

Manufacturers of Quality PET Bottles and Preforms

EcPack Ltd.

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.

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COMPANY INFORMATION

BOARD OF DIRECTORS:

Mr. Hussain Jamil	Chairman/Executive Director
Mr. Mr. Ahsan Jamil	Chief Executive Officer
Mr. Ali Jamil	
Mr. Shahid Jamil	
Mrs. Deborah Jamil	
Mrs. Ayesha Khan	
Mr. Ashiq Hussain Qureshi	

AUDIT COMMITTEE:

Mr. Hussain Jamil	Chairman	
Mrs. Ayesha Khan	Member	Non-Executive Director
Mr. Ashiq Hussain Qureshi	Member	Non-Executive Director

COMPANY SECRETARY:

Mr. Habib Ur Rehman Siddiqui

CHIEF FINANCIAL OFFICER:

Mr. Ali Adil

BANKERS:

Askari Commercial Bank Limited
Habib Bank Limited
Citi Bank N. A

AUDITORS:

The Bank of Khyber

Khalid Majid Rahman Sarfaraz
Rahim Iqbal Rafiq
Chartered Accountants

LEGAL ADVISOR:

M/s. Ebrahim Hosain Advocate & Corporate Council

FACTORY:

1. Plot No. 112-113, Phase V, Industrial Estate Hattar, District Haripur, N.W.F.P., Tel: (0995) 617682-3, Fax: (0995) 617074
Email: plant_h@ecopack.com.pk
2. F-248, Near Fire Brigade, S.I.T.E., Karachi. Tel: (021) 2569549-52, Fax: (021) 2569436
Email: headoffice@ecopack.com.pk

REGISTERED & CORPORATE OFFICE:

F-248, Near Fire Brigade, S.I.T.E., Karachi. Tel: (021) 2569549-52,
Fax: (021) 2569436
Email: headoffice@ecopack.com.pk

REGISTRAR OFFICE:

Technology Trade (Pvt) Ltd.
241-C, Dagia House Block-2, P.E.C.H.S., Karachi.
Tel : (021) 4391316-7 Fax : (021) 4391318

DIRECTORS' REPORT

The board of directors is pleased to present the un-audited financial results for the quarter ended September 30, 2006.

SALES & OPERATIONS:

Quantitative sales grew by 17% while sales revenue dipped slightly by 4.3% respectively over the same quarter last year. Sales growth in this quarter suffered a temporary slow down primarily on account of an unprecedented and severe shortage in carbon dioxide (CO₂) supplies to the carbonated soft drinks (CSD) industry. This meant that our main customers demand for PET bottles during July and August'06 was significantly constrained. Demand for PET bottles, however, normalized in September'06 along with the resumption of CO₂ supplies.

The introduction of smaller PET Bottle sizes e.g. 500ml & 300ml began to further fuel PET industry growth but its increase in the overall sales mix for your company has also meant a less than proportionate growth in rupee value sales. Meanwhile, Karachi plant sales increased both quantitatively (13.7%) and in value terms (18.7%) which reflects greater proportion of large pack sales.

FINANCIAL RESULTS:

This quarter's after tax profit of your company was Rs.1.17 million which was a substantial drop over same quarter last years after tax profit of Rs.19.55 million. The main reason for this was:

- the slow down in July – Aug'06 quarter sales due to an unprecedented, though temporary CO₂ shortage.
- 15% increase in PET RESIN MARKET prices
- the full quarter depreciation charge for the new investment in Preform capacity
- Rs.10 million increase in financial charges because of new Preform plant investment and rising KIBOR rates.

A prior period over provisioning for Tax of Rs.9.5 million has been adjusted, partially in the presented comparative figures of the income statement (Rs.1.4m) and partially through the equity portion in the balance sheet (Rs.8.1).

FUTURE OUTLOOK:

The overall growth in demand for PET bottles has been rapid and is expected to continue growing rapidly for quite some time to come. This is because growth in demand has thus far been driven mainly by the large size economy home-pack (1.5ltr) whose full potential is still curtailed by supply side constraints. The recent investments by the beverage industry giants in imported, high speed PET specific filling lines is a big stride in increasing throughput & thereby de-bottleneck this supply side constraint. Meanwhile, only last year the beverage industry began a rolling launch of the PET 500ml and 300ml CSD bottles in the small packs segment which constitutes nearly double the literage of the CSD home segment. This potentially means 5-6 times the number of containers used in the home pack segment.

