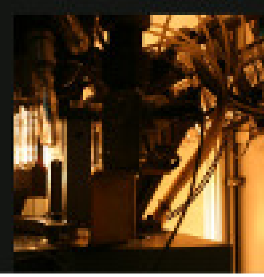
2011

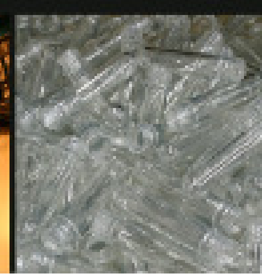
ECOPACK LIMITED
ANNUAL REPORT

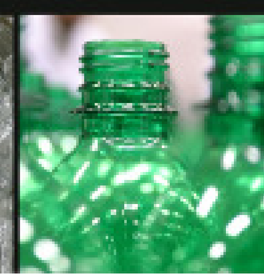
EcoPack Ltd
Manufacturers Of Quality PET Bottles and Preforms

Rawalpindi Office
19, City Villas, Near High Court
Road, Rawalpindi
PABX / Fax: (051) 5595165

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







COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Hussain Jamil	Chairman/Chief Executive Officer
Mr. Shahid Jamil	
Mrs. Deborah Jamil	
Mrs. Ayesha Khan	
Ms. Laila Jamil	
Mr. Asad Ali Sheikh	
Mr. Mohammad Raza Chinoy	

AUDIT COMMITTEE

Mrs. Ayesha Khan	Chairperson	Non-Executive Director
Mr. Shahid Jamil	Member	Non-Executive Director
Ms. Laila Jamil	Member	Non-Executive Director

CHIEF FINANCIAL OFFICER

Mr. Muhammed Murtaza Raza

COMPANY SECRETARY

Mr. Muhammed Ali Adil

BANKERS

Askari Bank Limited
Habib Bank Limited
Allied Bank Limited
JS Bank Limited
Faysal Bank Limited

AUDITORS

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

LEGAL ADVISOR

M/s. Ebrahim Hosain — Advocate & Corporate Counsel

REGISTERED OFFICE AND FACTORY

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 20th Annual General Meeting of Ecopack Limited will be held on Thursday 27th October 2011 at 3:00 PM. at Plot # 112-113, Phase-V, Hattar Industrial Estate, Hattar, District Haripur, KhyberPukhtunkhwa to transact the following business:

Ordinary Business

1. To confirm the minutes of the 19th Annual General Meeting held on October 26, 2010.

2. To receive and adopt the Directors' and Auditors' report together-with Audited Accounts of the company for the year ended June 30, 2011.

3. To appoint external auditors and fix their remuneration for the year ending June 30, 2012. The present auditors M/s. Rehman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants being eligible offer themselves for re-appointment.

4. To consider any other business of the company with the permission of the chair.

By order of the Board

Karachi,
Dated: September 28, 2011

MUHAMMED ALI ADIL
(Company Secretary)

Notes:

1. The share transfer books of the company will remain closed from October 14, 2011 to October 27, 2011. (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 hour before the meeting.

3. CDC shareholder, entitled to attend and vote at this meeting, must bring with them their Computerized National Identity Cards/Passport in original along with Participants' ID Numbers and their Account Numbers to prove his/her identity and in case of Proxy, must enclose an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.

4. CDC account holders will further have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

5. 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 the directors' report along with the audited financial statements and Auditors' report for the year ended 30th June 2011:

OVERVIEW:

The out-going financial year 2010-11 severely tested the company's management and resources as it faced the twin challenges of rapidly rising inflationary cost increases, while simultaneously enduring lower capacity utilization of our bottle-blowing assets. On the one hand, as explained in earlier Quarterly Reports, the main raw material of the company, PET Resin, went up in price by over 57 percent compared to the prices witnessed in the first quarter of the financial year. This was on account of sharply rising prices of Pure Terephthalic Acid (PTA) which is the common base (85%) raw material of both PET resin and Polyester Fiber (PF). As short supply caused the prices of cotton to hit historically high levels of US$2.35/lb internationally, the demand for PF to be blended with cotton yarn/fabrics rose exponentially thereby dramatically driving up the prices of PTA (already in short supply) and consequently of PET Resin. This, on the other hand, combined with the effects of the devastating floods during the peak sales month of Ramadan, had a huge adverse impact on the company's bottle sales.

Electricity load-shedding coupled with high prices of petroleum products (diesel in particular) caused sharp increases in truck freight as well as fuel cost for generators, causing a substantial inflationary cost push in the company's COGS. Deteriorating economic and political conditions in the country and particularly in the war affected province of Khyber Pakhtunkhwa (KPK) during the year, negatively impacted bottle sales to traditional customers.

Despite the above multitude of challenges, your company's management took steps to mitigate and effectively counter their adverse effects to a considerable extent. Some of the remedial measures and results are listed below:

SALES & FINANCIAL HIGHLIGHTS:

The fiscal year 2010-11 was a challenging period for your company, commencing with the devastating floods throughout the length of the country in the first quarter that displaced over 25 million people. As this caused bottle sales to fall by 29% compared to last year, the redoubled efforts in Preform sales, both in the local market combined with the export driven strategy adopted by your company in the off-season winter period, provided some valuable protection against the risks in the turbulent local market. Preform exports revenue increased by 29% over the previous year's export and Preform sales revenue in total increased by an impressive 81%. While the Sales turnover remained almost the same i.e. Rs 1.78 billion compared to Rs 1.74 billion last year, your management was able to increase its sales revenues through improved pricing is in the last quarter of the financial year, partly mitigating the impact of lower bottle sales.

The rise in the cost of utilities and increased load shedding impacted the margins of your company; electricity tariff increased by 48% during the year, this being one of the major contributors for the decline in the gross profit to 6 % from 11 % last year. The operating profit decreased to 2 % as compared to 6 % in the previous year. On the fiscal front, your company was able to reduce the financial charges by 25% over last year, through improved inventory management and by utilization of the fiscal relief offered by the State Bank of Pakistan vide Circular # 11 for the rehabilitation of the economy in KPK province. The change in government policy by increasing the rate of turnover tax to 1 % against 0.5% last year, adversely impacted the bottom line of the company by an additional PKR 9.1 million, closing the year with an after tax loss of PKR 79.7 million compared to PKR 18 million in the prior year.

FUTURE OUTLOOK :

The Company has taken considerable remedial measures for obtaining operational and cost synergies. The Head Office has been relocated from Karachi to Rawalpindi in order to be close to your Company's manufacturing facility and core customer base. Prudent inventory and receivables management and efficient practices, which are now in place, are resulting in significant improvement in the business cycle. The resultant savings in costs from these measures will be reflected in the financial results of your Company during FY 2011-12.

Your management is also working towards a significant improvement in the Company's margins through improved pricing on account of supply side shortages in the Preform market. The company has also started export of preforms to the African region, where due to anti-podal weather conditions viz Pakistan, the problem of our low winter sales is somewhat mitigated by the strong demand there, as their summer season falls during November to February.

The company is further re-evaluating avenues for the disposal of un-utilized assets to achieve operational effectiveness. At the same time it will continue the volume led strategy in bottle sales and an export driven strategy for off-season preform sales. It is also looking actively into options to extend its product range to niche high margin products. Ongoing focus and pursuit of new products and markets will provide better utilization of plant capacity, resulting in a profitable year for your company, Insha Allah.

