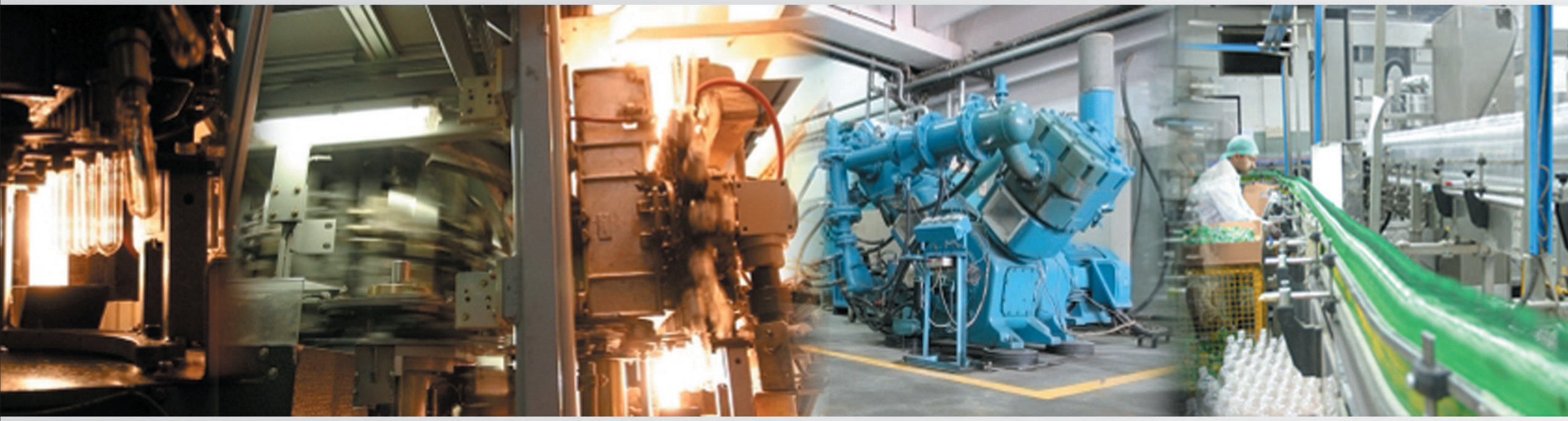
annual report 2010

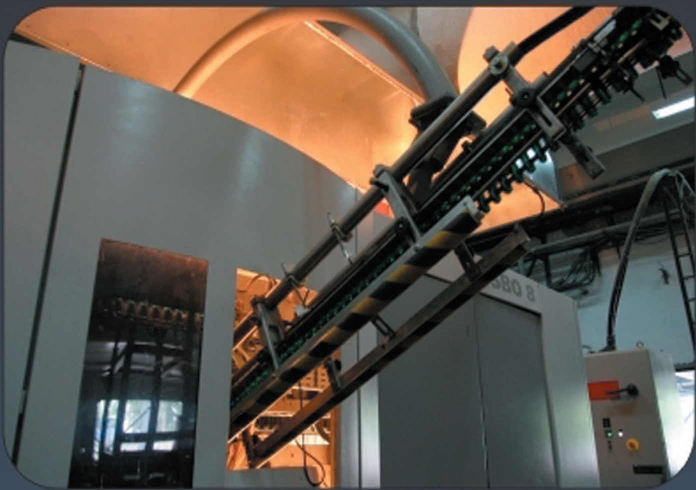
Eco Pack Ltd

Manufacturers of Quality PET Bottles and Preforms

Annual Report
2010

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.

COMPANY INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Muhammed Murtaza Raza

COMPANY SECRETARY

Mr. Muhammed Ali Adil

BANKERS

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

AUDITORS

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

LEGAL ADVISOR

M / s. Ebrahim Hosain — Advocate & Corporate Council

FACTORY

112-113, Phase V, Industrial Estate Hattar, District Haripur, Khyber Pakhtunkhwa. Tel: (0995) 617682-3, Fax: (0995) 617074

REGISTERED & CORPORATE OFFICE

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 19th Annual General Meeting of Ecopack Limited will be held on Tuesday 26th October 2010 at 9.00 A.M. at "Carlton Hotel, Meharani Hall DC-5, off Zulfiqar Street # 5, Phase VIII, D.H.A, Karachi", to transact the following business:

Ordinary Business

1. To confirm the minutes of the 18th Annual General Meeting held on October 29, 2009.

2. To receive and adopt the Directors' and Auditors' report together-with Audited Accounts of the company for the year ended June 30, 2010.

3. To appoint external auditors and fix their remuneration for the year ending June 30, 2011. The present auditors M/s. Rehman Sarfaraz Rahim Iqbal Rafiq, Chartered Accoutants being eligible offer themselves for re-appointment.

4. To elect seven directors in accordance with the provisions of Section 178 of the Companies Ordinance, 1984 for a period of three years commencing from October 30, 2010. The retiring directors who are eligible for re-election are:

i Mr. Hussain Jamil
ii Mr. Ahsan Jamil
iii Mr. Shahid Jamil
iv Mrs. Deborah Jamil
v Mrs. Ayesha Khan
vi Mr. Asad Ali Shaikh
vii Syed Sohail Raza Zaidi

Special Business

5. To approve the shifting of registered office of the company from the Province of Sindh to the Province of Khyber Pakhtunkhwa.

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

By order of the Board

Karachi,
Dated: September 21, 2010

MUHAMMED ALI ADIL
(Company Secretary)

Notes:

1. The share transfer books of the company will remain closed from October 13, 2010 to October 26, 2010. (both days inclusive).

2. A member eligible to attend and vote at the General Meeting is entitled to appoint another member as a proxy to attend and vote instead of him. Proxy form duly completed and signed must be deposited with the company secretary at the registered office at least 48 hours before the meeting.

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. The Board has fixed the number of directors as seven. Any person who seeks to contest election for Directorship of the Company shall file with the Company at its registered office a notice of his / her intention to offer himself / herself for election 14 days before the date of Annual General Meeting to be held on October 26, 2010.

6. Change of address, if any, should be notified to the Company immediately.

STATEMENT OF MATERIAL FACTS UNDER SECTION 160 (1)(B) OF THE COMPANIES ORDINANCE, 1984 REGARDING SPECIAL BUSINESS:

1. Change of Registered Office from Karachi (Sindh) to Hattar (Khyber Pakhtunkhwa):

The manufacturing facilities of the company are situated at Plot No. 112-113, Phase-5, Hattar Industrial Estate, District Haripur, Khyber Pakhtunkhwa. In order to:

- For effective control and centralization of operations.
- Cost reduction.
- Better liaison with customers and vendors.
- Active participation by management at Sarhad Chamber of Commerce & Industry and obtain maximum interface of unified platform of the Industry.

The Board of Directors have decided to change the registered office from Suite # 206, The Plaza, Clifton, Block-9, KDA Scheme No. 5, Kehkashan, Karachi, Sindh to Plot # 112-113, Phase-5, Hattar Industrial Estate, District Haripur, Khyber Pakhtunkhwa and has proposed to pass the following special resolutions:

"Resolved that subject to the completion of the legal formalities and approval of the competent authority the registered office of the Company be shifted from the Province of Sindh to the Province of Khyber Pakhtunkhwa"

"Further resolved that Memorandum of Association of the Company be amended accordingly and the Company Secretary be and is hereby authorized and empowered to complete the legal formalities in this respect."

2. Interest of Directors in the Special Business

The Directors have no interest in special business other than the shareholders of the Company.

