 | - | - | - | 48,391 |
| Disposals | - | - | - | - | - | (96) | (1,955) | (3,424) | - | - | - | (5,475) |
| Inter Transfer | - | - | 15,900 | - | - | - | 5,778 | (5,778) | - | (15,900) | - | - |
| Revaluation | 275 | 21,614 | 194,716 | - | - | - | - | - | - | - | - | 216,605 |
| Balance as at June 30, 2009 | 3,800 | 68,756 | 1,475,801 | 87,508 | 5,316 | 16,476 | 8,216 | 19,644 | 33,399 | | | 1,718,915 |
| DEPRECIATION | | | | | | | | | | | | |
| Balance as at July 1, 2008 | - | 9,843 | 329,564 | 22,757 | 1,557 | 4,215 | 1,348 | 8,874 | 3,065 | | | 381,223 |
| Disposals | - | - | - | - | - | (13) | (1,335) | (1,271) | - | - | - | (2,618) |
| Inter Transfer | - | - | 2,650 | - | - | - | 3,666 | (3,666) | - | (2,650) | - | - |
| For the year | - | 1,858 | 56,884 | 14,801 | 348 | 1,198 | 724 | 3,044 | 2,029 | | | 80,886 |
| Balance as at June 30, 2009 | - | 11,701 | 389,099 | 37,557 | 1,905 | 5,401 | 4,403 | 6,981 | 2,444 | | | 459,491 |
| Carrying value as at June 30, 2009 | 3,800 | 57,055 | 1,086,703 | 49,950 | 3,411 | 11,076 | 3,813 | 12,663 | 30,955 | | | 1,259,423 |
| COST AND REVALUATION | | | | | | | | | | | | |
| Balance as at July 1, 2007 | 3,525 | 40,340 | 1,053,532 | 51,994 | 4,661 | 17,222 | 2,824 | 19,533 | 53,218 | | | 1,246,848 |
| Additions | - | 5,117 | 168,084 | 11,745 | 612 | 903 | 401 | 5,539 | 26,081 | | | 218,480 |
| Disposals | - | - | (1,474) | (1,011) | (729) | (2,397) | (325) | - | - | | | (5,935) |
| Inter Transfer | - | - | 30,000 | - | - | - | 519 | (519) | (30,000) | | | - |
| Balance as at June 30, 2008 | 3,525 | 45,457 | 1,250,142 | 62,728 | 4,544 | 15,728 | 3,419 | 24,553 | 49,299 | | | 1,459,393 |
| DEPRECIATION | | | | | | | | | | | | |
| Balance as at July 1, 2007 | - | 8,123 | 269,028 | 12,640 | 1,626 | 4,117 | 1,284 | 5,906 | 4,137 | | | 306,862 |
| Disposals | - | - | (896) | (603) | (420) | (1,223) | (288) | - | - | | | (3,430) |
| Inter Transfer | - | - | 3,600 | - | - | - | - | - | (3,600) | | | - |
| For the year | - | 1,720 | 57,832 | 10,719 | 350 | 1,322 | 352 | 2,968 | 2,528 | | | 77,791 |
| Balance as at June 30, 2008 | - | 9,843 | 329,564 | 22,756 | 1,556 | 4,216 | 1,348 | 8,874 | 3,065 | | | 381,222 |
| Carrying value as at June 30, 2008 | 3,525 | 35,614 | 920,578 | 39,972 | 2,988 | 11,512 | 2,071 | 15,679 | 46,234 | | | 1,078,169 |
| Rate of depreciation | - | 5%-10% | 5%-20% | 10%-50% | 10% | 10% | 20% | 20% | 5% | | | 5% |
| Method of depreciation | - | DBM | DBM & SLM | DBM & SLM | DBM | DBM | DBM | DBM | SLM | | | SLM |

* "DBM" represents declining balance method of depreciation whereas "SLM" represents straight line method of depreciation.

| | JUNE 2009 (Rupees '000) | JUNE 2008 (Rupees '000) |
|--|----------------------------|----------------------------|
| 4.1.1 Depreciation charge has been allocated as follows: | | |
| Cost of sales | 76,842 | 73,902 |
| Administrative expenses | 4,044 | 3,889 |
| | 80,886 | 77,791 |

4.1.2 The company revalued certain operating fixed assets, in 1995-96, 2003-04 and 2008-09, which had resulted in a surplus of Rs. 92,520 thousand, Rs. 141,337 thousand and Rs. 216,605 thousand respectively. These revaluation had been carried out by independent valuers taking market value or depreciated replacement cost as applicable, as a basis of valuation. 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.

4.1.3 Had there been no revaluation, the net carrying value of specific classes of operating fixed assets would have been as follows:

| | | |
|--------------------------|---------|---------|
| Freehold land | 2,995 | 2,995 |
| Factory building & roads | 34,084 | 33,974 |
| Plant & machinery | 780,894 | 783,057 |
| | 817,973 | 820,026 |

4.1.4 Particulars of disposal of operating fixed assets

| Particulars | Cost | Acc.Depr eciation | Carrying value | Sale proceeds | Gain / (Loss) | Mode of disposals | Particulars of purchaser |
|--------------------|-------|----------------------|-------------------|------------------|------------------|----------------------|--------------------------------|
| Note book computer | 69 | 12 | 57 | 57 | - | Co. policy | Mr. Ahsan Jamil - Direcotr |
| Cellular phone | 27 | 1 | 26 | 26 | - | Co. policy | |
| Vehicle | 2,410 | 1,121 | 1,289 | 1,289 | - | Co. policy | |
| Vehicle | 365 | 288 | 77 | 180 | 103 | Negotiation | Mr. Zeeshan Ali |
| Vehicle | 1,014 | 150 | 864 | 899 | 35 | Insurance claim | Standard Chartered Modaraba |
| Vehicle | 1,590 | 1,047 | 543 | 543 | - | Insurance claim | Adamjee Insurance |
| June 2009 | 5,475 | 2,619 | 2,856 | 2,994 | 138 | | |
| June 2008 | 3,989 | 2,158 | 1,831 | 1,251 | (580) | | |

