

Manufacturers of Quality PET Bottles and Preforms

EcoPack Ltd.









Mission Statement

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

Corporate Strategy

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

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Manufacturers of Quality PET Bottles and Preforms



COMPANY INFORMATION

BOARD OF DIRECTORS:

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

AUDIT COMMITTEE:

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

COMPANY SECRETARY:

Mr. Ali Adil

CHIEF FINANCIAL OFFICER:

Mr. Habib Ur Rehman Siddiqui

BANKERS:

Askari Commercial Bank Limited
Habib Bank Limited
Allied Bank Ltd
JS Bank Ltd

AUDITORS:

Rahman Sarfaraz
Rahim Iqbal Rafiq
Chartered Accountants

LEGAL ADVISOR:

M/s. Ebrahim Hosain Advocate & Corporate Council

FACTORY:

1. Plot No. 112-113, Phase V, Industrial Estate Hattar, District Haripur, N.W.F.P., Tel: (0995) 617682-3, Fax: (0995) 617074
Email: plant_h@ecopack.com.pk
2. Inside Haideri Beverages (Pvt.) Ltd. Kahuta Triangle Estate Islamabad
Phone: 051-5384566

REGISTERED & CORPORATE OFFICE:

Suite # 206, 2nd Floor, The Plaza, K.D.A. Scheme # 5, Kehkashan,
Clifton Block-9, Karachi.
Phone: (021) 5361231-6, Fax: (021) 5361242
Email: headoffice@ecopack.com.pk

REGISTRAR OFFICE:

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

DIRECTOR'S REPORT

The Board of Directors of Ecopack Limited is pleased to present the reviewed half yearly accounts & financial statements alongwith independent auditors report for the 6 - month period ended 31st December 2008.

Overview :

During the first 6 months of the financial year 2008-9 there were very substantial price swings in the main raw material of the company i.e. PET Resin which is derived from the down-stream supply chain products of crude oil. As crude oil prices hit their historic highs of over USD147/- per barrel in the international markets, PET resin prices locally / landed cost reached Rs.125 per kilogram. As price subsequently retreated sharply, your company's average purchase price increased to Rs.105.50 per kg in this period from Rs.88.42/kg for the corresponding 6 months in 2007. The impact of high inventory costs that carried into the last quarter of the reviewed period could not be passed on to customers as PET Resin prices pass-through could be only made at lower market prices and not the high average resin cost of the inventory. Therefore this adversely affected the company's profitability in this period.

Sales & Financial Highlights:

Net Sales grew by 16% from Pak Rs.719.30 million to Pak Rs.835.65 million in the last 6 months of 2008 compared to the same period of 2007 while production in unit terms of bottles & preforms increased by 7%. Gross profit increased marginally from Rs.85.27 million to Rs.88.08 million while Operating Profit decreased from Rs.37.40 million to Rs.36.63 million during the Year on Year 6 monthly comparison. The big hit came from financial charges incurred in this period by almost 50 percent compared to the previous corresponding 6 month period. This was mainly due to bank mark-up charges which increased from 12.15% to 16.66% on the back of rising KIBOR rates as the company deployed higher bank borrowings to meet working capital needs in the first half of the reviewed period. This caused a loss of Rs.57.66 million for the 6 month ended 31st December, 2008 compared to the loss of Rs.19.95 million for the prior year corresponding period.

Future Outlook:

As both the main components of your company's COGS depict a declining trend i.e. PET Resin prices and bank mark-up charges due to lower KIBOR rates, the company is poised to recover its losses incurred to-date as it prepares to enter the on-coming summer season of high bottle & preform sales to the growth oriented carbonated soft drinks (CSD) and beverage industry. Based on current growth trends in the PET container industry on account of continuing conversion in packaging of beverages from glass bottles to PET bottles, your company expects to inshallah achieve double digit growth in sales to restore its profitability by the end of FY 2008 - 09.

Manufacturers of Quality PET Bottles and Preforms

EcoPack Ltd.