DIRECTORS' REPORT

The board of directors of Ecopack Limited is pleased to present the directors report alongwith audited financial statements for the year ended 30th June 2010:

Overview:

2009-10 has been a challenging year for Pakistan on account of various socio-economic & political reasons that seriously affected the overall business environment in the country. War against terrorism in close proximity of Khyber Pakhtunkhwa contributed to turmoil and uncertainty in the region where your company's plant and its main customers are located. 20% increase in electricity tariff, 12% erosion in value of PK Rupee against US Dollar and continuous rise in fuel prices significantly reduced the purchasing power of general public and resulted in an overall economic slowdown. The beverage industry responded to these inflationary pressures through a price increase that resulted in an additional pressure on its sale volumes. Hence this summarizes the overall landscape in which your company operated during the year. Despite the overriding difficulties posed by this scenario, your company's management took timely steps which helped remedy the situation substantially and contributed to the following results.

Sales and Financial Highlights:

The management is pleased to report a significant improvement in the performance of the company in the year ended June 2010 in spite of high inflation and low capacity utilization of its bottle-blowing assets. The year was closed at an after tax loss of PKR 18.3m compared to a loss of PKR 85.6m last year. This has been in line with a performance turnaround which has been witnessed throughout the fiscal year 2009-10.

The margin led strategy adopted by your company helped mitigate the effects of rising input costs (electricity, transportation etc) resulting in the improvement of Gross Profit (GP) from 10.6% last year to 11.4% in the current year. Consolidation of the bottle-blowing operation and effective control over COGS resulted in the improvement of operating profit from 5.07% last year to 6.47% during the current year. While bottle sales dropped by 19%, the preform sales improved by 23% on the back of a healthy increase in exports. As a result, the sales turnover remained at PK Rs 1.74 billion compared to PK Rs 1.76 billion last year. On the fiscal front, your company was able to reduce financial charges by 29% through prudent inventory management and by utilizing the fiscal relief provided by the State Bank of Pakistan to rehabilitate economic life in Khyber Pakhtunkhwa province.

Future Outlook:

In the back drop of improving margins through better pricing and lower costs, your company looks forward to improvement in capacity utilization of its assets through a volume led strategy in bottle sales and an export driven strategy in preform sales. It also expects to reap the benefits of capital investment made in a strategic light weighting project during the first half of 2009-10. Consequently, your company is well positioned to close the year 2010-11 in profit, Inshallah.

Risks:

However, rampant electricity load-shedding throughout the country, rising transportation costs and an unstable socio-political environment continue to be a risk to the company's profitability which your company's management is striving to mitigate through various efforts.

While the recent floods and damage to infrastructure are creating difficulties for supply-chain and logistics, which has caused a relative slow down in sales, we expect this to be of a temporary nature as life and general activity resume back to normal.

Management and Industrial Relations:

The senior management of the company recognizes & appreciates the extra efforts made by the staff & managers across the board in bringing down costs and head-count resulting in significant reduction in the company's COGS and financial charges, as reflected in our annual results for FY 2009-10.

For & on Behalf of the Board of Directors

Karachi,
Dated: September 21, 2010

HUSSAIN JAMIL
(Chief Executive Officer)

"ANNEXURE A" TO THE DIRECTORS' REPORT

SIX YEARS AT A GLANCE

Rupees in '000'

	2010	2009	2008	2007	2006	2005
Profit & Loss:						
Sales	1,742,074	1,764,852	1,763,546	1,262,124	1,162,567	751,188
Cost of sales	1,542,996	1,577,169	1,614,878	1,061,395	920,083	595,997
Gross Profit	199,078	187,683	148,668	200,729	242,484	155,191
Operating expenses	100,189	104,419	106,605	93,854	93,235	64,503
Other income / (charges)	13,828	6,293	29,102	9,315	(803)	(2,006)
Operatig profit	112,717	89,557	71,165	116,190	148,446	88,682
Financial charges	138,592	195,368	142,238	107,182	57,373	32,604
Profit / (Loss) before taxation	(25,875)	(105,811)	(71,071)	8,558	86,519	53,275
Taxation	7,482	20,192	(8,316)	8,324	16,150	25,667
Profit / (Loss) after taxation	(18,393)	(85,619)	(79,387)	234	70,369	27,607
Bonus shares		-	-	-	6,565	21,407
Balance Sheet						
Shareholders' equity	180,454	180,124	255,591	325,162	309,820	212,434
Surplus on Revaluation of Fixed Assests	193,672	213,329	82,691	92,503	102,324	124,957
Financing facilities	807,888	872,476	983,440	868,057	482,723	376,643
Fixed assets (net of depreciation)	1,213,425	1,259,423	1,078,169	939,986	824,126	571,995
Current Assets	443,093	572,711	699,565	716,978	468,126	329,387
Current Liability	830,724	868,062	782,917	714,666	465,703	329,210
Key Financial Ratios:						
Gross profit	11.43%	10.63%	8.43%	15.90%	20.86%	20.66%
Operating profit	6.47%	5.07%	4.04%	8.47%	12.84%	11.81%
Profit before tax to net sales	-1.49%	-6.00%	-4.03%	0.68%	7.44%	7.09%
Return on capital employed	-2.2%	-8.4%	-5.4%	0.7%	9.7%	7.5%
Inventory turnover (times)	6.7	7.6	4.6	3.5	4.6	8.0
Fixed assets turnover (times)	1.44	1.40	1.64	1.34	1.41	1.31
Debt equity ratio	55 : 45	52 : 48	63 : 37	57 : 43	45 : 55	44 : 56
Current ratio	0.53	0.66	0.89	1.00	1.01	1.00
Earnings per share	(0.80)	(3.72)	(3.65)	0.01	3.06	2.15

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

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

1. The financial 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 Standard, as applicable in Pakistan, has 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 attached with the Directors' report as Annexure "A".

9. The Company has not declared any cash dividend (2009 – NIL) or bonus shares (2009 – 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.10.8 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 04 board meetings were held and the attendance by each director is given below:

NAME OF DIRECTORS	NO. OF MEETING ATTENDED
Mr. Hussain Jamil	04
Mr. Ahsan Jamil	04
Mr. Shahid Jamil	04
Mrs. Deborah Jamil	04
Mrs. Ayesha Khan	04
Mr. Asad Ali Sheikh	04
Syed Sohail Raza Zaidi	03

13. Trading of shares by Directors, Chief Financial Officer & Secretary of the Company during the year 2009-10 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 / (26,382)
Mrs. Ayesha Khan	Director	Nil
Mr. Asad Ali Sheikh	Director	Nil
Syed Sohail Raza Zaidi	Director	NIl

AUDITORS:

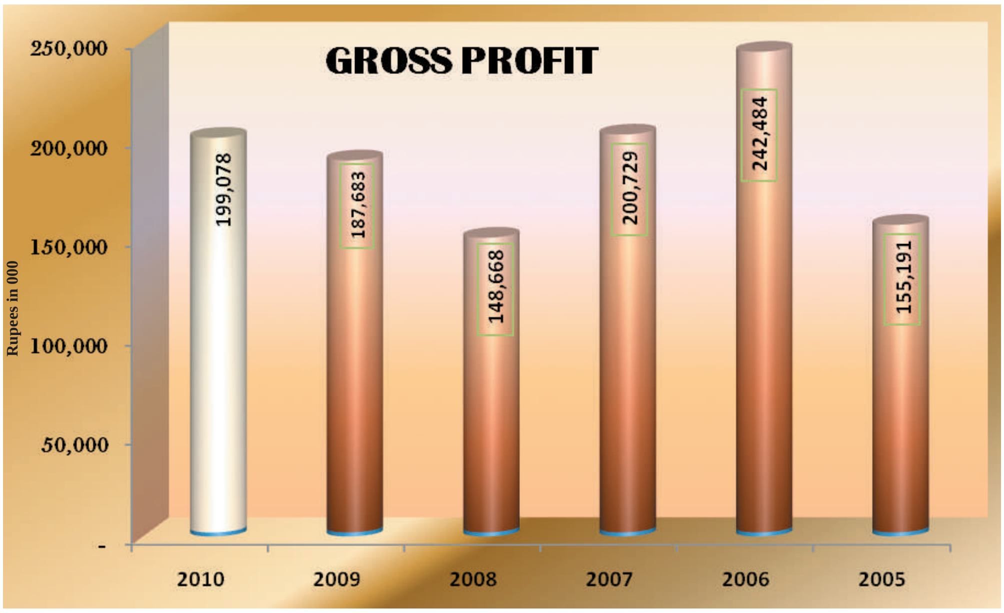
The present Auditors M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, retire and being eligible have offered themselves for re-appointment for the financial year 2010-11.