4.2 CAPITAL WORK IN PROGRESS

| | | |
|---------------------------|--------|-------|
| Plant & Machinery | 3,462 | 462 |
| Electric installation | 31 | 1,429 |
| E.R.P implementation Cost | 4,564 | 2,734 |
| Piping work | 38 | 37 |
| Building and roads | 1,550 | 1,083 |
| Others | 2,026 | 2,311 |
| | 11,671 | 8,056 |

5. LONG TERM DEPOSITS

| | | |
|-------------------|-------|-------|
| Utilities | 2,775 | 2,775 |
| Leasing Companies | 4,185 | 6,927 |
| Others | 63 | 62 |
| | 7,023 | 9,764 |

| | JUNE 2009 (Rupees '000) | JUNE 2008 (Rupees '000) |
|---|----------------------------|----------------------------|
| 6. STORES, SPARES AND LOOSE TOOLS | | |
| Stores and Spares | 53,688 | 46,185 |
| Loose tools | 1,171 | 1,974 |
| | <u>54,859</u> | <u>48,159</u> |
| Obsolete stores & spares write-off | - | (600) |
| | <u>54,859</u> | <u>47,559</u> |
| 7. STOCK IN TRADE | | |
| Raw material | 80,353 | 84,136 |
| Stock in transit | 9,048 | - |
| Packing material | 11,117 | 9,971 |
| Work in process | 71,132 | 87,180 |
| Finished goods | 63,714 | 145,017 |
| | <u>235,364</u> | <u>326,304</u> |
| Provision for obsolete stocks | (3,528) | (6,625) |
| | <u>231,836</u> | <u>319,679</u> |
| 8. TRADE DEBTS | | |
| Considered good | | |
| Secured against letter of credit | 46,841 | 54,532 |
| Unsecured | 174,370 | 198,274 |
| | <u>221,211</u> | <u>252,806</u> |
| Considered doubtful | 2,906 | 2,906 |
| | <u>224,117</u> | <u>255,712</u> |
| Provision against debts considered doubtful | (2,906) | (2,906) |
| | <u>221,211</u> | <u>252,806</u> |
| 9. LOANS AND ADVANCES | | |
| Advances: | | |
| to Suppliers | 14,656 | 50 |
| for expenses | 324 | 851 |
| | <u>14,980</u> | <u>901</u> |
| Loan to employees | 9.1 1,261 | 2,079 |
| | <u>16,241</u> | <u>2,980</u> |
| 9.1 This includes amount of Rs. 149 thousand (2008: Rs. 717 thousand) receivable from executives. | | |
| 10. SHORT TERM DEPOSITS AND PREPAYMENTS | | |
| Deposits | 2,131 | 1,083 |
| Prepayments | 2,944 | 846 |
| | <u>5,075</u> | <u>1,929</u> |
| 11. OTHER RECEIVABLES | | |
| Margin and L/C charges | 489 | 3,534 |
| Sales tax refundable | 3,927 | 4,135 |
| Claim Receivable | 543 | 3,488 |
| | <u>4,959</u> | <u>11,157</u> |

| | JUNE 2009 (Rupees '000) | JUNE 2008 (Rupees '000) |
|--|----------------------------|----------------------------|
| 12. CASH AND BANK BALANCES | | |
| Cash in hand | 12 | 24 |
| Cash at Bank - current | 805 | 36,280 |
| | <u>817</u> | <u>36,304</u> |
| 13. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL | | |
| Numbers | | |
| 10,262,664 ordinary shares of Rs. 10/- each issued for consideration in cash | 102,627 | 102,627 |
| 12,714,307 ordinary shares of Rs. 10/- each issued as fully bonus shares | 127,143 | 127,143 |
| <u>22,976,971</u> | <u>229,770</u> | <u>229,770</u> |
| 14. SURPLUS ON REVALUATION OF FIXED ASSETS | | |
| Surplus on revaluation : Balance as at July 01 | 127,212 | 142,308 |
| Add : Surplus arising on revaluation as of June 30, 2009 | 216,605 | - |
| Less : Transferred to unappropriated profit in respect of incremental depreciation charged during the year | (15,624) | (15,096) |
| | <u>328,193</u> | <u>127,212</u> |
| Related deferred tax : | | |
| Balance as at July 01 | 44,523 | 49,805 |
| Add : On Revaluation surplus as of June 30, 2009 | 75,812 | - |
| | <u>120,335</u> | <u>49,805</u> |
| Less : On incremental depreciation charged during the year | (5,468) | (5,282) |
| | <u>114,867</u> | <u>44,523</u> |
| Surplus on revaluation of fixed assets - net of Deferred Tax | <u>213,326</u> | <u>82,689</u> |
| 15. LONG TERM FINANCING | | |
| Loan from banking companies -secured | <u>407,807</u> | <u>542,634</u> |

| | | JUNE 2009 (Rupees '000) | JUNE 2008 (Rupees '000) |
|---|--------|----------------------------|----------------------------|
| 15.1 Loan from banking companies | | | |
| Askari Bank Limited (TF) | 15.1.1 | 198,282 | 221,282 |
| Pak Oman Investment Co. Ltd. (TF) | - | - | 175,000 |
| JS Bank Limited (TF) | 15.1.2 | 31,250 | 62,500 |
| Habib Bank Limited (DF-I) | 15.1.3 | 26,250 | 30,000 |
| Habib Bank Limited (DF-II) | 15.1.3 | 144,894 | 144,894 |
| Habib Bank Limited (DF-III) | 15.1.3 | 96,250 | 100,000 |
| | | <u>496,926</u> | <u>733,676</u> |
| Less: current portion shown under current liabilities | | (89,119) | (191,042) |
| | | <u>407,807</u> | <u>542,634</u> |