For and on behalf of the Board of Directors

Karachi
Dated: September 28, 2011

HussainJamil
Chief Executive Officer

"ANNEXURE A" TO THE DIRECTORS' REPORT

Six Years at a Glance

						Rupees in '000'
	2011	**2010**	**2009**	**2008**	**2007**	**2006**
Profit & Loss:						
Sales	**1,784,754**	1,742,074	1,764,852	1,763,546	1,262,124	1,162,567
Cost of sales	**1,677,725**	1,542,996	1,577,169	1,614,878	1,061,395	920,083
Gross Profit	**107,029**	199,078	187,683	148,668	200,729	242,484
Operating expenses	**95,207**	100,189	104,419	106,605	93,854	93,235
Other income/ (charges)	**23,494**	13,828	6,293	29,102	9,315	(803)
Operating profit	**35,316**	112,717	89,557	71,165	116,190	148,446
Financial charges	**104,294**	138,592	195,368	142,238	107,182	57,373
Profit / (Loss) before taxation	**(68,978)**	(25,875)	(105,811)	(71,071)	8,558	86,519
Taxation	**10,765**	7,482	20,192	(8,316)	8,324	16,150
Profit / (Loss) after taxation	**(79,743)**	(18,393)	(85,619)	(79,387)	234	70,369
Bonus shares	-	-	-	-	-	6,565
Balance Sheet:						
Shareholders' equity	**128,109**	180,454	180,124	255,591	325,162	309,820
Surplus on Revaluation of Fixed Assests	**240,988**	193,672	213,329	82,691	92,503	102,324
Financing facilities	**751,343**	807,888	872,476	983,440	868,057	482,723
Fixed assets (net of depreciation)	**1,231,394**	1,213,425	1,259,423	1,078,169	939,986	824,126
Current Assets	**457,299**	443,093	572,711	699,565	716,978	468,126
Current Liabilities	**991,693**	830,724	868,062	782,917	714,666	465,703
Key Financial Ratios:						
Gross profit	**6.00%**	11.43%	10.63%	8.43%	15.90%	20.86%
Operating profit	**1.98%**	6.47%	5.07%	4.04%	8.47%	12.84%
Profit before tax to net sales	**-3.86%**	-1.49%	-6.00%	-4.03%	0.68%	7.44%
Return on capital employed	**-6.2%**	-2.2%	-8.4%	-5.4%	0.7%	9.7%
Inventory turnover (times)	**6.7**	6.7	7.6	4.6	3.5	4.6
Fixed assets turnover (times)	**1.45**	1.44	1.40	1.64	1.34	1.41
Debt equity ratio	**49:51**	55:45	52 : 48	63 : 37	57 : 43	45 : 55
Current ratio	**0.46**	0.53	0.66	0.89	1.00	1.01
Earnings per share	**(3.47)**	(0.80)	(3.72)	(3.65)	0.01	3.06

"ANNEXURE B" TO THE DIRECTORS' REPORT
COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE:

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

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

2. Proper books of accounts have been maintained.

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

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

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

6. There is no significant doubt on company's ability to continue as 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 been attached with the directors report as Annexure "A".

9. The Company has not declared any cash dividend (2010 - NIL) or bonus shares (2010 - 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. 7.95 million is invested in various schemes duly approved by Govt of Pakistan for Provident Fund investment. The Gratuity scheme is un-funded and no investment has been made for that.

12. During the year 05 board meetings were held and the attendance of each director is given below:

NAME OF DIRECTORS	NO. OF MEETINGS ATTENDED
Mr. Hussain Jamil	05
Mr. Ahsan Jamil	05
Mr. Shahid Jamil	05
Mrs. Deborah Jamil	05
Mrs. Ayesha Khan	05
Mr. Asad Ali Sheikh	05
Syed Sohail Raza Zaidi	05

13. Trading of shares by Directors, Chief Financial Officer & Secretary of the Company during the year 2010-2011 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	Nil
Mrs. Ayesha Khan	Director	Nil
Mr. Asad Ali Sheikh	Director	Nil
Syed Sohail Raza Zaidi	Director	Nil

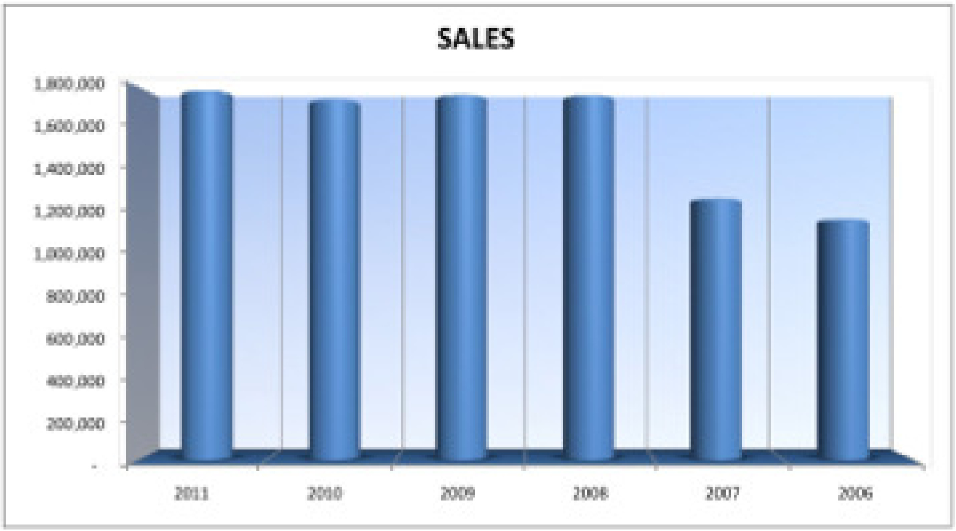
AUDITORS:

The present Auditors M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, retire and being eligible have offered themselves for re-appointment for the financial year 2011-2012.

For & on behalf of the Board of Directors

Karachi.
Dated: September 28, 2011

HUSSAIN JAMIL
(CHIEF EXECUTIVE OFFICER)


SALES
1,800,000
1,600,000
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
-
2011
2010
2009
2008
2007
2006


GROSS PROFIT
250,000
200,000
150,000
100,000
50,000
-
2011
2010
2009
2008
2007
2006


OPERATING PROFIT
160,000
140,000
120,000
100,000
80,000
60,000
40,000
20,000
-
2011
2010
2009
2008
2007
2006

PATTERN OF SHARE HOLDING (Form34)
THE COMPANIES ORDINANCE 1984

AS AT JUNE 30, 2011

Serial No	No. of Shareholders	Shareholding From	Shareholding To	Total Shares Held	Percentage %
1	557	1	100	18,504	0.08%
2	897	101	500	235,175	1.02%
3	427	501	1,000	359,310	1.56%
4	787	1,001	5,000	1,870,211	8.14%
5	169	5,001	10,000	1,347,076	5.86%
6	54	10,001	15,000	676,596	2.94%
7	40	15,001	20,000	720,919	3.14%
8	15	20,001	25,000	348,874	1.52%
9	6	25,001	30,000	164,414	0.72%
10	5	30,001	35,000	165,096	0.72%
11	6	35,001	40,000	229,918	1.00%
12	6	40,001	45,000	255,304	1.11%
13	9	45,001	50,000	435,542	1.90%
14	1	50,001	55,000	52,381	0.23%
15	1	55,001	60,000	60,000	0.26%
16	1	65,001	70,000	69,355	0.30%
17	3	80,001	85,000	247,280	1.08%
18	2	85,001	90,000	176,623	0.77%
19	2	90,001	95,000	186,460	0.81%
20	1	95,001	100,000	100,000	0.44%
21	2	100,001	105,000	204,032	0.89%
22	1	105,001	110,000	110,000	0.48%
23	3	120,001	125,000	366,835	1.60%
24	1	125,001	130,000	126,000	0.55%
25	1	130,001	135,000	133,860	0.58%
26	1	140,001	145,000	145,000	0.63%
27	1	165,001	170,000	167,500	0.73%
28	2	195,001	200,000	400,000	1.74%
29	1	230,001	235,000	233,159	1.01%
30	1	280,001	285,000	282,500	1.23%
31	1	385,001	390,000	389,168	1.69%
32	1	545,001	550,000	549,910	2.39%
33	2	570,001	575,000	1,142,212	4.97%
34	1	665,001	670,000	667,000	2.90%
35	1	795,001	800,000	797,610	3.47%
36	1	810,001	815,000	810,782	3.53%
37	1	1,345,001	1,350,000	1,345,570	5.86%
38	1	3,385,001	3,390,000	3,386,793	14.74%
39	1	3,995,001	4,000,000	4,000,000	17.41%
	3013	**Total Shares Held**		**22,976,969**	100%