For & on behalf of the Board of Directors

Karachi,
Dated: September 21, 2010

HUSSAIN JAMIL
(Chief Executive Officer)


SALES
Rupees in 000
1,800,000
1,600,000
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
-
1,742,074
1,764,852
1,763,546
1,262,124
1,162,567
751,188
2010
2009
2008
2007
2006
2005


GROSS PROFIT
Rupees in 000
250,000
200,000
150,000
100,000
50,000
-
199,078
187,683
148,668
200,729
242,484
155,191
2010
2009
2008
2007
2006
2005


OPERATING PROFIT
Rupees in 000
160,000
140,000
120,000
100,000
80,000
60,000
40,000
20,000
-
112,717
89,557
71,165
116,190
148,446
88,682
2010
2009
2008
2007
2006
2005

PATTERN OF SHAREHOLDING (Form 34)

THE COMPANIES ORDINANCE 1984

As At June 30, 2010

Serial No	No. of Shareholders	Shareholding From	Shareholding To	Total Shares Held	Percentage
1	418	1	100	17,099	0.07%
2	913	101	500	241,288	1.05%
3	417	501	1,000	349,431	1.52%
4	748	1,001	5,000	1,703,347	7.41%
5	127	5,001	10,000	981,698	4.27%
6	31	10,001	15,000	382,611	1.67%
7	27	15,001	20,000	477,709	2.08%
8	12	20,001	25,000	282,890	1.23%
9	4	25,001	30,000	107,330	0.47%
10	5	30,001	35,000	162,551	0.71%
11	5	35,001	40,000	185,173	0.81%
12	6	40,001	45,000	258,601	1.13%
13	5	45,001	50,000	248,330	1.08%
14	3	50,001	55,000	157,767	0.69%
15	2	60,001	65,000	114,001	0.50%
16	3	65,001	70,000	203,070	0.88%
17	1	70,001	75,000	78,817	0.34%
18	2	75,001	80,000	166,280	0.72%
19	1	80,001	85,000	87,500	0.38%
20	1	85,001	90,000	100,000	0.44%
21	1	95,001	100,000	104,000	0.45%
22	1	100,001	105,000	110,000	0.48%
23	1	105,001	110,000	122,077	0.53%
24	1	155,001	160,000	140,000	0.61%
25	1	200,001	205,000	145,000	0.63%
26	1	220,001	225,000	225,000	0.98%
27	1	230,001	235,000	233,159	1.01%
28	1	255,001	260,000	245,291	1.07%
29	1	280,001	285,000	282,500	1.23%
30	1	300,001	305,000	389,168	1.69%
31	1	310,001	315,000	399,776	1.74%
32	1	385,001	390,000	472,500	2.06%
33	2	515,001	520,000	1,097,910	4.78%
34	1	545,001	550,000	604,600	2.63%
35	1	615,001	620,000	631,433	2.75%
36	1	795,001	800,000	797,610	3.47%
37	1	810,001	815,000	810,782	3.53%
38	1	1,430,001	1,435,000	1,071,540	4.66%
39	1	1,970,001	1,975,000	1,402,337	6.10%
40	1	3,385,001	3,390,000	3,386,793	14.74%
41	1	3,995,001	4,000,000	4,000,000	17.41%
	2,753	Total Shares Held		22,976,969	100%

CATEGORIES OF SHAREHOLDERS

S.No	Name	Number of shareholder	Total Shares Held	Percentage
1	Associated Companies, undertaking and related parties		NIL	0.000%
2	Banks Development Financial Institutions, Non Banking Financial Institutions.			
	The Bank of Khyber	1	399,776	1.740%
	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%
	Total:	4	979,223	4.262%
3	Insurance Companies			
	State Life Insurance Corporation of Pakistan	1	810,782	3.529%
	Total:	1	810,782	3.529%
4	Directors, Chief Executive Officer, and their Spouse and Minor Children			
	Hussain Jamil	1	4,000,000	17.409%
	Shahid Jamil	1	798,110	3.474%
	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 Shaikh	1	500	0.002%
	Syed Sohail Raza Zaidi	1	500	0.002%
	Total:	7	9,101,241	39.610%
5	Modarabas and Mutual Funds			
	MC FSL TRUSTEE ALFALAH GHP PRINCIPAL PRO	1	225,000	0.979%
	CDC - TRUSTEE KASB BALANCED FUND	1	631,433	2.748%
	CDC - TRUSTEE KASB STOCK MARKET FUND.	1	1,071,540	4.664%
	CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	472,500	2.056%
	CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND	1	1,402,337	6.103%
	PRUDENTIAL STOCK FUND LTD.	1	11,5865	0.504%
	MODARABA AL-MALI	1	15,000	0.065%
	FIRST PAK MODARABA	1	5,130	0.022%
	Total:	8	3,938,805	17.142%
6	NIT and ICP			
	National Bank of Pakistan	1	240	0.001%
	IDBP (ICP Units)	1	938	0.004%
	Investment Corporation of Pakistan	1	95	0.000%
	Total:	3	1,273	0.006%
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%
	Total:	2	116,241	0.506%

S.No	Name	Number of shareholder	Total Shares Held	Percentage
8	Others			
	PRUDENTIAL SECURITIES LIMITED	1	607	0.003%
	MOOSANI SECURITIES (PVT) LTD.	1	5,220	0.023%
	Y.S. SECURITIES & SERVICES (PVT) LTD.	1	3,542	0.015%
	DARSON SECURITIES (PRIVATE) LIMITED	1	49,055	0.213%
	ACE SECURITIES (PVT.) LIMITED	1	51,750	0.225%
	HIGHLINK CAPITAL (PVT) LTD	1	2,000	0.009%
	EXCEL SECURITIES (PRIVATE) LIMITED	1	1,000	0.004%
	MAZHAR HUSSAIN SECURITIES (PVT) LIMITED	1	7,000	0.030%
	CAPITAL VISION SECURITIES (PVT) LTD.	1	5,546	0.024%
	MIAN MOHAMMED AKRAM SECURITIES (PVT) LIM	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%
	GENERAL INVEST. & SECURITIES (PVT) LTD.	1	1,500	0.007%
	ABBASI SECURITIES (PRIVATE) LIMITED	1	56,501	0.246%
	PACE INVESTMENT & SECURITIES (PVT) LTD.	1	500	0.002%
	AL-ASAR SECURITIES (PRIVATE) LIMITED.	1	160	0.001%
	UNITED CAPITAL SECURITIES PVT. LTD.	1	16,800	0.073%
	MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI	1	11,500	0.050%
	AMER SECURITIES (PVT) LTD	1	17,000	0.074%
	PROGRESSIVE INVESTMENT MANAGEMENT PVT. LTD.	1	429	0.074%
	ADEEL ZAFAR SECURITIES (PVT.) LIMITED	1	2,000	0.002%
	AWJ SECURITIES (SMC-PRIVATE) LIMITED.	1	1,200	0.009%
	HK SECURITIES (PVT) LTD.	1	1,040	0.005%
	MUHAMMAD AHMED NADEEM SECURITIES	1	505	0.005%
	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%
	GHANI OSMAN SECURITIES (PRIVATE) LIMITED	1	2,291	0.010%
	DURVESH SECURITIES (PVT) LTD	1	1,057	0.005%
	COMPANY SECRETARY	1	964	0.004%
	M / S. FREEDOM ENTERPRISES (PVT) LTD.	1	2,518	0.011%
	Total:	33	326,693	1.422%
9	Individual	2695	7,702,711	33.524%
	Grand Total:	2753	22,976,969	100.000%
	Share holding 10% or more voting interest			
	Hussain Jamil	1	4,000,000	17.409%
	Ahsan Jamil	1	3,386,793	14.740%
	Total	2	7,386,793	32.149%

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

For the year ended June 30, 2010

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 was 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 and responsibilities.