15.1.1 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% to be reset on 1st of each calendar quarter payable paid in seasonilized and stepped up installments starting from 15th month after disbursement upto June, 2013. The finance is secured by way of first pari passu charge of PKR 450 million over all present and future fixed assets of the company and personal guarantees of Directors.

15.1.2 This represents Term finance facility obtained to finance capital expenditure. It carries mark up at 3 month KIBOR plus 2.25% payable in quarterly installments upto August 2010. Finance is secured by way of first pari passu charge on all present and future fixed assets of PKR 100 million of the company inclusive of 25% margin.

15.1.3 These represents demand finances obtained to finance expansion in existing production facilities at plant . These carry mark up at 3 months KIBOR plus 2.5% , payable in five years in quarterly installments. Finances are secured by way of 1st pari passu charge over existing and future fixed assets up to PKR 415 million of the company situated at plot # 112-113 Phase V, Industrial Estate Hattar, District Haripur, NWFP.

16. LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE

| | | |
|---|---------------|---------------|
| Opening balance | 49,912 | 55,791 |
| Obtained during the year | 4,293 | 15,392 |
| Paid during the year | (17,803) | (21,271) |
| | <u>36,402</u> | <u>49,912</u> |
| Less: current portion shown under current liabilities | (11,196) | (15,002) |
| | <u>25,206</u> | <u>34,910</u> |

| | JUNE 2009 (Rupees '000) | JUNE 2008 (Rupees '000) |
|--|----------------------------|----------------------------|
| 16.1 The future minimum lease payments and the period in which they become due are : | | |
| Minimum lease payment | | |
| Upto one year | 15,771 | 19,880 |
| More than one year but less than five years | 30,281 | 41,357 |
| | 46,052 | 61,237 |
| Amount representing financial cost not yet due | | |
| Upto one year | (4,574) | (5,369) |
| More than one year but less than five years | (5,075) | (5,956) |
| | (9,649) | (11,325) |
| Present value of minimum lease payment | | |
| Upto one year | 11,196 | 14,511 |
| More than one year but less than five years | 25,206 | 35,401 |
| | 36,402 | 49,912 |
| Current portion shown under current liabilities | (11,196) | (15,002) |
| Present value of minimum lease payment payable later than one year but not later than five years | 25,206 | 34,910 |

16.2 This represents vehicles and plant & machinery acquired under a number of finance lease agreements. Interest rate used discounting factor ranging from 12.50% to 18.20% (2008:9.5% to 17.31%) per annum. Taxes, repair, replacements and insurance are born by the company. Under the terms of arrangement, the company has an option to acquire leased assets at the end of respective lease terms and intends to exercise the option. At June 30, 2009 the net carrying amount of leased vehicles and plant & equipment are Rs. 12,663 thousand and Rs. 27,354 thousand (June 30, 2008: Rs. 15,679 thousand and Rs. 42.632 thousand) respectively. There are no restrictions imposed on the Company under the term of leases.

| | | JUNE 2009 (Rupees '000) | JUNE 2008 (Rupees '000) Restated |
|--------------------------|------|----------------------------|--|
| 17. DEFERRED LIABILITIES | | | |
| Staff gratuity | 17.1 | 11,916 | 13,242 |
| Deferred taxation | 17.2 | 139,190 | 83,570 |
| | | 151,106 | 96,812 |

17.1 STAFF GRATUITY

17.1.1 Reconciliation of amounts recognised in the balance sheet is as follows:

| | | |
|---|----------|----------|
| Present value of defined benefit obligation | 24,706 | 25,887 |
| Net actuarial losses not recognized | (12,790) | (12,645) |
| | 11,916 | 13,242 |

| | JUNE 2009 (Rupees '000) | JUNE 2008 (Rupees '000) |
|---|----------------------------|----------------------------|
| 17.1.2 Movement in liability recognized in balance sheet: | | |
| Present value of defined benefit obligation (opening) | 13,242 | 11,657 |
| Expense for the year | 7,547 | 6,944 |
| Benefits paid during the year | (8,873) | (5,358) |
| | <u>11,916</u> | <u>13,243</u> |

17.1.3 Amount recognised in profit and loss account is as follows:

| | | |
|-----------------------------|--------------|--------------|
| Current Service Cost | 3,603 | 3,957 |
| Interest Cost | 3,106 | 2,295 |
| Actuarial losses recognised | 838 | 692 |
| | <u>7,547</u> | <u>6,944</u> |

17.1.4 Comparison of present value of defined benefit obligation for the current year and previous four years is as follows:

| | Present value of defined benefit obligation | Experience adjustments on obligations |
|-----------|--|---|
| June 2009 | 24,706 | (12,790) |
| June 2008 | 25,887 | (12,645) |
| June 2007 | 22,945 | (11,288) |
| June 2006 | 18,645 | (7,757) |
| June 2005 | 12,174 | (4,167) |
| | <u>JUNE 2009 (Rupees '000)</u> | <u>JUNE 2008 (Rupees '000)</u> |