Management & Employee Relations:

Enhanced team work and on-going human resources (HR) training has enabled your company's management to increasingly improve output efficiencies, reduce wastages in all its raw & packing materials as well as stocks inventory cycle. Timely & cost effective maintenance of plant and machinery and efficient utilization of energy for production are some of the important focus areas to improve profitability.

For & on behalf of the Board of Directors

Karachi
Dated: February 27, 2009

Hussain Jamil
(Chief Executive Officer)

**INDEPENDENT AUDITOR'S REPORT
ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO
THE MEMBERS**

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Ecopack Limited** as at December 31, 2008 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2008 and 2007 have not been reviewed, as we are required to review only the cumulative figures for the half yearly ended December 31, 2008.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review on Interim Financial Information performed by the Independent Auditor of the Entity". A review of interim financial information consist of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than and audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2008 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Karachi
Dated: February 27, 2009

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered accountants
Muhammad Waseem

CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2008

	Note	Un-Audited December 31, 2008 (Rupees in '000)	Audited June 30, 2008
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	6	1,072,989	1,086,225
Long term security deposits		8,961	9,764
CURRENT ASSETS			
Stores, spares and loose tools		53,161	47,559
Stock in trade		396,188	319,678
Trade debts - unsecured considered good		91,070	252,806
Loans and advances		3,164	2,980
Short term prepayments & deposits		5,228	1,929
Other receivables		47,966	38,309
Cash and bank balances		23	36,304
		596,800	699,565
TOTAL ASSETS		1,678,750	1,795,554
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital			
Authorized			
50,000,000 (June 2007 : 50,000,000) Ordinary shares of Rs. 10 each		500,000	500,000
Issued, subscribed and paid-up capital		229,770	229,770
Reserves		(24,305)	25,820
		205,465	255,590
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		77,788	82,691
NON-CURRENT LIABILITIES			
Long term finance - Secured	5	464,469	542,634
Liabilities against assets subject to finance lease		30,101	34,910
Deferred liabilities		92,675	96,812
		587,245	674,356
CURRENT LIABILITIES			
Trade and other payables		286,037	326,776
Accrued mark-up on loans		39,077	25,487
Short term borrowings		369,025	199,852
Current portion of long term liabilities		89,355	206,044
Taxation		24,758	24,758
		808,252	782,917
CONTINGENCIES AND COMMITMENTS	7	-	-
TOTAL EQUITY AND LIABILITIES		1,678,750	1,795,554

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

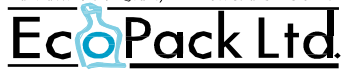
**CONDENSED INTERIM PROFIT & LOSS
FOR THE HALF YEAR**

Note	Total			
	Jul-Dec 08 Rs.	Jul-Dec 07 Rs.	Oct-Dec 08 Rs.	Oct-Dec 07 Rs.
Sales - Net	835,658	719,303	230,515	254,222
Cost of sales	(747,571)	(634,036)	(228,624)	(226,329)
Gross Profit	88,087	85,267	1,891	27,893
Operating expenses:				
Administrative	(20,808)	(21,075)	(9,547)	(10,875)
Distribution cost	(30,646)	(26,791)	(11,651)	(9,797)
	(51,454)	(47,866)	(21,198)	(20,672)
Operating Profit / (Loss)	36,633	37,401	(19,307)	7,221
Finance cost	(96,408)	(66,211)	(50,703)	(34,390)
Exchange gain / (loss)	(36)	-	165	-
Workers' profit participation fund	-	-	-	253
Other income	2,143	12,745	651	6,046
	(94,301)	(53,466)	(49,887)	(28,091)
(Loss) / Profit before taxation	(57,668)	(16,065)	(69,194)	(20,870)
Taxation - Current	-	(3,599)	-	(1,273)
- Deferred	-	(290)	-	-
	-	(3,889)	-	(1,273)
Loss after taxation	(57,668)	(19,954)	(69,194)	(22,143)
Earning per share	(2.50)	(0.87)	(3.00)	(0.96)

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

Manufacturers of Quality PET Bottles and Preforms



ACCOUNT (UN-AUDITED)
ENDED DECEMBER 31, 2008

(Rupees in '000)