10. The Board has approved appointment of Chief Financial Officer, Head of Internal Audit and Company Secretary, including their remuneration and terms and conditions of employment, as determined by the CEO.

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

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

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

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

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

15-A The terms of reference of audit committee has 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 21, 2010

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 No. 37 of the Karachi Stock Exchange (Guarantee) Limited, where the Company is listed.

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

As part of the audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We 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) of Listing Regulations 37 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE / N-269 dated 19 January 2009 requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in the arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2010.

Karachi,
Dated: September 21, 2010

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, 2010, 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 except for changes as stated in note 2.6 to financial statements with which we concur;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit & loss account, 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, 2010, and of the Loss, total comprehensive income, 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).

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Muhammad Rafiq Dossani

Karachi,
Dated: September 21, 2010

BALANCE SHEET
AS AT 30 JUNE, 2010

	NOTE	June 30, 2010	June 30, 2009
		(Rupees in '000')	
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,222,916	1,271,093
Security deposits	5	10,724	7,023
		1,233,640	1,278,116
CURRENT ASSETS			
Stores, spares and loose tools	6	49,104	54,858
Stock in trade	7	230,817	231,836
Trade debts	8	114,564	221,211
Loans and advances	9	22,393	16,241
Short term deposits, prepayments & other receivables	10	3,908	6,107
Sales tax refundable		3,978	3,927
Taxation - net		16,490	12,955
Cash and bank balances	11	1,839	817
		443,093	547,952
TOTAL ASSETS		1,676,733	1,826,068
SHARE CAPITAL AND RESERVES			
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		(49,315)	(49,645)
		180,455	180,126
Surplus on revaluation of property, plant & equipment	13	193,672	213,327
NON-CURRENT LIABILITIES			
Long term loans	14	298,320	407,807
Liability against assets subject to finance lease	15	33,202	25,206
Long term payables		-	5,192
Deferred liabilities	16	140,359	151,106
		471,881	589,311
CURRENT LIABILITIES			
Trade and other payables	17	353,618	376,442
Accrued mark-up on loans	18	742	32,591
Short term borrowings - secured	19	342,096	333,956
Current portion of non-current liabilities	20	134,271	100,315
		830,727	843,304
TOTAL EQUITY AND LIABILITIES		1,676,733	1,826,068
CONTINGENCIES AND COMMITMENTS	21		

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

CHIEF EXECUTIVE OFFICER　　DIRECTOR　　CHIEF FINANCIAL OFFICER

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2010

	NOTE	June 30, 2010	June 30, 2009
		(Rupees in '000')	
Sales - net	22	1,742,074	1,764,852
Cost of sales	23	(1,542,996)	(1,577,168)
Gross profit		199,078	187,683
Distribution cost	24	(59,242)	(62,762)
Administrative expenses	25	(40,947)	(41,657)
Other operating income	26	14,270	6,092
Other operating expenses	27	(442)	201
		(86,361)	(98,126)
Profit from operations		112,717	89,557
Finance cost	28	(138,592)	(195,368)
Loss before taxation		(25,875)	(105,811)
Taxation	29	7,482	20,192
Loss after taxation		(18,393)	(85,619)
Loss per share - basic and diluted (in Rupees)	30	(0.80)	(3.72)

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

CHIEF EXECUTIVE OFFICER   DIRECTOR   CHIEF FINANCIAL OFFICER

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2010

	NOTE	June 30, 2010	June 30, 2009
		(Rupees in '000')	
Loss after taxation		(18,393)	(85,619)
Other comprehensive income			
Transfer from surplus on revaluation of property, plant & equipment - net of deferred tax	13	18,721	10,155
Total comprehensive Income / (loss) for the year transferred to equity		328	(75,464)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2010

	SHARE CAPITAL	ACCUMULATED LOSS	TOTAL
		(Rupees in '000')	
Balance as at July 01, 2008	229,770	25,821	255,590
Total comprehensive income / (loss) for the year	-	(75,464)	(75,464)
Balance as at June 30, 2009	229,770	(49,643)	180,126
Total comprehensive income / (loss) for the year	-	328	328
Balance as at June 30, 2010	229,770	(49,315)	180,454

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

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2010

	NOTE	June 30, 2010	June 30, 2009
		(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated From operations	31	299,639	334,467
Finance cost paid		(171,293)	(187,976)
Gratuity paid		(2,609)	(8,873)
WPPF paid		-	(3)
Taxes paid		(12,531)	(10,562)
Net cash generated from operating activities		113,206	127,054
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(30,058)	(44,098)
Capital work-in-progress		2,180	(3,614)
Proceeds from disposal of Property, Plant & Equipment		2,222	1,552
Security deposits		(3,701)	(225)
Net cash used in investing activities		(29,357)	(46,385)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loans		(77,597)	(236,750)
Repayment of finance lease liability		(13,370)	(13,510)
Net cash used in financing activities		(90,967)	(250,260)
Net decrease in cash and cash equivalents		(7,118)	(169,591)
Cash and cash equivalents at the beginning of the year		(333,139)	(163,548)
Cash and cash equivalents at the end of the year	32	(340,257)	(333,139)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2010

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 Company's registered office is situated at Suite No. 206, 2nd floor, The Plaza, Kehkshan, Clifton, Block-9, Karachi. Subsequent to the balance sheet date the management of the company has applied for shifting its existing registered office to Hattar, District Haripur Khyber Pakhtunkhwa.

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. Wherever 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 and figures are rounded off to the nearest thousand of rupees.

2.4 Use of estimates and judgments

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and 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) Employees' retirement benefits (Note 3.1 & 16.1)

ii) Provision for taxation (Note 3.2 & 29)

iii) Useful life and residual values of property, plant and equipment (Note 3.3 & 4)

2.5 Standards, interpretations and amendments to approved accounting standardsthat are not yet effective

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning on or after 1 July 2010. However, these are not relevant to the company except in few cases where these may require additional disclosures:

Improvements to IFRSs 2009

- IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
- Amendment to IFRS 1 - First-time Adoption of International Financial Reporting Standards - Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters.	1 July 2010

Improvements to IFRSs 2010

- Amendments to IFRS 3 - Business Combinations	1 July 2010
- Amendments to IAS 27 - Consolidated and Separate Financial Statements	1 July 2010
- IAS 24 - Related Party Disclosures (revised 2009) These amendments will result in increase in disclosures in the Fund's financial statements.	1 January 2011
- Amendments to IFRIC 14 IAS 19 - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction.	1 January 2011
- Amendments to IFRS 1 - First-time Adoption of IFRSs	1 January 2011
- Amendments to IFRS 7 - Financial Instruments: Disclosures	1 January 2011
- Amendments to IAS 1 - Presentation of Financial Statements	1 January 2011
- Amendments to IAS 34 - Interim Financial Reporting	1 January 2011
- Amendments to IFRIC 13 - Customer Loyalty Programmes	1 January 2011

2.6 Change in accounting policies

Starting 1 July 2009, the Company has changed its accounting policies in the following areas:

- "Revised IAS 1 Presentation of Financial Statements (2007)" became effective from 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and the statement of comprehensive income). Where entities restate or reclassify comparative information, they are required to present a restated balance sheet as at the beginning of comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Company has opted to present two statements; a profit and loss account and a statement of comprehensive income.