17.2 DEFERRED TAXATION

| | | |
|--|------------------|------------------|
| Deductible temporary differences | | |
| Tax losses carried forward | (161,452) | (69,396) |
| Provisions and finance lease | (19,163) | (38,787) |
| | <u>(180,615)</u> | <u>(108,183)</u> |
| Taxable temporary differences: | | |
| Accelerated depreciation | 204,940 | 147,230 |
| Surplus on revaluation of fixed assets | 114,865 | 44,523 |
| | <u>319,805</u> | <u>191,753</u> |
| | <u>139,190</u> | <u>83,570</u> |

18. TRADE AND OTHER PAYABLES

| | | | |
|------------------------------------|------|----------------|----------------|
| Trade creditors & bills payable | | 319,146 | 301,851 |
| Accrued & other liabilities | | 15,782 | 13,669 |
| Advances from customers | | 28,981 | 4,373 |
| Tax deducted at source | | 1,263 | 699 |
| Sales tax payable | | 10,303 | 5,331 |
| Unclaimed dividend | | 461 | 461 |
| Workers' profit participation fund | 18.1 | 507 | 392 |
| | | <u>376,443</u> | <u>326,776</u> |

| | JUNE 2009 (Rupees '000) | JUNE 2008 (Rupees '000) |
|--|----------------------------|----------------------------|
| 18.1 Workers' profit participation fund | | |
| Balance as on 1 July | 392 | 482 |
| Mark-up on funds utilized in the Company's | 117 | - |
| | <u>509</u> | <u>482</u> |
| Less : Amount paid on behalf of the fund | (3) | (90) |
| Balance as on 30 June | <u>506</u> | <u>392</u> |
| 19. INTEREST AND MARK-UP ACCRUED | | |
| Long term financing | 20,588 | 19,815 |
| Short term borrowings | 11,437 | 5,106 |
| Liabilities against assets subject to finance lease | 566 | 566 |
| | <u>32,591</u> | <u>25,487</u> |
| 20. SHORT TERM BORROWINGS - secured | | |
| From banking companies | | |
| Short-term running finance | 185,904 | 36,202 |
| Finance against trust receipt | 148,052 | 163,650 |
| | <u>333,956</u> | <u>199,852</u> |
| <p>Short-term running finance and other facilities are obtained under mark-up arrangements from various commercial banks carrying mark-up ranging from 11.92% to 12.46% (2008: 10.27% to 16.91%) per anum calculated on daily product basis. These facilities have various maturities date upto February 28, 2010.</p> <p>These facilities are secured by first pari passu and ranking hypothecation charges of entire present and future current assets, equitable mortgage of property of the Company and personal guarantees of the working directors.</p> | | |
| 21. CURRENT PORTION OF LONG TERM FINANCING | | |
| Long term financing | 89,119 | 191,042 |
| Liabilities against assets subject to finance lease | 11,196 | 15,002 |
| | <u>100,315</u> | <u>206,044</u> |
| 22. CONTINGENCIES AND COMMITMENTS | | |
| 22.1. Contingencies | | |
| <p>In the year 2002, the Commissioner of Income Tax, Companies Zone, Islamabad notified the Company with respect to application filed by it 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 thousand. 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. The matter is pending for adjudication.</p> | | |
| 22.2. Commitments | | |
| Letters of credit | <u>29,042</u> | <u>53,630</u> |

| | | JUNE 2009 (Rupees '000) | JUNE 2008 (Rupees '000) |
|------------------|------|----------------------------|----------------------------|
| 23. SALES - NET | | | |
| Gross sales | 23.1 | 2,067,829 | 2,056,588 |
| Sales discount | | (1,173) | (4,758) |
| Sales tax | | (275,073) | (264,633) |
| Excise duty | | (17,192) | (17,604) |
| Sales commission | | (6,555) | (600) |
| Sales return | | (2,984) | (5,447) |
| | | <u>(302,977)</u> | <u>(293,042)</u> |
| | | <u>1,764,852</u> | <u>1,763,546</u> |

23.1 This includes export sales of Rs. 52,587 thousand (2008: Rs. 3,903 thousand).

24. COST OF SALES

| | | | |
|----------------------------------|-------|------------------|------------------|
| Raw material consumed | 24.1 | 1,089,110 | 1,206,045 |
| Packing material consumed | | 64,695 | 67,275 |
| Salaries, wages & other benefits | 24.2 | 85,289 | 78,661 |
| Traveling & conveyance | | 6,437 | 6,280 |
| Professional charges | | 491 | 484 |
| Vehicle repair & maintenance | | 9,321 | 6,854 |
| Rent, rate & taxes | | 28,177 | 29,222 |
| Repair & maintenance | | 4,827 | 5,757 |
| Telephone | | 1,394 | 1,581 |
| Printing, postage & stationery | | 1,856 | 1,598 |
| Entertainment | | 1,535 | 1,618 |
| Insurance | | 3,195 | 3,130 |
| Electricity, gas & water | | 76,780 | 93,080 |
| Freight, octroi & toll tax | | 7,020 | 13,811 |
| Depreciation | 4.1.1 | 76,842 | 73,902 |
| Store consumed | | 21,069 | 28,892 |
| Miscellaneous | | 1,780 | 836 |
| | | <u>1,479,818</u> | <u>1,619,025</u> |
| Work-in-process - opening | | 87,180 | 156,406 |
| Work-in-process - closing | | (71,132) | (87,180) |
| | | <u>16,048</u> | <u>69,226</u> |
| Cost of goods manufactured | | <u>1,495,866</u> | <u>1,688,252</u> |
| Finished goods - opening | | 145,017 | 71,643 |
| Finished goods - closing | | (63,714) | (145,017) |
| | | <u>81,303</u> | <u>(73,374)</u> |
| | | <u>1,577,169</u> | <u>1,614,878</u> |
| 24.1 Raw material consumed | | | |
| Opening stock | | 84,136 | 152,400 |
| Purchases | | 1,094,376 | 1,137,781 |
| Closing stock | | (89,402) | (84,136) |
| | | <u>1,089,110</u> | <u>1,206,045</u> |