Injection				Blowing			
Jul-Dec 08 Rs.	Jul-Dec 07 Rs.	Oct-Dec 08 Rs.	Oct-Dec 07 Rs.	Jul-Dec 08 Rs.	Jul-Dec 07 Rs.	Oct-Dec 08 Rs.	Oct-Dec 07 Rs.
174,493	165,307	54,157	57,013	661,165	553,996	176,357	197,209
(156,944)	(151,385)	(46,423)	(53,597)	(590,627)	(482,651)	(182,201)	(172,732)
17,549	13,922	7,734	3,416	70,538	71,345	(5,844)	24,477
(4,345)	(4,843)	(2,104)	(2,468)	(16,463)	(16,232)	(7,443)	(8,407)
(6,399)	(6,157)	(2,618)	(2,200)	(24,247)	(20,634)	(9,033)	(7,597)
(10,744)	(11,000)	(4,722)	(4,668)	(40,710)	(36,866)	(16,476)	(16,004)
6,805	2,922	3,012	(1,253)	29,828	34,479	(22,320)	8,473

DIRECTOR

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2008**

	December 31, 2008	December 31, 2007
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(57,668)	(16,065)
Adjustments:		
Depreciation	40,379	37,680
Loss / (gain) on disposal of property, plant & equipment	(103)	-
Exchange loss	36	-
Provision for gratuity	5,475	3,195
Financial charges	96,408	66,211
	142,195	107,086
Cash flow from operating activities before working capital changes	84,527	91,021
(Increase) / Decrease in current assets :		
Stores, spares and loose tools	(5,602)	12,676
Stock in trade	(76,510)	4,745
Trade debts	161,556	48,497
Loans & advances	(184)	26,930
Short term prepayments & deposits	(3,299)	(899)
Other receivables		(5,843)
	(3,941)	Net decrease /
(increase) in current assets	70,118	88,008
Increase / (Decrease) in current liabilities:		
Trade and other payables	(40,739)	(152,957)
Financial cost paid	(82,854)	(69,059)
Gratuity paid	(6,973)	(818)
WPPF paid	-	(500)
Taxes Paid	(3,814)	(4,460)
	(93,641)	(74,837)
Net cash Outflow from operating activities	20,265	(48,765)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(25,778)	(158,672)
Disposal Proceeds	180	-
Capital work-in-progress	(1,264)	112,152
Net cash outflow from investing activities	(26,862)	(46,520)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term finance obtained	-	79,296
Repayment of long term finance	(193,000)	(66,650)
Finance lease acquired	-	2,048
Finance lease repaid	(5,858)	(9,797)
Net cash inflow / (outflow) from financing activities	(198,858)	4,897
Net decreased in cash and cash equivalents	(205,455)	(90,388)
Cash and cash equivalents at the beginning of the period	(163,548)	(203,480)
Cash and cash equivalents at the end of the period	(369,003)	(293,868)

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Manufacturers of Quality PET Bottles and Preforms



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2008**

	Note	Share Capital	Reserves	Total
----- (Rupees in '000) -----				
Balance as at July 01, 2007		229,770	95,392	325,162
Loss for the half year July to Dec 2007		-	(19,954)	(19,954)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax		-	7,548	7,548
Balance as at December 31, 2007		229,770	82,986	312,756
Balance as at January 01, 2008		229,770	82,986	312,756
Loss for the half year Jan to Jun 2008		-	(64,715)	(64,715)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax		-	7,549	7,549
Balance as at June 30, 2008		229,770	25,820	255,590
Balance as at July 01, 2008		229,770	25,820	255,590
Loss for the half year July to Dec 2008		-	(57,668)	(57,668)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax		-	7,543	7,543
Balance as at December 31, 2008		229,770	(24,305)	205,465

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

**NOTES TO AND FORMING PART OF THE
INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2008**

1. STATUS AND NATURE OF BUSINESS

The company was incorporated on 25 August 1991 as a private limited company under the Companies Ordinance, 1984. It was converted as a public limited company on April 29, 1992 and subsequently in March 1994 was listed at Karachi Stock Exchange. The principal activity of the company is to manufacture and sale of Poly Ethylene Terephthalat (PET) bottles and preforms for beverage and non-beverage industry. It has two manufacturing facilities, in the province of NWFP at Hattar and in the Federal Capital Territory Islamabad at Kahota.