- IFRS 8 - Operating Segments (effective from January 1, 2009). This standard requires the Company to determine and present operating segments based on the information that is provided internally to the Company's Chief Operating Decision Maker, that is, the organisation's function which allocates resources to and assesses performance of its operating segments. Management has determined that the Company has two reportable segments (details in note 3.11) and therefore the adoption of the said IFRS has resulted in segment analysis being presented as in note 35.

"Comparative information has been re-presented so that it is in conformity with the revised / new standards. Since the change in accounting policies only affected presentation / disclosures of financial statements, there is no impact on profit for the year and earnings per share."

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

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

3.1 Employees' retirement benefits

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

3.1.1 Defined benefit plan

A defined benefit plan is post employment benefit plan other than a defined contribution plan. The company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods, that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary using the projected unit credit method. The Gratuity scheme is unfunded and covers those permanent employees & management staff of the Company who have completed prescribed qualifying period of service. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation.
Past service cost is recognized immediately to the extent that the benefits are already vested. For non-vested benefits past service cost is amortized on the straight line basis over the average period until the amended benefits become vested.

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

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

3.1.2 Defined contribution plan

A defined contribution plan is a post employment benefit plan under which the company pays fixed contribution into a separate entity and will have no legal and constructive obligation to pay further amounts. Obligation for contributions to defined contribution plans are recognized as an employee benefit expense in profit and loss 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. Capital work in progress is stated at cost. Cost of certain property, plant and equipment comprises historical cost, exchange differences recognised in accordance with the previous forth schedule of the Companies Ordinance, cost of exchange risk of cover in respect of foreign currency loans obtained for the acquisition of plant and machinery up to the commencement of commercial production and the cost of borrowings during construction period in respect of loans taken for specific project.

Disposal of assets is 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 carrying amount of the replaced part is derecognised. 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 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.

3.6 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.

3.7 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.

3.8 Financial instruments

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

3.8.1 Trade and other payables

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

3.8.2 Trade and other receivables

Trade and other receivables are recognised and carried at original invoice / cost less an allowance for any uncollectible amounts. Carrying amounts of trade and other 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.

3.9 Offsetting

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

3.10 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, demand deposits held with bank and highly liquid investments with 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.

3.11 Segment reporting

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

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

3.12 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.

3.13 Foreign currency transactions and translation

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

3.14 Dividend

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

3.15 Impairment

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset or group of assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account. Reversal of impairment losses are recognised in the profit and loss account restricted to the original cost of the asset less any accumulated depreciation chargeable had the asset not been impaired.

3.16 Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) as aresult of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at present value of the expected expenditure, discounted at a pre-tax rate that reflects current market assessment of the time value of money and the risk specific to the obligation.

3.17 Related party transactions

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

		June 30, 2010	June 30, 2009
		(Rupees in '000')	
4. PROPERTY, PLANT & EQUIPMENT			
Operating fixed assets	4.1	1,213,425	1,259,423
Capital work-in-progress	4.2	9,490	11,670
		1,222,916	1,271,093

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, 2008										
Cost and revaluation	3,525	45,457	1,250,142	62,728	4,544	15,728	3,419	24,553	49,299	1,459,393
Accumulated depreciation	-	9,843	329,564	22,756	1,557	4,216	1,348	8,874	3,065	381,223
Net book value	3,525	35,614	920,578	39,972	2,987	11,512	2,071	15,679	46,234	1,078,170
Year ended June 30, 2009										
Opening net book value	3,525	35,614	920,578	39,972	2,987	11,512	2,071	15,679	46,234	1,078,170
Additions during the year	-	1,685	15,043	24,780	772	844	974	4,293	-	48,391
Revaluation	275	21,614	194,716	-	-	-	-	-	-	216,605
Disposals / transfers										
Cost	-	-	15,900	-	-	(96)	3,823	(9,202)	(15,900)	(5,475)
Accumulated depreciation	-	-	(2,650)	-	-	13	(2,331)	4,937	2,650	2,619
Net book value	-	-	13,250	-	-	(83)	1,492	(4,265)	(13,250)	(2,856)
Depreciation for the year	-	1,858	56,884	14,801	348	1,198	724	3,044	2,029	80,886
Closing net book value	3,800	57,055	1,086,702	49,953	3,412	11,073	3,813	12,663	30,956	1,259,423
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
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
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 decling balance method of depreciation where as "SLM" represents straight line method of depreciation.

		June 30, 2010	June 30, 2009
		(Rupees in '000')	
4.1.1	Depreciation charge has been allocated as follows:		
	Cost of sales	92,216	76,842
	Administrative expenses	4,853	4,044
		97,069	80,886

4.1.2 The company revalued certain operating fixed assets, in 1995-96, 2003-04 and 2008-09, which had resulted in a surplus of Rs. 92,520 thousand, Rs. 141,337 thousand and Rs. 216,605 thousand respectively. These revaluations had been carried out by independent valuers taking market value or depreciated replacement cost, as applicable, as a basis of valuation. The incremental values at the date of revaluation of the revalued operating property, plant and equipment are being depreciated over the remaining useful lives of these assets.

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

	June 30, 2010	June 30, 2009
Freehold land	2,995	2,995
Factory building & roads	35,571	34,084
Plant & machinery	751,430	780,894
	789,996	817,973

4.1.4 Particulars of disposal of operating fixed assets

(Rupees in '000')

Particulars	Cost	Acc. Depreciation	Carrying value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of purchaser
Suzuki Mehran - AHR 422	355	231	124	305	181	Negotiation	Mr. Chaudry Saleem
Santro Club - AGY 270	559	363	197	315	118	Negotiation	Mr. Riaz Ahmed
Suzuki Bolan - CR 4213	436	253	183	367	184	Insurance claim	EFU Insurance Co.
D. Coure - ALF 205	464	269	195	460	265	Negotiation	Mr. Ali Raza Qazmi
JET Master Machines	1,076	836	240	759	519	Negotiation	Mr. Bakhtiar Khan Jadoon
Miscellenous Items	68	19	49	16 -	(33)	Negotiation	Various
June 2010	2,958	1,971	988	2,222	1,234		
June 2009	5,475	2,619	2,856	2,994	138		

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, 2009							
Balance as at July 01, 2008	463	1,429	2,734	38	1,083	2,309	8,055
Additions	2,999	103	1,830	-	466	1,704	7,102
Transferred to operating assets	-	(1,502)	-	-	-	(1,985)	(3,487)
Balance as at June 30, 2009	3,462	30	4,564	38	1,549	2,028	11,670
Year ended June 30, 2010							
Balance as at July 01, 2009	3,462	30	4,564	38	1,549	2,028	11,670
Additions	-		948	-	373	7,238	8,559
Transferred to operating assets	(3,462)	(30)	-	(38)	(1,922)	(5,286)	(10,739)
Balance as at June 30, 2010	-	-	5,512	-	-	3,980	9,490

		June 30, 2010	June 30, 2009
5.	SECURITY DEPOSITS		
	Utilities	2,775	2,775
	Leasing Companies	5,356	4,185
	Bank Guarantee	2,530	-
	Others	63	63
		10,724	7,023
6.	STORES, SPARES AND LOOSE TOOLS		
	Stores and spares	49,678	53,688
	Loose tools	1,333	1,170
	Provision against slow moving stores and spares	(1,907)	-
		49,104	54,858

		June 30, 2010	June 30, 2009
		(Rupees in '000')	
7. STOCK IN TRADE			
Raw material		41,710	80,353
Stock in transit		-	9,048
Packing material		10,690	11,117
Work in process		102,009	71,132
Finished goods		79,936	63,714
		234,345	235,364
Provision for obsolete stocks		(3,528)	(3,528)
		230,817	231,836
8. TRADE DEBTS			
Considered good			
Secured		5,166	46,841
Unsecured		109,398	174,370
		114,564	221,211
Considered doubtful		5,111	2,906
		119,675	224,117
Provision against debts considered doubtful		(5,111)	(2,906)
		114,564	221,211
9. LOANS AND ADVANCES			
Advances:			
to suppliers		18,852	14,656
for expenses		435	324
		19,287	14,980
Loan to employees	9.1	3,106	1,261
		22,393	16,241