CATEGORIES OF SHAREHOLDERS

S.No	Name	Number of Share Holders	Total Shares Held	Percentage
1	**Associated Companies, undertaking and related parties**		NIL	0.000%
2	**Banks Development Financial Institutions, Non banking Financial Institutions.**			
	Escorts Investment Bank Limited	1	22,500	0.098%
	Samba Bank Limited	1	549,910	2.393%
	National Development Fin. Corp. Investor	1	7,037	0.031%
	M/S National Bank Of Pakistan	1	240	0.001%
	Sub-Total:	4	579,687	2.523%
3	**Insurance companies**			
	State Life Insurance Corp. Of Pakistan	1	810,782	3.529%
	Sub-Total:	1	810,782	3.529%
4	**Directors, Chief Executive Officer and their Spouses and Minor Children**			
	Hussain Jamil	1	4,000,000	17.408%
	Shahid Jamil	1	798,110	3.473%
	Ayesha Nora Khan	1	671,668	2.923%
	Deborah Jamil	1	243,670	1.060%
	Ahsan Jamil	1	3,386,793	14.740%
	Asad Ali Sheikh	1	500	0.002%
	Sohail Raza Zaidi	1	500	0.002%
	Sub-Total:	7	9,101,241	39.609%
5	**Modarabas and Mutual Funds**			
	CDC - Trustee KASB Asset Allocation Fund	1	667,000	2.903%
	CDC - Trustee KASB Stock Market Fund	1	23,301	0.101%
	CDC - Trustee First Dawood Mutual Fund	1	1,345,570	5.856%
	Prudential Stock Fund Limited	1	115,865	0.504%
	Modaraba Al-Mali	1	15,000	0.065%
	Sub-Total:	5	2,166,736	9.430%
6	**NIT and ICP**			
	Idbp (Icp Unit)	1	938	0.004%
	M/S. Investment Corporation Of Pakistan	1	95	0.000%
	Sub-Total:	2	1,033	0.004%
7	**Foreign Investors**			
	Habibsons Bank Ltd - Client Account	1	110,000	0.479%
	M/S Somers Nominee(Far East) Limited	1	6,241	0.027%
	Sub-Total:	2	116,241	0.51%

CATEGORIES OF SHAREHOLDERS

S.No	Name	Number of Share Holders	Total Shares Held	Percentage
8	**Others**			
	Capital Vision Securities (Pvt) Limited	1	8,820	0.038%
	Prudential Securities Limited	1	607	0.003%
	Moosani Securities (Pvt) Ltd.	1	8,500	0.037%
	Y.S. Securities & Services (Pvt) Ltd.	1	1,200	0.005%
	Darson Securities (Private) Limited	1	4,080	0.018%
	Ace Securities (Pvt.) Limited	1	5,000	0.022%
	A.H.K.D. Securites (Pvt) Ltd.	1	6,000	0.026%
	Capital Vision Securities (Pvt) Ltd.	1	5,046	0.022%
	Mian Mohammed Akram Securities (Pvt) Ltd	1	500	0.002%
	Sherman Securities (Private) Limited	1	69,355	0.302%
	Time Securities (Pvt.) Ltd.	1	1,016	0.004%
	H.S.Z. Securities (Private) Limited	1	1,000	0.004%
	HH Misbah Securities (Private) Limited	1	5,000	0.022%
	Stock Master Securities (Private) Ltd.	1	1,200	0.005%
	Abbasi Securities (Private) Limited	1	45,999	0.200%
	United Capital Securities Pvt. Ltd.	1	2,800	0.012%
	Darson Securities (Pvt) Limited	1	40,475	0.176%
	Saao Capital (Pvt) Limited	1	25,000	0.109%
	Mohammad Munir Mohammad Ahmed Khanani	1	11,500	0.050%
	Amer Securities (Pvt) Ltd	1	18,102	0.079%
	AWJ Securities (Smc—Private) Limited.	1	200	0.001%
	HK Securities (Pvt) Ltd.	1	40	0.000%
	Muhammad Ahmed Nadeem Securities	1	505	0.002%
	Mam Securities (Pvt) Limited	1	99	0.000%
	Dr. Arslan Razaque Securities (Smc-Pvt)	1	1,073	0.005%
	Value Stock Securities Private Limited	1	5,500	0.024%
	Msmaniar Financials (Pvt) Ltd.	1	6,465	0.028%
	Mak Securities (Pvt.) Ltd.	1	2,000	0.009%
	Ghani Osman Securities (Private) Limited	1	2,291	0.010%
	Mazhar Hussain Securities (Pvt) Ltd	1	7,000	0.030%
	Adeel Zafar Securities (Pvt) Ltd.	1	8,000	0.035%
	M/S. Freedom Enterprises (Pvt) Ltd.	1	2,518	0.011%
	Sub-Total:	**32**	**296,891**	1.29%
9	**Individual**			
	Company Secretary	1	964	0.004%
	Local - Individuals	2,959	9,903,394	43.10%
	Sub-Total:	**2,960**	**9,904,358**	**43.11%**
	Grand Total	**3,013**	**22,976,969**	**100%**
	Share holding 10% or more voting interest			
	Hussain Jamil	1	4,000,000	17.408%
	Ahsan Jamil	1	3,386,793	14.740%
	Total	**2**	**7,386,793**	**32.148%**

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

For the year ended June 30, 2011

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi, Lahore and Islamabad Stock Exchange Guarantee Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

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

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

4. Casual vacancies that occurred on the board during the year were filled up within 30 days.

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 & 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 of three members, all of them are non-executive directors.

15-A The terms of reference of the audit committee have been formed and duly approved by the board and advise to the committee for compliance.

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

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

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

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

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

Karachi.
Dated: September 28, 2011

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 are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii a) of Listing Regulations 35 notified by the Karachi Stock Exchange (Guarantee) Limited 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, 2011.

Karachi
Dated : September 28, 2011

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, 2011**. and the related profit & loss account, statement of comprehensive income, statement of changes in equity and cash flow statement 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, statement of comprehensive income, statement of changes in equity and cash flow statement 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, 2011**. and of the **Loss**, its changes in equity and cash flows for the year then ended; and

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

Karachi
Dated : September 28, 2011

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Muhammad Waseem

BALANCE SHEET
AS AT 30 JUNE, 2011

	NOTE	June 30, 2011	June 30, 2010
		(Rupees in '000')	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,237,519	1,222,918
Security deposits	5	8,274	10,724
		1,245,793	1,233,642
CURRENT ASSETS			
Stores, spares and loose tools	6	51,423	49,104
Stock in trade	7	168,292	230,817
Trade debts	8	146,759	114,564
Loans and advances	9	43,549	22,393
Short term deposits, prepayments & other receivables	10	8,500	3,908
Sales tax refundable		3,978	3,978
Taxation recoverable - net		24,669	16,490
Cash and bank balances	11	10,129	1,839
		457,299	443,093
TOTAL ASSETS		1,703,092	1,676,735
EQUITY AND LIABILITIES			
EQUITY			
Authorized Capital			
50,000,000 (2009:50,000,000) ordinary shares of Rs.10 each		500,000	500,000
Issued, subscribed and paid-up capital	12	229,770	229,770
Accumulated loss		(101,661)	(49,315)
		128,109	180,455
Surplus on revaluation of property, plant & equipment	13	240,988	193,672
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term loans	14	159,999	298,320
Liability against assets subject to finance lease	15	20,650	33,202
Deferred liabilities	16	161,653	140,359
		342,302	471,881
CURRENT LIABILITIES			
Trade and other payables	17	411,939	353,618
Accrued mark-up on loans	18	9,060	742
Short term borrowings - secured	19	391,028	342,096
Current portion of non-current liabilities	20	179,666	134,271
		991,693	830,727
CONTINGENCIES AND COMMITMENTS	21		
TOTAL EQUITY AND LIABILITIES		1,703,092	1,676,735

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive Officer — **Director**

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30 2011

	NOTE	June 30, 2011	June 30, 2010
		(Rupees in '000')	
Sales - net	22	**1,784,754**	1,742,074
Cost of sales	23	**(1,677,725)**	(1,542,996)
Gross profit		**107,029**	199,078
Distribution cost	24	**(53,558)**	(59,242)
Administrative expenses	25	**(41,649)**	(40,947)
Other operating income	26	**23,494**	14,270
Other operating expenses		**-**	(442)
		(71,713)	(86,361)
Profit from operations		**35,316**	112,717
Finance cost	27	**(104,294)**	(138,592)
Loss before taxation		**(68,978)**	(25,875)
Taxation	28	**(10,765)**	7,482
Loss after taxation		**(79,743)**	(18,393)
Loss per share - basic and diluted (in Rupees)	29	**(3.47)**	(0.80)

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive Officer **Director**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30 2011

	NOTE	June 30, 2011	June 30, 2010
		(Rupees in '000')	
Loss after taxation		**(79,743)**	(18,393)
Other comprehensive income		**-**	-
Total comprehensive income/ (loss) for the year transferred to equity		**(79,743)**	(18,393)