In some cases, bottlers have also attempted to create some semblance of assured supply in the face of rapid PET bottle demand growth, by investing in (non-core competence areas) preform and bottle blowing machines. This is particularly critical since they are also entering the bottled water market which requires on-premise bottle blowing & filling to meet the strict hygiene standards for drinking water. The bottled water market is, however, potentially much bigger than the CSD market. In Pakistan the rapid increase in the incidence of water borne diseases and deteriorating water quality further supports this trend.

We believe that the supply side de-bottle necking will trigger rapid growth for PET bottles and Preforms for the next two to three years. Subsequently, again in the future because of the enormous potential of the small PET pack segment and the bottled water business, there will soon be a repeat of supply-side trying to play catch up with rising demand.

STAFF & ACKNOWLEDGEMENT:

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

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

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

For & on behalf of the Board of Directors

AHSAN JAMIL
Chief Executive Officer)

Karachi,
Dated: October 30, 2006

BALANCE SHEET
AS AT SEPTEMBER 30, 2006

Note (UN-AUDITED) (AUDITED)
SEPTEMBER 30, JUNE 30,
2006 2006
(Rupees in '000)
RESTATED

ASSETS			
NON-CURRENT ASSETS			
Property, Plant & Equipment	4	818,867	833,473
Long term security deposits		8,875	8,875
CURRENT ASSETS			
Spares and loose tools		79,545	53,304
Stock in trade		282,472	226,971
Trade debts - unsecured considered good		133,385	135,781
Loans and advances		33,328	35,604
Short term prepayments & deposits		3,634	1,898
Other receivables		21,110	11,287
Cash and bank balances		22,430	7,046
		<u>575,905</u>	<u>471,892</u>
TOTAL ASSETS		<u>1,403,647</u>	<u>1,314,239</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital			
Authorised			
25,000,000 (June 2006 : 25,000,000) Ordinary shares of Rs. 10 each		<u>250,000</u>	<u>250,000</u>
Issued, subscribed and paid-up		164,121	164,121
Reserve for issue of Bonus shares		65,648	-
Reserves		<u>84,889</u>	<u>145,699</u>
		<u>314,659</u>	<u>309,820</u>
SURPLUS ON REVALUATION OF FIXED ASSETS		99,937	102,324
NON-CURRENT LIABILITIES			
Loang term loans - Secured		289,718	306,668
Liability against assets subject to finance lease		22,788	27,693
Deferred liabilities		101,859	98,265
		<u>414,365</u>	<u>432,626</u>
CURRENT LIABILITIES			
Trade and other payables		384,366	303,182
Accrued mark-up on loans		9,349	8,324
Short term finances		81,476	64,231
Current portion of long term liabilities		88,536	84,131
Taxation		10,958	9,600
		<u>574,686</u>	<u>469,468</u>
CONTINGENCIES AND COMMITMENTS		-	-
TOTAL EQUITY AND LIABILITIES		<u>1,403,647</u>	<u>1,314,239</u>

The annexed notes form an integral part of these financial statements

CHAIRMAN

CHIEF EXECUTIVE OFFICER

Manufacturers of Quality PET Bottles and Preforms



**PROFIT & LOSS
FOR THE QUARTER**

	Note	Total	
		Jul-Sep 06 Rs.	RESTATED Jul-Sep 05 Rs.
NET SALES	6	271,836	284,162
Less: Cost of goods sold	7	(219,450)	(223,878)
		52,386	60,285
GROSS PROFIT			
Operating expenses:			
Administration		(10,546)	(8,593)
Selling & distribution		(12,071)	(12,738)
		(22,617)	(21,330)
		29,769	38,954
Financial charges & others :			
Financial charges		(23,557)	(13,572)
Workers' profit participation fund		(347)	(1,325)
Other income		728	1,109
		(23,176)	(13,788)
		6,593	25,167
PROFIT BEFORE TAXATION			
Taxation - Current		(1,359)	(1,421)
- Deferred		(4,067)	(4,191)
		(5,426)	(5,612)
		1,168	19,555
PROFIT AFTER TAXATION			
Earning per share - basic and diluted		0.07	1.19

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CHAIRMAN

Manufacturers of Quality PET Bottles and Preforms



ACCOUNT (UN-AUDITED)
ENDED SEPTEMBER 30, 2006

(Rupees in '000)