9.1 This includes amount of Rs. 128 thousand (2009: Rs. 149 thousand) receivable from executives.

10. SHORT TERM DEPOSITS, PREPAYMENTS & OTHER RECEIVABLES	June 30, 2010	June 30, 2009
Deposits	1,428	2,131
Prepayments	1,421	2,944
Margin and L/C charges	465	489
Claim receivable	-	543
Mark-up refundable	594	-
	3,908	6,107
11. CASH AND BANK BALANCES		
Cash in hand	17	12
Cash at bank - current	1,822	805
	1,839	817

12. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2010	2009		June 30, 2010	June 30, 2009
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

		June 30, 2010	June 30, 2009
		(Rupees in '000')	
13. SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT			
Surplus on revaluation :			
Balance as at July 01		328,193	127,212
Add : Surplus arising on revaluation during the year		-	216,605
Less: On disposal of revalued fixed assets		(1,435)	-
Less : Transferred to unappropriated profit in respect of incremental depreciation charged during the year		(28,802)	(15,624)
		297,956	328,193
Related deferred tax :			
Balance as at July 01		114,867	44,523
Add : On Revaluation surplus arising during the year		-	75,812
		114,866	120,335
Less : On disposal of revalued fixed assets		(502)	-
Less : On incremental depreciation charged during the year		(10,081)	(5,468)
		104,284	114,867
Surplus on revaluation of fixed assets - net of Deferred Tax		193,672	213,326
14. LONG TERM LOANS			
Loan from banking companies -secured		298,320	407,807
14.1 Loan from banking companies			
Askari Bank Limited (TF)	14.1.1	178,454	198,282
JS Bank Limited (TF)	14.1.2	6,250	31,250
Habib Bank Limited (DF-I)	14.1.3	15,000	26,250
Habib Bank Limited (DF-II)	14.1.3	138,374	144,894
Habib Bank Limited (DF-III)	14.1.3	81,250	96,250
		419,327	496,926
Less: current portion shown under current liabilities		(121,008)	(89,119)
		298,320	407,807

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

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

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 five years in quarterly installments. Finances are secured by way of 1st pari passu charge over existing and future fixed assets up to PKR 415 million of the company situated at plot # 112-113 Phase V, Industrial Estate Hattar, District Haripur, Khyber Pakhtunkhwa.

	June 30, 2010	June 30, 2009
	(Rupees in '000')	
15. LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Opening balance	36,402	49,912
Obtained during the year	23,433	4,293
Paid during the year	(13,370)	(17,803)
	46,465	36,402
Less: current portion shown under current liabilities	(13,263)	(11,196)
	33,202	25,206

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

	June 30, 2010	June 30, 2009
Minimum lease payment		
Upto one year	18,811	15,771
More than one year but less then five years	39,761	30,281
	58,572	46,052
Amount representing financial cost not yet due		
Upto one year	(5,302)	(4,574)
More than one year but less then five years	(6,805)	(5,075)
	(12,107)	(9,649)
Present value of minimum lease payment		
Upto one year	13,263	11,196
More than one year but less then five years	33,202	25,206
	46,465	36,402
Current portion shown under current liabilities	(13,263)	(11,196)
Present value of minimum lease payment payable later than one year but not later then five years	33,202	25,206

15.2 This represents vehicles and plant & machinery acquired under a number of finance lease agreements. Interest rate used discounting factor ranging from 9.50% to 16.35% (2009:12.50% to 18.20%)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. 7,218 thousand and Rs. 52,463 thousand (June 30, 2009: Rs. 12,663 thousand and Rs. 30,955 thousand) respectively. There are no restrictions imposed on the Company under the term of leases.

	Note	June 30, 2010	June 30, 2009
16. DEFERRED LIABILITIES			
Staff gratuity	16.1	18,148	11,916
Deferred taxation	16.2	122,211	139,190
		140,359	151,106
16.1 STAFF GRATUITY			
16.1.1 Reconciliation of liability recognised in the balance sheet is as follows:			
Present value of defined benefit obligation		28,250	24,706
Net actuarial losses not recognized		(10,102)	(12,790)
		18,148	11,916
16.1.2 Movement in liability recognized in balance sheet:			
Present value of defined benefit obligation (opening)		11,916	13,242
Expense for the year		8,839	7,547
Benefits paid during the year		(2,607)	(8,873)
		18,148	11,916

		June 30, 2010	June 30, 2009
		(Rupees in '000')	
16.1.3 Expense recognised in profit and loss account is as follows:			
Current service cost		4,584	3,603
Interest cost		2,965	3,106
Actuarial losses recognised		1,290	838
		8,839	7,547

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 2010	28,250	(10,102)
June 2009	24,706	(12,790)
June 2008	25,887	(12,645)
June 2007	22,945	(11,288)
June 2006	18,645	(7,757)

16.2 DEFERRED TAXATION

		June 30, 2010	June 30, 2009
Deductible temporary differences			
Tax losses carried forward		(97,162)	(161,452)
Provisions and finance lease		(17,564)	(19,163)
Minimum tax	16.2.1	(8,996)	-
		(123,722)	(180,615)
Taxable temporary differences:			
Accelerated depreciation		141,650	204,940
Surplus on revaluation of fixed assets		104,283	114,865
		245,933	319,805
		122,211	139,190

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.

17. TRADE AND OTHER PAYABLES

		June 30, 2010	June 30, 2009
Trade creditors & bills payable		320,832	319,146
Accrued & other liabilities		10,786	15,782
Advances from customers		13,025	28,981
Tax deducted at source		717	1,263
Sales tax payable		7,107	10,303
Unclaimed dividend		461	461
Workers' profit participation fund	17.1	591	506
Workers' welfare fund		99	-
		353,617	376,442

17.1 Workers' profit participation fund

	June 30, 2010	June 30, 2009
Balance as on 1 July	506	392
Mark-up on funds utilized in the Company	85	117
	591	509
Less : Amount paid on behalf of the fund	-	(3)
Balance as on 30 June	591	506

	Note	June 30, 2010	June 30, 2009
		(Rupees in '000')	
18. ACCRUED MARK-UP ON LOANS			
Long term financing		742	20,588
Short term borrowings		-	11,437
Liabilities against assets subject to finance lease		-	566
		742	32,591
19. SHORT TERM BORROWINGS - secured			
From banking companies			
Short-term running finance		175,614	185,904
Finance against trust receipt		166,482	148,052
		342,096	333,956

Short-term running finance and other facilities are obtained under mark-up arrangements from various commercial banks carrying mark-up ranging from 13.77% to 18% (2009: 11.92% to 12.46%) per anum calculated on daily product basis. These facilities have various maturities dates upto October 30, 2010.

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, 2010	June 30, 2009
20. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term loans		121,008	89,119
Liability against assets subject to finance lease		13,263	11,196
		134,271	100,315

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.