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive Officer

Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2011

	SHARE CAPITAL	ACCUMULATED PROFIT/ (LOSS)	TOTAL
	(Rupees in '000')	(Rupees in '000')	(Rupees in '000')
Balance as at July 01, 2009	229,770	(49,643)	180,127
Total comprehensive income for the year	-	(18,393)	(18,393)
Transfer from surplus on revaluation of property, plant & equipment - net of deferred tax	-	18,721	18,721
Balance as at June 30, 2010	229,770	(49,315)	180,455
Total comprehensive income for the year	**-**	**(79,743)**	**(79,743)**
Transfer from surplus on revaluation of property, plant & equipment - net of deferred tax	**-**	**27,397**	**27,397**
Balance as at June 30, 2011	**229,770**	**(101,661)**	**128,109**

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive Officer **Director**

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30 2011

	NOTE	June 30, 2011	June 30, 2010
		(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	30	176,928	299,639
Finance cost paid		(96,336)	(171,293)
Gratuity paid		(4,389)	(2,609)
Taxes paid		(8,179)	(12,531)
Net cash generated from operating activities		68,024	113,206
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(5,018)	(30,058)
Capital work-in-progress		(2,757)	2,180
Proceeds from disposal of Property, Plant & Equipment		2,138	2,222
Security deposits		2,450	(3,701)
Net cash used in investing activities		(3,187)	(29,357)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loans		(91,926)	(77,597)
Repayment of finance lease liability		(13,552)	(13,370)
Net cash used in financing activities		(105,478)	(90,967)
Net decrease in cash and cash equivalents		(40,642)	(7,118)
Cash and cash equivalents at the beginning of the year		(340,257)	(333,139)
Cash and cash equivalents at the end of the year	31	(380,899)	(340,257)

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive Officer **Director**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

1. STATUS AND NATURE OF BUSINESS

Ecopack Limited "the Company" was incorporated on August 25, 1991 as a private limited Company under Companies Ordinance, 1984. Subsequently, it was converted into a public limited Company on April 29, 1992 and thereafter, in March 1994 converted into a public listed Company. Its shares are listed on Karachi Stock Exchange.

The principal business activity of the Company is manufacture and sale of Polyethylene Terepthalat (PET) bottles and preforms for the market of Beverages and other liquid packaging industry. The Company has its manufacturing facility located at Hattar, province Khyber Pakhtunkhawa. The registered office of the Company has been shifted from Karachi, Sindh Province to Hattar, Khyber Pakhtunkhwa Province during the year.

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. Whereever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives 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.

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 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's retirement benefits (Note 3.1 & 16.1).
ii) Provision for taxation (Note 3.2 & 28).
iii) Useful life and residual values of property, plant and equipment (Note 3.3 & 4).

2.5 Initial application of standards, amendments or an interpretation to existing standards

a) Standards, amendments to published standards and interpretations that are effective in 2010 and are relevant to the Company:

- **IAS 1 (amendment), 'Presentation of financial statements' effective from July 1, 2010.** The amendment was part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. It did not have a material impact on the Company's financial statements.

- **IAS 39 (amendment); 'Cash flow hedge accounting' effective from July 1, 2010**. This amendment provides clarification when to recognise gains or losses on hedging instruments as a reclassification adjustments in a cash flow hedge of a forecast transaction that results subsequently in the recognition of a financial instrument. The amendment clarifies that gains or losses should be reclassified from equity to profit or loss in the period in which the hedged forecast cash flow affects profit or loss. It did not have any affect on the Company's financial statements.

- **IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale' effective from July 1, 2010.** The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. It is not expected to have a material impact on the Company's financial statements.

- **IFRIC 19 (interpretation), 'Extinguishing Financial Liabilities with Equity Instruments',** effective from annual periods beginning on or after July 1, 2010. The interpretation clarifies the requirements of IFRS when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. The Company has not offered its shares to the creditors, therefore, this interpretation could not have any impact on the Company's financial statements.

b) Standards, amendments to published standards and interpretations that are effective in 2010 but not relevant to the Company

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2010 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and therefore have not been analyzed in detail.

c) Standards, amendments to published standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

Following new standards, amendments and interpretation to existing standards have been issued but are not effective for the financial year beginning July 1, 2010 and have not been early adopted by the Company:

- **IAS 1 'Presentation of financial statements' (Amendment) effective for annual periods beginning on or after July 1, 2012**. This brings changes to the disclosure of items presented in other comprehensive income (OCI) in the 'Statement of Comprehensive Income'. The amendment requires entities to separate items presented in OCI into two groups, based on whether or not they may be recycled to profit or loss in future. The amendment will affect the presentation of the OCI items in the Company's financial statements.

- **IAS 19 Employee benefits (Amendment) effective for periods beginning on or after January 1, 2013**. The amendment makes significant changes to the recognition and measurement of defined pension expense and termination benefits, and to disclosure for all employee benefits.

- **Prepayments of a minimum funding requirement (amendments to IFRIC 14), effective from January 1, 2011**. The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognize as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct the problem. The Company's does not have any defined benefit plan, hence, these amendments will have no impact on the Company's financial statements.

- **IAS 24 (revised), 'Related Party Disclosures',effective from January 1, 2011**. The revised standard supersedes IAS 24, 'Related party disclosures', issued in 2003. Application of the revised standard will only impact the format and extent of disclosures presented in the Company's financial statements.

- **IAS 38 (amendment), 'Intangible assets'.** The amendment is part of the IASB's annual improvements project published in April 2009 and the Company will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in any impact on the Company's financial statements.

- **IFRS 2 (amendments), 'Group cash-settled and share-based payment transactions' In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and treasury share transactions',** the amendments expand on the guidance in IFRIC 11 to address the classification of the Company's arrangements that were not covered by that interpretation. The new guidance is not expected to have any material impact on the Company's financial statements.

- **IFRS 9, 'Financial Instruments', effective from January 1, 2013.** IFRS 9 addresses the classification and measurement of financial assets. The Company is yet to asses the full impact of IFRS 9.

- **IFRS 10, 'Consolidation financial statements', effective for periods beginning on or after January 1, 2013.** This standard replaces all of the guidance on control and consolidation in IAS 27, 'Consolidated and separate financial statements' and SIC 12, 'Consolidation - separate purpose entities'. This standard is not expected to have any impact on the Company's financial statements.

- **IFRS 11, 'Joint arrangements', effective for periods beginning on or after January 1, 2013.** This standard brings in changes in definition of joint arrangements and reduces the 'types' of joint arrangements to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. This standard is not expected to have any impact on the Company's financial statements.

- **IFRS 12, 'Disclosure of interests in other entities', effective for periods beginning on or after January 1, 2013.** This standard set out the required disclosures for entities reporting under the two new standards, IFRS 10 and IFRS 11; it replaces the disclosure requirements currently found in IAS 28, 'Investments in associates'; and requires entities to disclose information that helps users to evaluate the nature, risks and financial effects associated with the entity's interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities. This standard is not expected to have any impact on the Company's financial statements.

- **IFRS 13, 'Fair value measurement', effective for periods beginning on or after January 1, 2013.** This standard explains how to measure fair value and aims to enhance fair value disclosures; it does not say when to measure fair value or require additional fair value measurements. This standard is not expected to have any impact on the Company's financial statements.

There are a number of minor amendments in other IFRS and IAS which are part of annual improvement project published in April 2009 and May 2010(not addressed above). These amendments are unlikely to have any impact on the Company's financial statements and therefore have not been analysed in detail.

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 a post employment benefit plan other than a defined contribution plan. The company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefits 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 in excess of 10% of the present value of defined value obligations, are amortised over the expected average remaining working lives of the employees participating in the plan. The following significant assumptions are used for valuation of these schemes.

Discount rate	14%	Per annum
Expected rate of increase in salary level	14%	Per annum
Average expected remaining working life time of employees	8	years

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 account 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 comprises of current and deferred tax. Income tax expense is recognised in profit and loss account except to the extent that it relates to item(s) 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.

Disposal of assets is recognised when significant risks and rewards incidental to the ownership have been transferred to the buyers. Gains and losses on disposal of items 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 cost 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 costs of the day to day servicing of property, plant and equipment are recognised in profit and loss account as they are 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 disposals up to the month immediately preceding that of deletion.

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

Leased

Leases 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 costs 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 computer software licenses are capitalized on the basis of the costs incurred to acquire 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. Costs associated with maintaining computer software products are recognized as an expense as incurred.

3.5 Impairment of non-financial assets

Assets that are subject to depreciation/amortisation are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

3.6 Borrowing costs

Borrowings costs are recognised as an expense in the period in which they are incurred except, to the extent of borrowing costs 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.