Hattar		Karachi	
Jul-Sep 06 Rs.	Jul-Sep 05 Rs.	Jul-Sep 06 Rs.	Jul-Sep 05 Rs.
258,307	244,522	50,416	42,492
(209,973)	(191,602)	(46,363)	(35,128)
48,334	52,920	4,052	7,365
(8,590)	(7,308)	(1,956)	(1,285)
(9,744)	(10,266)	(2,327)	(2,471)
(18,334)	(17,574)	(4,282)	(3,756)
29,999	35,346	(230)	3,608

CHIEF EXECUTIVE OFFICER

CASH FLOW STATEMENT
FOR THE QUARTER ENDED SEPTEMBER 30, 2006

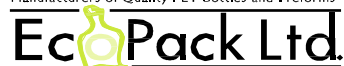
	September 30, 2006	September 30, 2005
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	6,593	25,167
Adjustment for non cash charges:		
Depreciation	14,598	10,855
Provision for WPPF	347	1,395
Provision for gratuity	946	425
Financial charges	23,557	13,572
	39,449	26,248
Cash flow from operating activities before working capital changes	46,043	51,414
(Increase) / Decrease in current assets :		
Spares & loose tools	(26,240)	2,619
Stock in trade	(55,501)	8,358
Trade debts	2,396	16,869
Loans & advances	2,275	4,658
Short term prepayments & deposits	(1,736)	(1,412)
Other receivables	(5,733)	(1,251)
Net increase in current assets	(84,539)	29,841
Increase in Trade & Other Payables	86,131	(30,562)
Other payments:		
Financial charges paid	(22,526)	(13,177)
Gratuity paid	(136)	(36)
WPPF paid	(5,300)	(2,733)
Taxes Paid	(4,091)	(90)
	(32,053)	(16,036)
Net cash inflow from operating activities	15,582	34,657
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(4,525)	(2,381)
Capital work-in-progress	4,533	(7,986)
Long term security deposits increased	-	(949)
Net cash (outflow) / Inflow from investing activities	7	(11,315)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term loans	(13,717)	(7,567)
Leases acquired	560	-
Finance lease repaid	(4,293)	(3,185)
Net cash inflow / (outflow) from financing activities	(17,450)	(10,752)
Net Increase in cash and cash equivalents	(1,861)	12,590
Cash and cash equivalents at the beginning of the period	(57,185)	(39,730)
Cash and cash equivalents at the end of the period	(59,046)	(27,141)

The annexed notes form an integral part of these financial statements

CHAIRMAN

CHIEF EXECUTIVE OFFICER

Manufacturers of Quality PET Bottles and Preforms



**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2006**

	Share Capital	Reserve for Issue of Bonus Shares	Unappropriated Profit/ (Restated)	Total
	----- (Rupees in '000) -----			
Balance as on July 01, 2005	142,714	-	69,720	212,434
Correction of error	8	-	3,765	3,765
Balance as on July 01, 2005 - Restated	142,714	-	73,484	216,198
Issue of Bonus shares @ 15%	21,407	-	(21,407)	-
Profit for the Quarter Jul to Sep 2005 (Restated)	-	-	19,555	19,555
Profit from Oct to June 2006 (Restated)	-	-	50,814	50,814
Transfer from surplus on revaluation of fixed assets, current year - net of deferred tax	-	-	23,252	23,252
Balance as at July 01, 2006 - Restated	164,121	-	145,698	309,819
Issue of Bonus shares @ 40%	-	65,648	-65,648	-
Profit for the Quarter Jul to Sep 30, 2006	-	-	1,168	1,168
Transfer from surplus on revaluation of fixed assets, current period - net of deferred tax	-	-	3,672	3,672
Balance as at September 30, 2006	164,121	65,648	84,889	314,659

The annexed notes form an integral part of these financial statements

CHAIRMAN

CHIEF EXECUTIVE OFFICER

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE QUARTER ENDED SEPTEMBER 30, 2006**

1. STATUS AND NATURE OF BUSINESS

The company was incorporated on 25 August 1991 as a private limited company under the Companies Ordinance, 1984. It was converted as a public limited company on April 29, 1992 and subsequently in March 1994 was listed at Karachi Stock Exchange. The principal activity of the company is to manufacture and sale of Poly Ethylene Terephthalat (PET) bottles and preforms for beverage and non-beverage industry. The company is the market leader in PET manufacturing for the beverage industry in Pakistan. Its two manufacturing facilities are located in the province of Sindh at Karachi and in the province of NWFP at Hattar. The Hattar Plant is strategically situated to serve Punjab and NWFP provinces being the major beverage markets of the country. The company is actively investing in a library of preform moulds which would enable it to produce preforms of different sizes and shapes of PET bottles and thereby position itself as a major regional preform supplier for export markets.