		June 30, 2010	June 30, 2009
21.2. Commitments			
Letters of credit		-	29,042
22. SALES - NET			
Gross sales	22.1	2,034,216	2,067,829
Sales discount			(1,173)
Sales tax		(266,384)	(275,073)
Excise duty		(16,649)	(17,192)
Sales commission		(2,910)	(6,555)
Sales return		(6,198)	(2,984)
		(292,142)	(302,977)
		1,742,074	1,764,852

22.1 This includes export sales of Rs. 80,081 thousand (2009: Rs. 52,587 thousand).

23. COST OF SALES	Note	June 30, 2010	June 30, 2009
		(Rupees in '000')	
Raw material consumed	23.1	1,160,605	1,089,110
Packing material consumed		64,344	64,695
Salaries, wages & other benefits	23.2	86,116	86,352
Traveling & conveyance		9,053	6,437
Professional charges		264	491
Vehicle repair & maintenance		8,630	9,321
Rent, rate & taxes		23,438	28,177
Repair & maintenance		10,465	4,827
Communication charges		2,116	1,394
Printing, postage & stationery		1,260	1,856
Entertainment		654	472
Insurance		6,065	3,195
Electricity, gas & water		87,316	76,780
Freight, octroi & toll tax		3,791	7,020
Depreciation	4.1.1	92,216	76,842
Store consumed		30,483	21,069
Lab testing		623	1,146
Courses and seminar fees		566	424
Provision against slow moving stores and spares		1,907	-
Miscellaneous		182	210
		1,590,095	1,479,818
Work-in-process - opening		71,132	87,180
Work-in-process - closing		(102,009)	(71,132)
		(30,877)	16,048
Cost of goods manufactured		1,559,218	1,495,866
Finished goods - opening		63,714	145,017
Finished goods - closing		(79,936)	(63,714)
		(16,222)	81,303
		1,542,996	1,577,169

23.1 Raw material consumed	June 30, 2010	June 30, 2009
Opening stock	89,402	84,136
Purchases	1,112,913	1,094,376
Closing stock	(41,710)	(89,402)
	1,160,605	1,089,110

23.2 This includes staff retirement benefits amounting to Rs. 6,875 thousand (2009: Rs. 6,489 thousand).

24. DISTRIBUTION COST

	Note	June 30, 2010	June 30, 2009
		(Rupees in '000')	
Salaries and benefits	24.1	10,874	10,323
Office rent		686	780
Electricity, water & gas		301	315
Entertainment		134	194
Traveling & conveyance		1,318	1,252
Repair & maintenance		63	70
Vehicle running & maintenance		1,289	1,062
Communications		703	576
Insurance		34	23
Carriage & freight outward		41,420	48,016
Courses & seminar fees		171	113
Provision against doubtful debts		2,205	-
Miscellaneous		44	38
		59,242	62,762

24.1 This includes staff retirement benefits amounting to Rs. 359 thousand (2009: Rs. 781 thousand)

25. ADMINISTRATIVE EXPENSES

	Note	June 30, 2010	June 30, 2009
Salaries and benefits	25.1	21,742	23,736
Rent, rate and taxes		1,201	1,246
Electricity, gas and water		489	463
Entertainment		520	365
Traveling & conveyance		1,906	2,071
Vehicle running & maintenance		1,513	1,291
Repair & maintenance		1,081	931
Communications		1,106	1,236
Legal & professional		2,844	2,973
Auditors' remuneration	25.2	785	664
Advertisement		46	25
Medical		1,342	1,375
Insurance		158	106
Printing & stationery		500	477
Depreciation	4.1.1	4,853	4,044
Books, newspaper and periodicals		26	38
Courses, seminar & subscription		426	191
Donation	25.3	300	330
Miscellaneous		109	95
		40,947	41,657

25.1 This includes staff retirement benefits amounting to Rs.1,519 thousand (2009: Rs. 1,748 thousand).

	Note	June 30, 2010	June 30, 2009
		(Rupees in '000')	
25.2 Auditors' remuneration			
Audit fee		500	375
Fee for half yearly review		200	100
Other advisory services		75	180
Out-of-pocket expense		10	9
		785	664

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

26. OTHER OPERATING INCOME

	Note	June 30, 2010	June 30, 2009
Reversal of financial liabilities		2	(31)
Income from sale of scrap	26.1	12,078	5,780
Insurance claim		707	205
Discount received		63	-
Other income freight		150	-
Profit on bank deposits		36	-
Gain/(Loss) on disposal of fixed assets		1,234	138
		14,270	6,091

26.1 It includes sale of PET Crush amounting to Rs. 6.18 million (2009 : 1.5 million)

27. OTHER OPERATING EXPENSES

	Note	June 30, 2010	June 30, 2009
Workers' welfare fund		99	-
Exchange (gain)/ loss		343	(201)
		442	(201)

28. FINANCE COST

	Note	June 30, 2010	June 30, 2009
Mark-up on:			
Long-term financing	28.1	54,267	89,957
Short-term borrowing	28.1	21,760	32,869
Liabilities against assets subject to finance lease	28.1	5,623	5,940
		81,650	128,766
Interest on workers' profit participation fund		85	117
LC usance and other charges		55,551	62,428
Bank charges		1,306	4,057
		138,592	195,368

28.1 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. If no such relief was announced by SBP the finance cost of the company would have been higher by Rs. 27 million.

29. PROVISION FOR TAXATION

	Note	June 30, 2010	June 30, 2009
Current	29.1	8,996	-
Deferred		(16,478)	(20,192)
		(7,482)	(20,192)

29.1 Current

The assessments of the Company have been finalized upto and including the tax year 2009. 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.

		June 30, 2010	June 30, 2009
		(Rupees in '000')	

30. LOSS PER SHARE - BASIC AND DILUTED

30.1 Basic loss per share

	June 30, 2010	June 30, 2009
Loss after tax (rupees in thousands)	(18,393)	(85,619)
Weighted average number of ordinary shares (nos.)	22,977	22,977
Loss per share (rupees)	(0.80)	(3.72)

30.2 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.

31. CASH GENERATED FROM OPERATIONS

	Note	June 30, 2010	June 30, 2009
Loss before taxation		(25,875)	(105,811)
Adjustment for non-cash charges and other items:			
Depreciation		97,069	80,886
Reversal of liability		(2)	31
Loss / (gain) on disposal of property, plant & equipment		(1,234)	(138)
Insurance claim		(707)	(205)
Exchange loss		343	(201)
Workers' welfare fund		99	-
Provision for gratuity		8,839	7,547
Provision for doubtful debts		2,205	-
Provision for slow moving stores and spares		1,907	-
Finance cost		138,592	195,368
Working capital changes	31.1	78,403	156,991
		299,639	334,467

31.1 Working capital changes

	June 30, 2010	June 30, 2009
(Increase) / decrease in current assets :		
Stores, spares and loose tools	3,846	(7,300)
Stock in trade	1,019	87,842
Trade debts	104,442	31,595
Loans and advances	(6,152)	(13,261)
Short term deposits, prepayments & other receivables	3,448	3,257
	-	-
	106,603	102,133
Increase / (decrease) in current liabilities:		
Trade and other payables	(28,200)	54,858
	78,403	156,991

32. CASH AND CASH EQUIVALENTS

	June 30, 2010	June 30, 2009
	(Rupees in '000')	
Cash and bank balances	1,839	817
Short term borrowings	(342,096)	(333,956)
	(340,257)	(333,139)

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Executives	
	2010	2009	2010	2009	2010	2009
	(Rupees in '000')					
Managerial remmuneration	6,848	4,403	2,710	423	12,038	12,417
House allowance and utilities	1,203	2,422	1,490	233	6,583	6,830
Servent allowance	411	348		33		4
Telephone allowance	597	293		69		
Medical reimbursement	685	581		56	522	1,065
Total	9,744	8,047	4,200	814	19,143	20,316
No. of person(s)	1	1	1	1	11	12

33.1 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 contribution is in accordance with company's policy.

34. TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party 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.

Details of transactions with related parties are as follows:

	2010	2009
Transactions during the year		
Sale of property, plant and equipment	-	1,372
Post employment benefit paid	-	7,901
Contribution to staff provident fund	1,597	1,879
Payable as on balance sheet date with:		
Employees' provident fund trust	4,603	269

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

35. SEGMENT ANALYSIS

	Injection June 2010	Injection June 2009	Blowing June 2010	Blowing June 2009	Total June 2010	Total June 2009
	(Rupees '000)					
Sales-net	1,264,276	390,794	1,239,164	1,374,058	1,742,074	1,764,852
Cost of sales	(1,194,536)	(344,914)	(1,109,826)	(1,232,255)	(1,542,996)	(1,577,169)
Gross Profit	69,740	45,880	129,388	141,803	199,078	187,683
Distribution cost	(29,918)	(13,897)	(29,325)	(48,864)	(59,242)	(62,762)
Administrative	(20,679)	(9,225)	(20,268)	(32,434)	(40,947)	(41,659)
	(50,597)	(23,122)	(49,593)	(81,298)	(100,190)	(104,420)
Operating profit	19,145	22,758	79,745	60,505	98,889	83,264
Segment assets	642,289	619,770	637,870	628,236	1,280,159	1,248,005
Unallocated assets	-	-	-	-	396,574	602,822
	642,289	619,770	637,870	628,236	1,676,733	1,850,827
Segment liabilities	254,718	42,531	15,444	8,976	270,162	51,507
Unallocated liabilities	-	-	-	-	1,032,446	1,440,068
	254,718	42,531	15,444	8,976	1,302,608	1,491,575
Capital expenditure	5,349	3,569	2,548	3,323	7,897	6,892
Depreciation	42,419	34,579	49,796	42,263	92,216	76,842

35.1 Inter-segment sales have been eliminated from totals.

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

36. FINANCIAL INSTRUMENTS

36.1 Financial instruments by category

	June 30, 2010	June 30, 2009
	(Rupees in '000')	
FINANCIAL ASSETS		
Loans and receivables		
Long term deposits	10,724	7,022
Trade debts	114,564	221,211
Short term deposits and other receivables	2,487	3,163
Cash and bank balances	1,839	817
	129,614	232,213
FINANCIAL LIABILITIES		
Financial liabilities at amortized cost		
Long term loans	419,328	496,926
Liability against assets subject to finance lease	46,465	36,402
Long term payables	-	5,194
Trade and other payables	332,671	335,895
Accrued mark-up on loans	742	32,591
Short term borrowings - secured	342,096	333,956
	1,141,302	1,240,964

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

37.1 Credit risk

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

	June 30, 2010	June 30, 2009
	(Rupees in '000')	
Trade debts	114,509	177,276
Loans and advances	22,393	16,241
Other receivables	465	1,032
Bank balances	1,822	805
	139,189	195,354

37.1.1 Impairment losses

The aging of trade debts at the reporting date was:

	2010		2009	
	Gross value	Impairment	Gross value	Impairment
	(Rupees in '000)		(Rupees in '000)	
Not past due	54,451	-	73,698	-
Past due 1-60 days	47,172	-	75,482	-
Past due 61 days to 1 year	10,940	-	20,739	-
More than 1 year	7,112	5,111	7,357	2,906
Total	119,675	5,111	177,276	2,906

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

Long term	June 30, 2010 Rs. in '000'	%	June 30, 2009 Rs. in '000'	%
AAA	33	1.8	37	4.8
AA+	52	2.9	42	5.5
AA	1,509	82.6	468	56.1
A	121	6.7	110	14.4
A-	3	0.2	-	0.0
BBB+	104	5.8	148	19.2
	1,822	100.0	805	100.0
Short term				
A1+	1,593	87.2	546	67.8
A1	121	6.7	110	13.7
A-1+	1	0.1	1	0.2
A2	104	5.8	148	18.3
A3	3	0.2	-	0.0
	1,822	100.0	805	100.0

37.2 Liquidity risk

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

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

	Carrying value	Contractual cash flow	Upto one year	More than one year
	(Rupees in '000)			
Long term financing	419,327	537,667	188,009	349,658
Finance lease	46,465	51,003	5,302	45,701
Trade and other payables	353,618	353,618	353,618	-
Short term borrowings	342,096	342,096	342,096	-
June 2010	1,161,507	1,285,126	889,025	395,359
Long term financing	496,926	664,633	144,930	519,703
Finance lease	36,402	46,051	15,771	30,281
Long term payables	5,192	5,192	-	5,193
Trade and other payables	376,546	376,442	376,442	-
Short term borrowings	333,956	345,393	345,393	-
June 2009	1,249,022	1,437,711	882,536	555,176

Contractual cash flows include interest related cash flows upto 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.

37.3 Market risk

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

a) Foreign exchange risk management

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

Exposure to foreign currency risk
The Company's exposure to foreign currency risk was as follows on notional amount.

	June 2010				June 2009			
	DHS	GBP	US$	Euro	DHS	GBP	US$	Euro
	(Amount in '000)							
Long term payables	-	-	-	-	-	-	67	-
Trade and other payables	65,875	3,278	103,334	12,303	-	3	268	10
	65,875	3,278	103,334	12,303	-	3	335	10

Sensitivity analysis
The table summarizes the financial assets / liabilities as of 30 June 2010 and 2009 that are subject to foreign currency risk and shows the estimated changes in the value of financial assets (and the resulting change in profit and loss account and equity) assuming changes in the underlying exchange rates applied immediately and uniformly across all currencies. The changes in value do not necessarily reflect the best or worst case scenarios and actual results may differ. The analysis assumes that all other variables, in particular interest rate, remain constant.

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

	Weakening of the PKR by				Strengthening of the PKR by		
	-20%	-10%	-5%	0%	+5%	+10%	+20%
June 2010 (Rupees in '000)	(2,418)	(1,209)	(604)	-	604	1,209	2,418
June 2009 (Rupees in '000)	(5,775)	(2,887)	(1,444)	-	1,444	2,887	5,775

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')
2010			
Fixed rate instruments	28.1		
Long term financing		7.5%	419,328
Finance lease		7.5%	46,465
Short term borrowings		7.5%	342,096
2009			807,889
Fixed rate instruments		9.5% - 14%	6,654
Finance lease			6,654
Variable rate instruments		15.27% - 18.50%	496,926
Long term financing		15.28% - 18.48%	29,748
Finance lease		11.92% - 15.49%	333,956
Short term borrowings			860,630
			867,284

Sensitivity analysis

The Company does not have any fixed rate liabilities at fair value through profit or loss, and any derivatives as hedging instruments recognized under fair value hedge accounting model. Therefore, a change in interest rate at reporting date would not effect fair value of any financial instrument. A change of 100 basis points in interest rate would have had increased loss by Rs. Nil thousand (2009: Rs. 30.628 thousand)

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

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

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

38. CAPITAL RISK MANAGEMENT

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

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

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

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

39. PLANT CAPACITY AND ACTUAL PRODUCTION	QUANTITIES IN 000'	
	JUNE 2010	JUNE 2009
Blowing		
Capacity - no. of bottles	304,200	304,200
Production - no. of bottles	179,387	203,237
Utilization	59%	67%
Injection		
Capacity - no. of preforms	415,733	415,733
Production - no. of preforms	275,571	270,839
Utilization	66%	65%

39.1 The underutilization of capacity was due to market constraints.

40. DATE OF AUTHORIZATION
These financial statements have been authorized for issue on September 21, 2010 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 nacessary, for the purposes of comparison. The effect of reclassifications is not material.

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

PROXY FORM

I/We ______________________________ of _____________________

being member Ecopack Limited, and holder of ____________________________

Ordinary Share as per register Folio No ______________________ and / or CDC

Participant I.D. No. __________________ and Account / Sub-Account No. _____

hereby appoint _____________________________ of ________________

as my / our proxy to attend, speak an vote for me / us and on my / our behalf at the

19th Annual General Meeting of the Company to be held on Tuesday October 26, 2010

____ and

as any adjournment thereof. _____________________________________ As

witness m / our hand this ______________________________ day of ______

2010 signed the said ____ in

the presence of ____

Signature on
Rs. 5/=
Revenue Stamp

Notes:

1. The Proxy Form in order to be valid must be signed across Five Rupees Revenue Stamp and should be deposited with the Company not 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.

EcoPack Ltd

Manufacturers of Quality PET Bottles and Preforms

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