3.7 Stores, spares & loose tools

Stores, spares and loose tools are valued at moving average cost except for items in transit, which are stated at cost incurred up to 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.

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

3.8 Stock-in-trade

Stock-in-trade is valued at 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.

3.9 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 included in the profit and loss account for the year.

3.9.1 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.

3.9.2 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 receivables are assessed on a regular basis and if there is any doubt about the realisability to these receivables, appropriate amount of provision is made.

3.10 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.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A provision for impairment in trade debts and other receivables is made when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of receivables.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, demand deposits held with bank and highly liquid investments with maturity of less than three months 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.

3.12 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 Terepthalat (PET) preforms for beverage and non-beverage industry.

2) Blowing — this represents manufacture and sale of Polyethylene Terepthalat (PET) bottles for beverage and non-beverage industry.

3.13 Revenue recognition

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

3.14 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 Pak rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

3.15 Dividend

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

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.

Related party transactions

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

		June 30, 2011	June 30, 2010
		(Rupees in '000')	
4. PROPERTY, PLANT & EQUIPMENT			
Operating fixed assets	4.1	**1,231,394**	1,213,426
Capital work-in-progress	4.2	**6,125**	9,492
		1,237,519	1,222,918

4.1 OPERATING FIXED ASSETS

	ASSETS OWNED BY THE COMPANY							LEASED ASSETS		
	Freehold land	Factory building & roads	Plant & machinery	Factory equipments	Furniture & fixture	Office equipment	Vehicles	Vehicles	Plant & machinery	Total
	Rupees in '000'									
As at July 01, 2009										
Cost and revaluation	3,800	68,756	1,475,801	87,508	5,316	16,476	8,215	19,644	33,399	1,718,915
Accumulated depreciation	-	11,701	389,099	37,557	1,905	5,401	4,403	6,981	2,444	459,491
Net book value	3,800	57,055	1,086,702	49,951	3,411	11,075	3,812	12,663	30,955	1,259,424
Year ended June 30, 2010										
Opening net book value	3,800	57,055	1,086,702	49,951	3,411	11,075	3,812	12,663	30,955	1,259,424
Additions during the year	-	3,371	12,694	10,949	532	2,431	83	-	23,433	53,493
Revaluation	-	-	-	-	-	-	-	-	-	
Disposals / transfers										
Cost	-	-	(4,259)	-	-	(68)	5,693	(7,507)	-	(6,141)
Accumulated depreciation	-	-	2,584	-	-	19	(3,288)	4,404	-	3,719
	-	-	(1,675)	-	-	(49)	2,405	(3,103)	-	(2,422)
Depreciation for the year	-	2,968	71,025	16,296	387	1,261	865	2,342	1,925	97,069
Closing net book value	3,800	57,458	1,026,696	44,604	3,556	12,196	5,435	7,218	52,463	1,213,426
As at July 01, 2010										
Cost and revaluation	3,800	72,127	1,484,236	98,457	5,848	18,839	13,991	12,137	56,832	**1,766,267**
Accumulated depreciation	-	14,669	457,540	53,853	2,292	6,643	8,556	4,919	4,369	**552,841**
Net book value	**3,800**	**57,458**	**1,026,696**	**44,604**	**3,556**	**12,196**	**5,435**	**7,218**	**52,463**	**1,213,426**
Year ended June 30, 2011										
Opening net book value	3,800	57,458	1,026,696	44,604	3,556	12,196	5,435	7,218	52,463	**1,213,426**
Additions during the year	-	-	7,391	3,124	85	542	-	-	-	**11,142**
Revaluation	1,900	9,607	87,660	-	-	-		-	-	**99,167**
Disposals / transfers										
Cost	-	-		-	(73)	(16)	(3,496)	-	-	**(3,584)**
Accumulated depreciation	-	-		-	19	2	2,478		-	**2,499**
	-	-	-	-	(54)	(13)	(1,018)	-	-	**(1,085)**
Depreciation for the year	-	2,895	68,809	13,203	340	1,245	969	1,444	2,351	**91,256**
Closing net book value	**5,700**	**64,170**	**1,052,938**	**34,525**	**3,247**	**11,480**	**3,448**	**5,774**	**50,112**	**1,231,394**
Rate of depreciation	-	5%-10%	5%-20%	10%-50%	10%	10%	20%	20%	5%	
Method of depreciation	-	DBM	DBM & SLM	DBM & SLM	DBM	DBM	DBM	DBM	SLM	

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

	June 30, 2011	June 30, 2010
	(Rupees in '000')	
4.1.1 Depreciation charge has been allocated as follows:		
Cost of sales	**86,708**	92,216
Administrative expenses	**4,548**	4,853
	91,256	97,069

4.1.2 The company revalued certain operating fixed assets, in 1995-96, 2003-04, 2008-09 and 20010-11 which had resulted in a surplus of Rs. 92,520 thousand, Rs. 141,337 thousand Rs. 216,605 and Rs 99,1676 thousand respectively. These revaluations had been carried out by M/s Iqbal A.Nanjee & company, independent valuer, 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:

	June 30, 2011	June 30, 2010
	(Rupees in '000')	
Freehold land	**2,995**	2,995
Factory building & roads	**33,716**	35,571
Plant & machinery	**712,645**	751,430
	749,356	789,996

4.1.4 Particulars of disposal of operating fixed assets

Particulars	Cost	Acc. Depreciation	Carrying value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of purchaser
	Rupees in '000'						
Suzuki Sedan - IDL - 1973	590	481	109	258	149	Negotiation	Mr. Zamir ul Hassan
Honda civic - AHY-324	1,323	897	426	426	-	As per Co, Policy	Mr. Hussain Jamil (Chief executive officer)
Suzuki cultus - HD-901	560	453	107	489	382	Negotiation	Mr.Zeshan
Toyota Corolla - AKT-261	1,023	647	376	920	544	Negotiation	Mr.Zeshan
Miscellaneous items	88	21	67	45	(22)	Negotiation	
June 2011	**3,584**	**2,499**	**1,085**	**2,138**	**1,053**		
June 2010	2,958	1,971	988	2,222	1,234		

4.2 Capital work in progress

	Plant & machinery	Electric installation	E.R.P. implementation cost	Piping work	Building and roads	Others	Total
	Rupees in '000'						
Year ended June 30, 2010							
Balance as at July 01, 2009	3,462	30	4,564	38	1,549	2,028	11,671
Additions	-	-	948	-	373	7,238	8,559
Transferred to operating assets	(3,462)	(30)	-	(38)	(1,922)	(5,286)	(10,738)
Balance as at June 30, 2010	-	-	5,512	-	-	3,980	9,492
Year ended June 30, 2011							
Balance as at July 01, 2010	-	-	5,512	-	-	3,980	**9,492**
Additions	-	-	613	-	-	2,144	**2,757**
Transferred to operating assets	-	-	-	-	-	(6,124)	**(6,124)**
Balance as at June 30, 2011	-	-	**6,125**	-	-	-	**6,125**

4.3 E.R.P installation cost represents harware, software acqisition cost and consultancy charges for its implementation.

	June 30, 2011	June 30, 2010
	(Rupees in '000')	
5. SECURITY DEPOSITS		
Utilities	**2,775**	2,775
Leasing Companies	**2,906**	5,356
Bank Guarantee	**2,530**	2,530
Others	**63**	63
	8,274	10,724
6. STORES, SPARES AND LOOSE TOOLS		
Stores and spares	**51,938**	49,678
Loose tools	**1,392**	1,333
Provision against slow moving stores and spares	**(1,907)**	(1,907)
	51,423	49,104
7. STOCK IN TRADE		
Raw material	**55,168**	41,710
Packing material	**6,759**	10,690
Work in process	**58,023**	102,009
Finished goods	**51,870**	79,936
	171,820	234,345
Provision for obsolete stocks	**(3,528)**	(3,528)
	168,292	230,817

8. TRADE DEBTS

	Note	June 30, 2011	June 30, 2010
		(Rupees in '000')	
Considered good			
Secured		-	5,166
Unsecured		146,759	109,398
		146,759	114,564
Considered doubtful		5,111	5,111
		151,870	119,675
Provision against debts considered doubtful		(5,111)	(5,111)
		146,759	114,564

9. LOANS AND ADVANCES

	Note	June 30, 2011	June 30, 2010
Advances:			
to suppliers		39,358	18,852
for expenses		1,665	435
		41,023	19,287
Loan to employees	9.1	2,526	3,106
		43,549	22,393