24.2 This includes staff retirement benefits amounting to Rs. 6,849 thousand (2008: Rs. 4,367 thousand)

| | | JUNE 2009 (Rupees '000) | JUNE 2008 (Rupees '000) |
|-------------------------------|------|----------------------------|----------------------------|
| 25. DISTRIBUTION COST | | | |
| Salaries and benefits | 25.1 | 9,966 | 7,442 |
| Office rent | | 780 | 992 |
| Electricity, water & gas | | 315 | 150 |
| Entertainment | | 194 | 86 |
| Traveling & conveyance | | 1,252 | 1,104 |
| Repair & maintenance | | 70 | 113 |
| Vehicle running & maintenance | | 1,062 | 875 |
| Communications | | 576 | 665 |
| Insurance | | 23 | 37 |
| Printing & stationery | | 5 | 131 |
| Carriage & freight outward | | 48,016 | 50,631 |
| Miscellaneous | | 503 | 321 |
| | | <u>62,762</u> | <u>62,547</u> |

25.1 This includes staff retirement benefits amounting to Rs. 781 thousand (2008: Rs. 368 thousand)

26. ADMINISTRATIVE EXPENSES

| | | | |
|----------------------------------|-------|---------------|---------------|
| Salaries and benefits | 26.1 | 23,736 | 25,510 |
| Rent, rate and taxes | | 1,246 | 1,126 |
| Electricity, gas and water | | 463 | 317 |
| Entertainment | | 365 | 306 |
| Traveling & conveyance | | 2,071 | 2,434 |
| Vehicle running & maintenance | | 1,291 | 1,838 |
| Repair & maintenance | | 931 | 466 |
| Communications | | 1,236 | 1,821 |
| Legal & professional | | 2,973 | 3,462 |
| Auditors' remuneration | 26.2 | 664 | 435 |
| Advertisement | | 25 | 145 |
| Medical | | 1,375 | 1,544 |
| Insurance | | 106 | 138 |
| Printing & stationery | | 477 | 180 |
| Depreciation | 4.1.1 | 4,044 | 3,889 |
| Books, newspaper and periodicals | | 38 | 31 |
| Courses, seminar & subscription | | 191 | 56 |
| Donation | 26.3 | 330 | 360 |
| Miscellaneous | | 95 | - |
| | | <u>41,659</u> | <u>44,058</u> |

26.1 This includes staff retirement benefits amounting to Rs.1,748 thousand (2008: Rs. 2,865 thousand)

26.2 Auditors' remuneration

| | | |
|----------------------------|------------|------------|
| Audit fee | 375 | 280 |
| Fee for half yearly review | 100 | 90 |
| Other advisory services | 180 | 60 |
| Out-of-pocket expense | 9 | 5 |
| | <u>664</u> | <u>435</u> |

26.3 None of the directors and their spouse have any interest in the donee's fund.

| | JUNE 2009 (Rupees '000) | JUNE 2008 (Rupees '000) |
|---|----------------------------|----------------------------|
| 27. OTHER OPERATING INCOME / (COST) | | |
| Income from/(Loss on) financial assets/liabilities | | |
| Exchange gain/ (loss) | 201 | (746) |
| Reversal of (assets)/payable | (31) | 382 |
| | 170 | (364) |
| Income from/(Loss on) non-financial assets | | |
| Raw material scrapped | - | (545) |
| Income from sale of scrap | 5,780 | 20,431 |
| Insurance claim | 205 | 10,835 |
| Gain/(Loss) on disposal of fixed asset | 138 | (1,255) |
| | 6,123 | 29,466 |
| | <u>6,293</u> | <u>29,102</u> |
| 28. FINANCE COST | | |
| Mark-up on: | | |
| Long-term financing | 89,957 | 76,456 |
| Short-term borrowing | 32,869 | 22,571 |
| Liabilities against assets subject to finance lease | 5,940 | 5,132 |
| | 128,766 | 104,159 |
| Interest on workers' profit participation fund | 117 | - |
| LC usance and other charges | 62,428 | 37,129 |
| Bank charges | 4,057 | 950 |
| | <u>195,368</u> | <u>142,238</u> |
| 29. PROVISION FOR TAXATION | | |
| Current | - | Restated 8,843 |
| Deferred | (20,192) | (527) |
| | <u>(20,192)</u> | <u>8,316</u> |

29.1 Current

The assessments of the Company have been finalized upto and including the tax year 2008. Assessed losses available to the Company to be carried forward amounted to Rs.334,798 thousand at the end of the tax year 2008. No provision for income tax has been made for the current year in view of taxable loss of current year and also have accumulated losses.