2. SIGNIFICANT ACCOUNTING POLICIES

These accounts have been prepared in accordance with the requirements of International Accounting Standard (IAS-34) "Interim Financial Reporting". The accounting policies adopted and methods of computation followed for the preparation of these financial statements are the same as those applied in preparing the financial statements for the year ended June 30, 2006.

3. CONTINGENCIES AND COMMITMENTS

3.1 Contingencies

Contingency remains same during the quarter ended September 30, 2006 as disclosed in the audited financial statements for the year ended June 30, 2006.

September 30, 2006	June 30, 2006
(Rupees in '000)	

3.2 Commitments

Letters of credit

16,438

23,072

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Manufacturers of Quality PET Bottles and Preforms

EcoPack Ltd.

**September 30, June 30,
2006 2006**

(Rupees in '000)

4. PROPERTY, PLANT & EQUIPMENT

Additions in operating assets during the period:

Piping Work & Electrification	2	14,128
Plant & Machinery	-	85,665
Blow Mould	-	13,911
Vehicles	601	-
Others	3,923	1,383
	<u>4,525</u>	<u>115,087</u>

5. INTERSEGMENT SALES & PURCHASES

Inter-segment sales and purchases have been eliminated from total.
Inter-segment business is recorded at cost including sales tax.

Jul-Sep 06 Jul-Sep 05

(Rupees in '000)

6. NET SALES

Sales	312,612	326,786
Less : Sales tax	40,775	42,624
	<u>271,836</u>	<u>284,162</u>

Jul-Sep 06 Jul-Sep 05
(Rupees in '000)

7. COST OF GOODS SOLD	Jul-Sep 06	Jul-Sep 05
Raw material consumed	189,063	173,418
Packing material consumed	11,810	10,340
Salaries, wages & other benefits	13,744	10,956
Travelling & conveyance	677	517
Professional charges	286	232
Vehicle repair & maintenance	1,605	908
Rent, rate & taxes	3,192	1,584
Repair & maintenance	1,962	852
Telephone	365	390
Printing, postage & stationery	237	326
Entertainment	198	191
Insurance	430	547
Medical	37	36
Electricity, gas & water	21,620	17,929
Freight, octroi & toll tax	592	279
Depreciation	13,858	10,276
Transportation factory workers	861	643
Consumable store	5,006	4,008
Lab tests	317	140
Courses & seminars fee	2	340
Miscellaneous	20	10
	265,879	233,921
Work in process	57,256	27,067
Opening	(61,664)	(18,402)
Closing	(4,407)	8,665
COST OF GOODS MANUFACTURED	261,472	242,586
Finished goods	46,568	36,167
Opening	(88,589)	(54,876)
Closing	(42,022)	(18,709)
COST OF GOODS SOLD	219,450	223,878

8. CORRECTION OF ERROR

In pursuance to the amendment in Clause "C" to sub-section 2 of section 113 of Income Tax Ordinance, 2001 made through Finance Act, 2004, according to the amendment, the Company can treat the amount of minimum tax paid @0.5% of turnover as advance tax and the same is available for adjustment in next five years against normal tax liability. This treatment was not adopted in the year 2005 & 2006, accordingly the Company has started recording deferred tax asset on minimum tax paid @ 0.5% of turnover. The correction has been made by recognition of deferred tax asset and advance tax for the said amount. The correction resulted in reduction of net deferred tax liability for the year 2005 and 2006 by Rs.3.7m & Rs. 5.8m respectively and increase in advance tax in the year 2005 by Rs. 3.7m. The correction has been made by adjusting the opening balance of un-appropriated profit (retained earning) for the year ended June 30, 2005 and comparative figures for the year ended June 30, 2006 has been restated.

9. AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on October 30, 2006 by the Board of Directors of the Company.

10. GENERAL

Figures have been rounded off to the nearest rupee.

CHAIRMAN

CHIEF EXECUTIVE OFFICER