9.1 This includes amount of Rs. 611 thousand (2010: Rs. 128 thousand) receivable from executives.

10. SHORT TERM DEPOSITS, PREPAYMENTS & OTHER RECEIVABLES

	June 30, 2011	June 30, 2010
Deposits	3,287	1,428
Prepayments	304	1,421
Margin and L/C charges	3,955	465
Mark-up refundable	954	594
	8,500	3,908

11. CASH AND BANK BALANCES

	June 30, 2011	June 30, 2010
Cash in hand	19	17
Cash at bank - current	10,110	1,822
	10,129	1,839

12. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2011	2010		June 30, 2011	June 30, 2010
Numbers				
10,262,664	10,262,664	ordinary shares of Rs. 10/- each issued for consideration in cash	102,627	102,627
12,714,307	12,714,307	ordinary shares of Rs. 10/- each issued as fully bonus shares	127,143	127,143
22,976,971	22,976,971		229,770	229,770

13. SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT

	June 30, 2011	June 30, 2010
Surplus on revaluation :		
Balance as at July 01	297,956	328,193
Add : Surplus arising on revaluation during the year	99,167	-
Less: On disposal of revalued fixed assets	-	(1,435)
Less : Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(27,397)	(28,802)
	369,726	297,956
Related deferred tax :		
Balance as at July 01	104,284	114,867
Add : On Revaluation surplus arising during the year	34,043	-
	138,327	114,867
Less : On disposal of revalued fixed assets	-	(502)
Less : On incremental depreciation charged during the year	(9,589)	(10,081)
	128,738	104,284
Surplus on revaluation of fixed assets - net of Deferred Tax	240,988	193,672

		June 30, 2011	June 30, 2010
		(Rupees in '000')	
14. LONG TERM LOANS			
Loan from banking companies -secured		**159,999**	298,320
14.1 Loan from banking companies			
Askari Bank Limited (TF)	**14.1.1**	**151,686**	178,454
JS Bank Limited (TF)		-	6,250
Habib Bank Limited (DF-I)	**14.1.2**	-	15,000
Habib Bank Limited (DF-II)	**14.1.2**	**114,466**	138,374
Habib Bank Limited (DF-III)	**14.1.2**	**61,250**	81,250
		327,402	419,328
Less: current portion shown under current liabilities		**(167,403)**	(121,008)
		159,999	298,320

14.1.1 This represents term finance obtained to finance expansion in existing production facilities at Hattar plant. It carries mark up at 3 months average KIBOR plus 2.5%.Principle to be repaid quarterly in 14 seasonilized and stepped up installments 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.

14.1.3 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 six 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, Khyber Pakhtunkhwa.

15. LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE

	June 30, 2011	June 30, 2010
Opening balance	**46,465**	**36,402**
Obtained during the year	-	**23,433**
Paid during the year	**(13,552)**	**(13,370)**
	32,913	**46,465**
Less: current portion shown under current liabilities	**(12,263)**	**(13,263)**
	20,650	**33,202**

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

	June 30, 2011	June 30, 2010
Minimum lease payment		
Upto one year	**15,683**	18,811
More than one year but less then five years	**22,436**	39,761
	38,119	58,572
Amount representing financial cost not yet due		
Upto one year	**(3,419)**	5,302
More than one year but less then five years	**(1,787)**	(6,805)
	(5,206)	(1,503)
Present value of minimum lease payment		
Upto one year	**12,263**	13,263
More than one year but less then five years	**20,650**	33,202
	32,913	46,465
Current portion shown under current liabilities	**(12,263)**	(13,263)
Present value of minimum lease payment payable later than one year but not later then five years	**20,650**	33,202

15.2 This represents vehicles and plant & machinery acquired under a number of finance lease agreements. Interest rate used discounting factor ranging from 14.86% to 16.65% (2010:9.50% to 16.35%)per anum. 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, 2010 the net carrying amount of leased vehicles and plant & equipment are Rs. 4,586 thousand and Rs. 50,110 thousand (June 30, 2010: Rs. 7,218 thousand and Rs. 52,463 thousand) respectively. There are no restrictions imposed on the Company under the term of leases.

		June 30, 2011	June 30, 2010
		(Rupees in '000')	
16. DEFERRED LIABILITIES			
Staff gratuity	**16.1**	**22,556**	18,148
Deferred taxation	**16.2**	**139,097**	122,211
		161,653	140,359

16.1 STAFF GRATUITY

16.1.1 Reconciliation of liability recognised in the balance sheet is as follows:

Present value of defined benefit obligation	**31,042**	28,250
Net actuarial losses not recognized	**(8,486)**	(10,102)
	22,556	18,148

16.1.2 Movement in liability recognized in balance sheet:

Present value of defined benefit obligation (opening)	**18,148**	11,916
Expense for the year	**8,797**	8,839
Benefits paid during the year	**(4,389)**	(2,607)
	22,556	18,148

16.1.3 Expense recognised in profit and loss account is as follows:

Current service cost	**4,497**	4,584
Interest cost	**3,390**	2,965
Actuarial losses recognised	**910**	1,290
	8,797	8,839

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

	Present value of defined benefit obligation	Experience adjustments on obligations
June 2011	**31,042**	**(8,486)**
June 2010	28,250	(10,102)
June 2009	24,706	(12,790)
June 2008	25,887	(12,645)
June 2007	22,945	(11,288)

16.2 DEFERRED TAXATION

Deductible temporary differences			
Tax losses carried forward		**(128,869)**	(97,162)
Provisions and finance lease		**(19,630)**	(17,564)
Minimum tax	**16.2.1**	**(18,329)**	(8,996)
		(166,828)	(123,722)
Taxable temporary differences:			
Accelerated depreciation		**177,187**	141,650
Surplus on revaluation of fixed assets		**128,738**	104,283
		305,925	245,933
		139,097	122,211

16.2.1 This represents minimum tax for the current year and under clause (c) of sub section (1) of section 113 of Income Tax Ordinance, 2001, the minimum tax is allowed to be carried forward and available for set off against tax liability for 3 years succeeding the tax year for which the minimum tax is paid.

		June 30, 2011	June 30, 2010
		(Rupees in '000')	
17. TRADE AND OTHER PAYABLES			
Trade creditors & bills payable		**329,124**	320,832
Accrued & other liabilities		**19,708**	10,786
Advances from customers		**28,645**	13,025
Tax deducted at source		**547**	717
Sales tax payable		**14,533**	7,107
Unclaimed dividend		**461**	461
Workers' profit participation fund		**592**	591
Workers' welfare fund		-	99
Tax payable	28.1	**18,329**	-
		411,939	353,618
18. ACCRUED MARK-UP ON LOANS			
Long term financing		**2,838**	742
Short term borrowings		**6,144**	-
Liabilities against assets subject to finance lease		**78**	-
		9,060	742
19. SHORT TERM BORROWINGS - secured			
From banking companies			
Short-term running finance		**204,521**	175,614
Finance against trust receipt		**186,507**	166,482
		391,028	342,096

Short-term running finance and other facilities are obtained under mark-up arrangements from various commercial banks carrying mark-up ranging from 14.17% to 17.54% (2010: 13.77% to 18%) per anum calculated on daily product basis. These facilities have various maturities dates upto October 30, 2011.

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.

		June 30, 2011	June 30, 2010
20. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term loans		**167,403**	121,008
Liability against assets subject to finance lease		**12,263**	13,263
		179,666	134,271

21. CONTINGENCIES AND COMMITMENTS

21.1. Contingencies

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.