| | JUNE 2009 (Rupees '000) | JUNE 2008 (Rupees '000) |
|--|----------------------------|----------------------------|
| 30. LOSS PER SHARE - BASIC AND DILUTED | | |
| 30.1 Basic loss per share | | |
| Loss after tax (rupees in thousands) | (85,621) | (79,387) |
| Weighted average number of ordinary shares (nos.) | 22,977 | 22,977 |
| Loss per share (rupees) | (3.72) | (3.45) |
| 30.2 Diluted loss per share | | |
| There is no diluted effect on the basic earning per share for the company as it has not issued any instruments carrying options which would have been impact on loss per share when exercised. | | |
| 31. CASH GENERATED FROM OPERATIONS | | |
| Loss/Profit before taxation | (105,812) | (71,071) |
| Adjustment for non-cash charges and other items: | | |
| Depreciation | 80,886 | 77,791 |
| Reversal of liability | 31 | (382) |
| Loss / (gain) on disposal of property, plant & equipment | (138) | 1,255 |
| Insurance claim | (205) | (10,326) |
| Exchange loss | (201) | 746 |
| Loss on Sale of materials | - | 545 |
| Provision for stock-in-trade | - | 3,097 |
| Provision for gratuity | 7,547 | 6,944 |
| Finance cost | 195,368 | 142,238 |
| Working capital changes | 156,991 | 26,307 |
| 31.1 Working capital changes | 334,467 | 177,144 |
| (Increase) / decrease in current assets : | | |
| Stores, spares and loose tools | (7,300) | 29,718 |
| Stock in trade | 87,842 | 63,645 |
| Trade debts | 31,595 | (79,537) |
| Loans and advances | (13,261) | 28,985 |
| Short term deposits & prepayments | (3,146) | 4,113 |
| Other receivables | 6,403 | 16,009 |
| | 102,133 | 62,933 |
| Increase / (decrease) in current liabilities: | | |
| Trade and other payables | 54,858 | (36,626) |
| | 156,991 | 26,307 |

| | JUNE 2009 (Rupees '000) | JUNE 2008 (Rupees '000) |
|--------------------------------------|----------------------------|----------------------------|
| 32. CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 818 | 36,304 |
| Short term borrowings | <u>(333,957)</u> | <u>(199,852)</u> |
| | <u>(333,139)</u> | <u>(163,548)</u> |

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the accounts for remuneration, including certain benefits to directors, chief executive and executives of the company as follows:

| | Chief Executive | | Directors | | Executives | |
|-------------------------------|-----------------|--------------|------------|--------------|---------------|---------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Managerial remuneration | 4,403 | 4,466 | 423 | 4,466 | 12,417 | 9,400 |
| House allowance and utilities | 2,442 | 784 | 233 | 784 | 6,830 | 5,170 |
| Servent allowance | 348 | 268 | 33 | 268 | 4 | - |
| Telephone allowance | 293 | 225 | 69 | 225 | - | - |
| Medical reimbursement | 581 | 744 | 56 | 774 | 1,065 | 1,222 |
| Total | 8,067 | 6,487 | 814 | 6,517 | 20,316 | 15,792 |
| No. of person(s) | 1 | 1 | 1 | 1 | 12 | 8 |

33.1 The Company also provides with company maintained vehicles to its Chief Executive, to some other executives, and the Directors in accordance with Company's policy. They are entitled to Gratuity and provident fund contribution is in accordance with company's policy.

34. TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over other party in making financial and operating decisions.

The related parties comprise of major shareholders, directors of the company and key management personnel and staff/workers funds. Remuneration and benefits to executives of the company are in accordance with the terms of the employment while contribution to the provident fund and gratuity are in accordance with staff service rules.

JUNE 2009
(Rupees '000)

JUNE 2008
(Rupees '000)

Details of transactions with related parties are as follows:

Transactions during the year

| | | |
|---|-------|-------|
| Sale of property, plant and equipment | 1,372 | - |
| Post employment benefit paid | 7,901 | - |
| Contribution to staff provident fund | 1,879 | 1,882 |
| <u>Payable as on balance sheet date with:</u> | | |
| workers' profit participation fund trust | 507 | 392 |
| Employees' provident fund trust | 269 | 189 |

The remuneration of Chief Executive, Directors and Executives is disclosed in Note 33 to the financial statements.

| Injection | | Blowing | | Total | Total |
|-----------|-----------|-----------|-----------|-----------|-----------|
| June 2009 | June 2008 | June 2009 | June 2008 | June 2009 | June 2008 |

(Rupees in '000)

35 SEGMENT ANALYSIS

| | | | | | | |
|-------------------------|-----------|-----------|-------------|-------------|-------------|-------------|
| Sales-net | 390,794 | 414,196 | 1,374,058 | 1,349,350 | 1,764,852 | 1,763,546 |
| Cost of sales | (344,914) | (376,738) | (1,232,255) | (1,238,140) | (1,577,169) | (1,614,878) |
| | 45,880 | 37,458 | 141,803 | 111,210 | 187,683 | 148,668 |
| Distribution cost | (13,897) | (14,690) | (48,864) | (47,857) | (62,761) | (62,547) |
| Administrative | (9,225) | (10,348) | (32,434) | (33,710) | (41,659) | (44,058) |
| | (23,122) | (25,038) | (81,298) | (81,567) | (104,420) | (106,605) |
| Operating project | 22,758 | 12,420 | 60,504 | 29,643 | 83,263 | 42,063 |
| Segment assets | 619,770 | 414,465 | 628,236 | 851,498 | 1,248,005 | 1,265,963 |
| Unallocated assets | - | - | - | - | 602,822 | 529,591 |
| | 619,770 | 414,465 | 628,236 | 851,498 | 1,850,827 | 1,795,554 |
| Segment liabilities | 42,531 | 14,653 | 8,976 | 2,551 | 51,507 | 17,204 |
| Unallocated liabilities | - | - | - | - | 1,405,867 | 1,440,068 |
| | 42,531 | 14,653 | 8,976 | 2,551 | 1,457,374 | 1,457,272 |
| Capital expenditure | 3,569 | 27,427 | 3,323 | 24,525 | 6,892 | 51,952 |
| Depreciation | 34,579 | 29,656 | 42,263 | 44,246 | 76,842 | 73,902 |

35.1 Inter-segment sales have been eliminated from total.

35.2 Administrative expenses, distribution cost are allocated on the basis of the net sales value for each segment.

| | JUNE 2009 (Rupees '000) | JUNE 2008 (Rupees '000) |
|---|----------------------------|----------------------------|
| 36. FINANCIAL INSTRUMENTS | | |
| 36.1 Financial instruments by category | | |
| FINANCIAL ASSETS | | |
| Loans and receivables | | |
| Long term deposits | 7,022 | 9,764 |
| Trade debts | 221,211 | 252,806 |
| Short term deposits | 2,131 | 1,083 |
| Other receivables | 1,032 | 7,022 |
| Cash and bank balances | 818 | 36,304 |
| | <u>232,214</u> | <u>306,979</u> |
| FINANCIAL LIABILITIES | | |
| Financial liabilities at amortized cost | | |
| Long term financing | 496,926 | 733,676 |
| Liabilities against assets subject to finance lease | 36,402 | 49,912 |
| Long term payables | 5,193 | - |
| Trade and other payables | 335,895 | 316,372 |
| Interest and mark-up accrued | 32,591 | 25,487 |
| Short term borrowings | 333,956 | 199,852 |
| | <u>1,240,963</u> | <u>1,325,299</u> |

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: capital risk, credit risk, liquidity risk and market risk (including foreign exchange or currency risk, interest/mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

37.1 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Due to the company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the company. To manage exposure to credit risk, Company applies credit limits and deal with credit worthy parties. It makes full provision against those balances considered doubtful and by dealing with variety of major banks and financial institutions. The carrying amounts of financial assets against which the Company did not hold any collateral are represent the maximum credit exposure, as specified below:

| | | |
|--------------------|----------------|----------------|
| Trade debts | 177,276 | 201,180 |
| Loans and advances | 16,241 | 2,980 |
| Other receivables | 1,032 | 7,022 |
| Bank balances | 805 | 36,280 |
| | <u>195,354</u> | <u>247,462</u> |

37.1.1 Impairment losses

The aging of trade debts at the reporting date was:

| | 2009 | | 2008 | |
|----------------------------|-----------------|------------|-----------------|------------|
| | Gross value | Impairment | Gross value | Impairment |
| | (Rupees '000) | | (Rupees '000) | |
| Not past due | 73,698 | - | 42,417 | - |
| Past due 1-60 days | 75,482 | - | 121,474 | - |
| Past due 61 days to 1 year | 20,739 | - | 23,576 | - |
| More than 1 year | 7,357 | 2,906 | 13,715 | 2,906 |
| Total | 177,276 | 2,906 | 201,182 | 2,906 |

The company believes that no impairment allowance is necessary in respect of trade debts past due other than amount provided. Trade debts are essentially due from credit worthy parties. The company is actively pursuing for recovery of debts and the company does not expect these parties to fail to meet their obligations.

37.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facility. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Company treasury aims at maintaining flexibility in funding by keeping committed credit line available.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

| | Carrying | Contractual | Upto one | More than |
|--------------------------|-----------------|-------------|----------|-----------|
| | value | cash flow | year | one year |
| | (Rupees '000) | | | |
| Long term financing | 496,926 | 664,633 | 144,930 | 519,703 |
| Finance lease | 36,402 | 46,051 | 15,771 | 30,281 |
| Long term payables | 5,192 | 5,192 | - | 5,192 |
| Trade and other payables | 376,546 | 376,442 | 376,442 | - |
| Short term borrowings | 333,956 | 345,393 | 345,393 | - |
| June 2009 | 1,249,022 | 1,437,711 | 882,536 | 555,176 |
| Long term financing | 733,676 | 991,340 | 326,707 | 664,633 |
| Finance lease | 49,913 | 61,237 | 19,880 | 41,357 |
| Long term payables | - | - | - | - |
| Trade and other payables | 326,776 | 326,776 | 326,776 | - |
| Short term borrowings | 199,852 | 204,958 | 204,958 | - |
| June 2008 | 1,310,217 | 1,584,311 | 878,321 | 705,990 |

Contractual cash flows include interest related cash flows upto the year end. The future interest related cash flows depends on the interest rates applicable at that time and the extent of utilization of running finance facilities.

37.3 Market risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Company's market risk comprises of two types of risk: foreign exchange or currency risk and interest/mark up rate risk. The market risks associated with the Company's business activities are discussed as under:

a) Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The company is not exposed to foreign currency risk on export. Company's risk exposure is on import of material and machinery that are entered in a currency other than local currency.

Exposure to foreign currency risk

The Company's exposure to foreign currency risk was as follows on notional amount (currency in thousand).

| | June 2009 | | | June 2008 | | |
|--------------------------|--------------------|------|------|-----------|------|------|
| | GBP | US\$ | Euro | GBP | US\$ | Euro |
| | (Amount in '000) | | | | | |
| Long term payables | - | 67 | - | - | - | - |
| Trade and other payables | 3 | 268 | 10 | 8 | 69 | 7 |
| | 3 | 335 | 10 | 8 | 69 | 7 |

Sensitivity analysis

The table summarizes the financial assets/liabilities as of 30 June 2009 and 2008 that are subject to foreign currency risk and shows the estimated changes in the value of financial assets (and the resulting change in profit and loss account and equity) assuming changes in the underlying exchange rates applied immediately and uniformly across all currencies. The changes in value do not necessarily reflect the best or worst case scenarios and actual results may differ. The analysis assumes that all other variables, in particular interest rate, remain constant.