21.2. Commitments

No commitment outstanding as at June 30, 2011 (June 30: 2010 nil)

22. SALES - NET

	Note	June 30, 2011 (Rupees in '000')	June 30, 2010 (Rupees in '000')
Gross sales	22.1	**2,109,405**	2,034,216
Sales tax		**(287,042)**	(266,385)
Excise duty		**(29,698)**	(16,649)
Sales commission		**-**	(2,910)
Sales return		**(7,911)**	(6,198)
		(324,651)	(292,142)
		1,784,754	1,742,074

22.1 This includes export sales of Rs. 101,360 thousand (2010: Rs. 80,081 thousand).

23. COST OF SALES

	Note	June 30, 2011	June 30, 2010
Raw material consumed	23.1	**1,207,255**	1,160,605
Packing material consumed		**58,898**	64,344
Salaries, wages & other benefits	23.2	**82,747**	86,116
Traveling & conveyance		**9,883**	9,053
Professional charges		**842**	265
Vehicle repair & maintenance		**8,569**	8,630
Rent, rate & taxes		**22,008**	23,438
Repair & maintenance		**6,272**	10,465
Communication charges		**1,201**	2,116
Printing, postage & stationery		**1,045**	1,260
Entertainment		**375**	654
Advertisement		**76**	
Insurance		**6,368**	6,065
Medical		**1,880**	
Electricity, gas & water		**92,696**	87,316
Freight, octroi & toll tax		**4,381**	3,791
Depreciation	4.1.1	**86,708**	92,216
Lab testing		**662**	623
Store consumed		**13,397**	30,483
Courses and seminar fees		**-**	566
Provision against slow moving stores and spares		**-**	1,907
Miscellaneous		**410**	182
		1,605,673	1,590,095
Work-in-process - opening		**102,009**	71,132
Work-in-process - closing		**(58,023)**	(102,009)
		43,986	(30,877)
Cost of goods manufactured		**1,649,659**	1,559,218
Finished goods - opening		**79,936**	63,714
Finished goods - closing		**(51,870)**	(79,936)
		28,066	(16,222)
		1,677,725	1,542,996

23.1 Raw material consumed

	June 30, 2011	June 30, 2010
Opening stock	**41,710**	89,402
Purchases	**1,220,713**	1,112,913
Closing stock	**(55,168)**	(41,710)
	1,207,255	1,160,605

23.2 This includes staff retirement benefits amounting to Rs. 6,597 thousand (2009: Rs. 6,489 thousand).

	Note	June 30, 2011	June 30, 2010
		(Rupees in '000')	
24. DISTRIBUTION COST			
Salaries and benefits	24.1	11,958	10,874
Office rent		350	686
Electricity, water & gas		364	301
Entertainment		175	134
Traveling & conveyance		770	1,318
Repair & maintenance		326	63
Vehicle running & maintenance		1,387	1,289
Communications		600	703
Insurance		88	34
Printing & stationery		65	-
Carriage & freight outward		37,425	41,420
Courses & seminar fees		50	171
Provision against doubtful debts		-	2,205
Miscellaneous		-	44
		53,558	59,242

24.1 This includes staff retirement benefits amounting to Rs.858 thousand (2009: Rs. 781 thousand).

	Note	June 30, 2011	June 30, 2010
25. ADMINISTRATIVE EXPENSES			
Salaries and benefits	25.1	23,116	21,742
Rent, rate and taxes		842	1,201
Electricity, gas and water		351	489
Entertainment		431	520
Traveling & conveyance		2,539	1,906
Vehicle running & maintenance		1,018	1,513
Repair & maintenance		514	1,081
Communications		866	1,106
Legal & professional		2,070	2,844
Auditors' remuneration	25.2	785	785
Advertisement		33	46
Medical		1,274	1,342
Insurance		323	158
Printing & stationery		432	500
Depreciation	4.1.1	4,548	4,853
Books, newspaper and periodicals		19	26
Courses, seminar & subscription		110	426
Donation	25.3	15	300
Relocation of Resources	25.4	1,525	-
Impairment on Fixed Assets		798	-
Miscellaneous		40	109
		41,649	40,947

25.1 This includes staff retirement benefits amounting to Rs.694 thousand (2009: Rs. 1,748 thousand).

25.2 Auditors' remuneration

	June 30, 2011	June 30, 2010
Audit fee	500	500
Fee for half yearly review	200	200
Other advisory services	75	75
Out-of-pocket expense	10	10
	785	785

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

25.4 This represents expenses incurred for the purpose of shifting of regisetered office from Karachi to Hattar as disclosed in note.1 of the financial statements.

26. OTHER OPERATING INCOME

		June 30, 2011	June 30, 2010
		(Rupees in '000')	
Income from sale of scrap	26.1	20,026	12,078
Insurance claim		1,019	707
Discount received		-	65
Other income freight		1,251	150
Profit on bank deposits		145	36
Net gain on disposal of fixed assets		1,053	1,234
		23,494	14,270

26.1 It includes sales of PET crush amounting to Rs. 7.18 million (2010: 6.18 million).

27. FINANCE COST

Mark-up on:			
Long-term financing	27.1	27,151	54,267
Short-term borrowing	27.1	20,571	21,760
Liabilities against assets subject to finance lease	27.1	4,146	5,623
		51,868	81,650
Interest on workers' profit participation fund		-	85
LC usance and other charges		49,940	55,551
Bank charges		2,303	1,306
Other financial charges		183	-
		52,426	56,942
		104,294	138,592

27.1 The State Bank of Pakistan (SBP) vide its circular no. 11 dated July 01, 2010 announced a fiscal relief package on account of markup on existing business loans to rehabilitate the economic life in Khyber Pakhtunkhwa, FATA and PATA and directed that all banks, DFIs and Microfinance Banks shall charge markup on all business loans outstanding as on December 31, 2009 at the rate of 7.5% p.a. or six months KIBOR (offer side) whichever is lower for next two years. Interest rate as originally agreed with the finance providers are stated in respective notes of long term loan, short term borrowings and liabilities against assets subject to finance lease. The relief in markup from SBP had the effect of reduction in markup charges for the year by Rs.57.28 million (2010: Rs. 27 million).

28. PROVISION FOR TAXATION

		June 30, 2011	June 30, 2010
		(Rupees in '000')	
Current	28.1	(18,329)	(8,996)
Deferred		7,564	16,478
		(10,765)	7,482

28.1 Current

The assessments of the Company have been finalized upto and including the tax year 2010. In view of the brought forward tax losses and after restoration of section 113 in Finance Act 2009-10, provision for current income tax is based on section 113 of the Income Tax Ordinance, 2001. Accordingly tax expense reconciliation with the accounting profit is not reported.

29. LOSS PER SHARE - BASIC AND DILUTED

	June 30, 2011	June 30, 2010
	(Rupees in '000')	
29.1 Basic loss per share		
Loss after tax (rupees in thousands)	**(79,743)**	(18,393)
Weighted average number of ordinary shares (nos.)	**22,977**	22,977
Loss per share (rupees)	**(3.47)**	(0.8)

29.2 Diluted loss per share

There is no dilutive effect on the basic earnings per share of the Company as it has not issued any instruments carrying options which could have an impact on loss per share when exercised.

30. CASH GENERATED FROM OPERATIONS

	Note	June 30, 2011	June 30, 2010
		(Rupees in '000')	
Loss before taxation		**(68,978)**	(25,875)
Adjustment for non-cash charges and other items:			
Depreciation		**91,256**	97,069
Reversal of liability		**-**	(2)
Gain on disposal of property, plant & equipment		**(1,053)**	(1,234)
Insurance claim		**(1,019)**	(707)
Exchange loss		**-**	343
Workers' welfare fund		**-**	99
Provision for gratuity		**8,797**	8,839
Provision for doubtful debts		**-**	2,205
Provision for slow moving stores and spares		**-**	1,907
Finance cost		**104,294**	138,592
Working capital changes	30.1	**43,631**	78,403
		176,928	299,639

30.1 Working capital changes

(Increase) / decrease in current assets :		
Stores, spares and loose tools	**(2,319)**	3,846
Stock in trade	**62,525**	1,019
Trade debts	**(32,195)**	104,442
Loans and advances	**(21,156)**	(6,152)
Short term deposits, prepayments & other receivables	**(3,216)**	3,448
		-
	3,639	106,603
Increase / (decrease) in current liabilities:		
Trade and other payables	**39,992**	(28,200)
	43,631	78,403

31. CASH AND CASH EQUIVALENTS

Cash and bank balances	**10,129**	1,839
Short term borrowings	**(391,028)**	(342,096)
	(380,899)	(340,257)

32. 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	
	2011	2010	**2011**	2010	**2011**	2010
Managerial remmuneration	**7,533**	6,848	**3,369**	3,110	**14,992**	12,038
House allowance and utilities	**569**	1,203	**1,599**	1,490	**8,228**	6,583
Servent allowance	**452**	411	-	-	-	-
Telephone allowance	**380**	597	-	-	-	-
Medical reimbursement	**753**	685	**190**	-	**339**	522
Total	**9,687**	9,744	**5,158**	4,200	**23,559**	19,143
No. of person(s)	**1**	1	1	1	**18**	11

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

33. TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party a 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 30, 2011	June 30, 2010
	(Rupees in '000')	
Details of transactions with related parties are as follows:		
Transactions during the year		
Sale of property, plant and equipment	**535**	-
Post employment benefit paid	**754**	-
Contribution to staff provident fund	**1,145**	1,597
Payable as on balance sheet date with:		
Employees' provident fund trust	**5,748**	4,603
Post employment benefit payble	**12,747**	11,143

The remuneration of Chief Executive, Directors and Executives is disclosed in Note 32 to the financial statements.