Change of the Rupees against foreign currencies as at balance sheet date would have had the following effect on profit and loss account and equity.

| | Weakening of the PKR by | | | 0% | Strengthening of the PKR by | | |
|----------------------------|-------------------------|---------|---------|----|-----------------------------|-------|-------|
| | -20% | -10% | -5% | | +5% | +10% | +20% |
| June 2009 (Rupees in '000) | (5,775) | (2,887) | (1,444) | - | 1,444 | 2,887 | 5,775 |
| June 2008 (Rupees in '000) | (990) | (495) | (247) | - | 247 | 495 | 990 |

b) Interest/mark up rate risk

Interest/mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest/mark-up rates. Sensitivity to interest/mark up rate risk arises from mismatches of financial liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The long-term financing and short term borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in respective notes. At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

| | 2009 | 2008 | 2009 | 2008 |
|---------------------------|-----------------------------|-----------------|----------------------------|---------|
| | Effective interest rate (%) | | Carrying amount (in '000) | |
| Fixed rate instruments | | | | |
| Finance lease | 9.5% - 14% | 7.75% - 14% | 6,654 | 18,115 |
| | | | 6,654 | 18,115 |
| Variable rate instruments | | | | |
| Long term financing | 15.27% - 18.50% | 11.71% - 16.19% | 496,926 | 733,676 |
| Finance lease | 15.28% - 18.48% | 12.59% - 17.31% | 29,748 | 31,797 |
| Short term borrowings | 11.92% - 15.49% | 10.27% - 16.19% | 333,956 | 199,852 |
| | | | 860,630 | 965,325 |
| | | | 867,284 | 983,440 |

Sensitivity analysis

The Company does not have any fixed rate liabilities at fair value through profit or loss, and any derivatives as hedging instruments recognized under fair value hedge accounting model. Therefore, a change in interest rate at reporting date would not effect fair value of any financial instrument.

A change of 100 basis points in interest rate would have had increased loss by Rs. 30,628 thousand (2008: Rs. 21,608 thousand)

37.4 Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties at arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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

38. CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings ('long term financing' and 'short term borrowings' as shown in the balance sheet). Total capital comprises shareholders' equity and surplus on revaluation of fixed assets as shown in the balance sheet under 'share capital and reserves'.

There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

39. PLANT CAPACITY AND ACTUAL PRODUCTION

| | QUANTITIES IN 000' | |
|-------------------------------|--------------------|-----------|
| | JUNE 2009 | JUNE 2008 |
| Blowing | | |
| Capacity - nos. of bottles | 304,200 | 304,200 |
| Production - nos. of bottles | 203,237 | 233,205 |
| Utilization | 67% | 77% |
| Injection | | |
| Capacity - nos. of preforms | 415,733 | 415,733 |
| Production - nos. of preforms | 270,839 | 310,269 |
| Utilization | 65% | 75% |

39.1 The underutilization of capacity was due to market constraints.

40. ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

The Company corrected the error made in the year 2008 in respect of transferring surplus on revaluation of fixed assets to retained earning at gross amount instead of recording it at net of deferred tax. The effect of correction was made during the year by restating the comparative figures that resulted in reduction of loss after tax / increase in unappropriated profit by Rs. 5,282 thousand; and consequential decrease in loss per share by Rs. 0.28 for the year ended June 30, 2008.

41. CORRESPONDING FIGURES

Corresponding figures have been rearranged, for better presentation and disclosure, in respect of followings:

| REARRANGED FROM | | REARRANGED TO | |
|-----------------|---|---------------|--------------------------|
| <u>Note</u> | <u>Description</u> | <u>Note</u> | <u>Description</u> |
| | Owned | | Owned |
| 5.1. | Factory building Factory road | 4.1 | Factory building & roads |
| 5.1. | Plant & machinery- local Plant & machinery- imported Injection moulds Blow mould imported Local moulds Electrification | 4.1 | Plant and machinery |
| 5.1. | Piping work Preform container Capital spares Laboratory equipment Factory equipments | 4.1 | Factory equipments |
| 5.1. | Office equipments & computers Air conditions | 4.1 | Office equipments |
| 5.1. | Leased Generator Plant & machinery | 4.1 | Plant and machinery |

During the year the company has changed its reportable segment from geographical segments to business segments therefore corresponding figure have been rearranged for comparative purpose.

42. DATE OF AUTHORIZATION

These financial statements have been authorized for issue on October 06, 2009 by the Board of Directors of the Company.

43. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Hussain Jamil
Chief Executive Officer

Ahsan Jamil
Director

PROXY FORM

I/We _____ of _____
being member Ecopack Limited, and holder of _____
Ordinary Share as per register Folio No. _____ and / or CDC
Participant I.D. No. _____ and Account/Sub-Account No. _____
hereby appoint _____ of _____ as
my/our proxy to attend, speak and vote for me / us and on my / our behalf at the 18th Annual General Meeting
of the Company to be held on Thursday October 29, 2009 _____
and as any adjournment thereof. _____
As witness my / our hand this _____ day of _____ 2009
Signed the said _____
in the presence of _____

Signature on
Rs. 5/=
Revenue Stamp

Notes :

1. The Proxy Form in order to be valid must be signed across Five Rupees Revenue Stamp and should be deposited with the Company not later than 48 hours before the time of holding the Meeting.
2. The proxy must be a member of the Company.
3. Signature should agree with the specimen signature, registered with the Company.
4. CDC Shareholders and their Proxies must attached either an attested photocopy of their Computerized National Identity Card or Passport with the proxy form.