34. SEGMENT ANALYSIS

	Injection		Blowing		Total	Total
	June 2011	June 2010	June 2011	June 2010	June 2011	June 2010
	(Rupees '000)		(Rupees '000)		(Rupees '000)	
Sales-net	913,541	1,264,276	871,213	1,239,164	1,784,754	1,742,074
Cost of sales	(874,964)	(1,194,536)	(814,388)	(1,109,826)	(1,689,352)	(1,542,996)
	38,578	69,740	56,825	129,338	95,403	199,077
Distribution cost	(27,414)	(29,918)	(26,144)	(29,325)	(53,559)	(59,242)
Administrative	(21,162)	(20,679)	(20,182)	(20,268)	(41,344)	(40,947)
	(48,577)	(50,597)	(46,326)	(49,593)	(94,903)	(100,190)
Operating profit	(9,999)	19,143	10,499	79,745	500	98,888
Segment assets	630,419	642,289	604,987	637,870	1,235,406	1,280,159
Unallocated assets	-	-	-	-	494,540	396,574
	630,419	642,289	604,987	637,870	1,729,946	1,676,733
Segment liabilities	262,206	254,718	21,113	15,444	283,319	270,162
Unallocated liabilities	-	-	-	-	1,081,794	1,032,608
	262,206	254,718	21,113	15,444	1,365,113	1,302,770
Capital expenditure	3,483	5,349	4,594	2,548	8,077	7,897
Depreciation	44,066	42,419	42,642	49,796	86,708	92,216

34.1 Inter-segment sales have been eliminated from totals.

34.2 Administrative expenses and distribution costs are allocated on the basis of the net sales value for each segment.

35. FINANCIAL INSTRUMENTS

35.1 Financial instruments by category

	June 30, 2011	June 30, 2010
	(Rupees in '000')	
FINANCIAL ASSETS		
Loans and receivables		
Long term deposits	8,274	10,724
Trade debts	146,759	114,564
Short term deposits and other receivables	8,196	2,487
Cash and bank balances	10,129	1,839
	173,358	129,614
FINANCIAL LIABILITIES		
Financial liabilities at amortized cost		
Long term loans	327,402	419,328
Liability against assets subject to finance lease	32,913	56,528
Trade and other payables	363,826	332,755
Accrued mark-up on loans	9,060	742
Short term borrowings - secured	391,028	342,096
	1,124,229	1,151,449

36. 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.

36.1 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. To manage exposure to credit risk, Company applies credit limits and deals with selected credit worthy parties. It makes required provision against balances that are considered doubtful.The exposure to cash and bank balances is managed by placing funds with those that have good credit rating amongst major banks and financial institutions. The following carrying amounts of financial assets against which the Company holds no collateral represents the maximum credit exposure at the balance sheet date.

	June 30, 2011	June 30, 2010
	(Rupees in '000')	
Trade debts	**151,870**	114,509
Loans and advances	**43,549**	22,393
Other receivables	**3,955**	465
Bank balances	**10,110**	1,822
	209,484	139,189

36.1.1 Impairment losses

The aging of trade debts at the reporting date was:

	2011		2010	
	Gross value	**Impairment**	Gross value	Impairment
	(Rupees '000)		(Rupees '000)	
Not past due	**39,271**	**-**	54,451	-
Past due 1-60 days	**81,332**	**-**	47,172	-
Past due 61 days to 1 year	**20,533**	**-**	10,940	-
More than 1 year	**10,735**	**5,111**	7,111	5,111
Total	**151,870**	**5,111**	119,675	5,111

The credit quality of company's bank balances can be assessed with reference to external credit ratings as follows:

36.1.2 Credit rating	June 30, 2011	June 30, 2010
	(Rupees in '000')	
A1+	**9,355**	1,070
A2	**507**	104
A1	**190**	640
A-1 +	**59**	7
	10,110	1,822

36.2 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 value	Contractual cash flow	Upto one year	More than one year
		(Rupees '000)		
Long term financing	327,402	357,868	202,007	155,861
Finance lease	32,913	38,119	15,683	22,436
Trade and other payables	411,939	411,939	411,939	-
Short term borrowings	391,028	397,172	397,172	-
June 2011	**1,163,282**	**1,205,098**	**1,026,801**	**178,297**
Long term financing	419,328	538,409	188,009	349,658
Finance lease	56,528	58,572	18,811	39,761
Trade and other payables	353,702	353,702	353,702	-
Short term borrowings	342,096	342,096	342,096	-
June 2010	1,171,653	1,285,209	889,109	389,419

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

36.3 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 or import as it mainly procures its raw materials from the local market in local currency.

Exposure to foreign currency risk

Company is not exposed to foreign currency risk as there are no foreign debtors and creditors on the balance sheet date.

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. At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

		Effective interest rate (%)	Carrying amount (Rs. in '000')
2011			
Fixed rate instruments	**27.1**		
Long term financing		7.5%	**327,402**
Finance lease		7.5%	**32,913**
Short term borrowings		7.5%	**391,028**
			751,343
2010			
Fixed rate instruments			
Long term financing		7.5%	419,328
Finance lease		7.5%	46,465
Short term borrowings		7.5%	342,096
			807,889

Sensitivity analysis

The Company have no any fixed rate liabilities at fair value through profit or loss nor any derivatives as hedging instruments recognized under fair value hedge accounting model. Therefore, a change in interest rate at reporting date would not have any effect on the fair value of any financial instrument.

A change of 100 basis points in interest rate would have no bearing on the financial liabilties. (2010: Rs. Nil thousand)

36.4 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.

37. 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 on the face of the balance sheet.

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.

38. PLANT CAPACITY AND ACTUAL PRODUCTION

	QUANTITIES IN '000'	
	JUNE 2011	JUNE 2010
Blowing		
Capacity - no. of bottles	**304,200**	304,200
Production - no. of bottles	**89,267**	179,387
Utilization	**29%**	59%
Injection		
Capacity - no. of preforms	**415,733**	415,733
Production - no. of preforms	**232,316**	275,571
Utilization	**56%**	66%

38.1 The underutilization of capacity was due to market constraints.

39. RECLASSIFICATION

Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions for the comparision.Significant reclassifications made are as follows:

Reclassification from Component	Reclassification to Component	Amount (Rs.)
Statement of comprehensive income	Statement of changes in equity	18,721

40. DATE OF AUTHORIZATION

These financial statements have been authorized for issue on **September 28, 2011** by the Board of Directors of the Company.

41. GENERAL

Figures have been rounded off to the nearest thousand rupees. Corresponding figures have been rearranged, wherever necessary, for the purposes of comparison. The effect of reclassifications is not material.

Chief Executive Officer **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 ____________________

and my / our proxy to attend, speak and vote for me / us and on my / our behalf at the 20th Annual General Meeting of the Company to be held on Thursday October 27, 2011

____and

as any adjournment thereof. ______________________________ As

witness my / our hand this ______________________________ day of

____

2011 signed the said ______________________________ in

the presence of

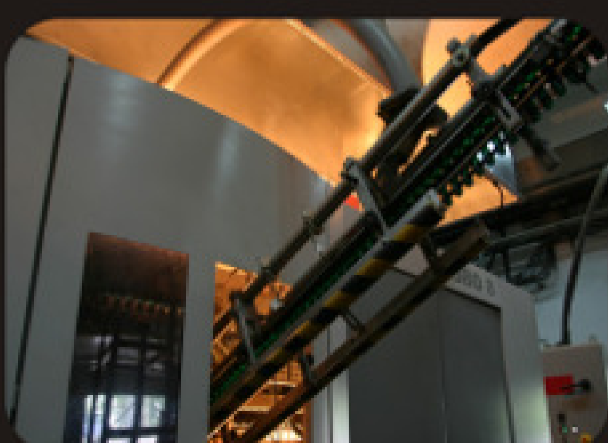
____

Notes:

1. The Proxy Form in order to be valid must be deposited with the Company not late 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.

Annual Report 2011

Contents



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.