2. SEGMENT REPORTING

During the period as a result of shifting of karachi plant to Hattar, the manufacturing facilities of the Company are now situated at Hattar and Islamabad only. The segment reporting which was previously based on the geographical location, has accordingly been changed and is now based on product. Hence new segment classification is Injection and Blowing instead of Northern Area and Southern Area. Comparative information has been restated on product basis.

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements are un-audited and have been presented in accordance with the international Accounting Standard -34 " Interim Financial Reporting " and are being submitted to the shareholders as required under section 245 of the Companies Ordinance 1984 and the listing regulations of Karachi, Lahore and Islamabad Stock exchanges .These condensed interim financial statements do not include all the information required for annual financial statements and should be read in conjunction with the financial statements of the company for the year ended June 30, 2008.

The accounting policies adopted in the preparation of these condensed interim financial statement are the same as those applied in the preparation of preceding annual financial statements for the year ended June 30, 2008

4. ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial statement requires management to make judgement, estimates and assumptions of that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

December 31, June 30,
2008 2008
(Rupees in '000)

5. LONG TERM LOANS

Paid during the period		
Askari Commercial Bank Limited-TF	8,000	14,000
Askari Commercial Bank Limited-TF2	8,400	17,600
Askari Commercial Bank Limited-TF3	3,600	17,400
Askari Commercial Bank Limited-TF4	3,000	-
Habib Bank Limited-DF1	3,750	15,000
Habib Bank Limited-DF3	3,750	-
Pak Oman Investment Bank	150,000	25,000
JS Bank Limited	12,500	12,500
	193,000	101,500

During the period, Habib Bank Limited and Askari Commercial Bank Limited (ACBL) acceded to Company's request and rescheduled long term finance facilities. ACBL merged TF I to TF IV into a new term finance TF V. The terms and conditions remained unchanged except for the repayment schedule which is revised with a grace period of one year for both principal and markup payments.

6. PROPERTY, PLANT & EQUIPMENT

Additions in operating fixed assets during the period		
Leasehold land	-	3,525
Factory building	745	35,417
Plant & Machinery		
- Local	369	49,040
- Imported	3,102	731,855
Injection mould	-	70,629
Blow mould	250	24,313
Electrification	-	32,460
Others	21,312	
	25,778	947,239

7. CONTINGENCIES AND COMMITMENTS

Contingencies

Contingencies remain same during the six months ended December 31, 2008 as disclosed in the audited financial statements for the year ended June 30, 2008.

Commitments

Letters of credit	6,889	53,630
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8. NET SALES

	Jul-Dec 2008	Jul-Dec 2007	Oct-Dec 2008	Oct-Dec 2007
(Rupees in '000)				
Sales	981,281	838,797	273,108	236,771
Less : Sales discount	(211)	-	(211)	(2,335)
Sales tax - others	(133,940)	(107,396)	(37,271)	-
1 % Special Excise Duty	(8,371)	(7,121)	(2,329)	(30,833)
Sales Commission	(2,728)	-	(2,409)	-
Sales return	(374)	(4,977)	(374)	-
	<u>(145,623)</u>	<u>(119,494)</u>	<u>(42,593)</u>	<u>(33,168)</u>
	<u>835,658</u>	<u>719,303</u>	<u>230,515</u>	<u>203,603</u>

9. COST OF SALES

Raw material consumed	652,041	472,676	254,764	213,979
Packing material consumed	31,497	28,489	11,530	9,967
Salaries, wages & other benefits	42,312	37,647	20,437	18,006
Traveling & conveyance	717	1,398	383	545
Professional charges	230	215	85	18
Vehicle repair & maintenance	4,447	3,214	2,196	1,555
Rent, rate & taxes	12,558	12,940	4,810	4,678
Repair & maintenance	1,836	3,087	1,154	740
Telephone	553	736	322	363
Printing, postage & stationery	661	879	380	195
Entertainment	1,113	1,090	965	880
Advertisement	7	1	6	1
Insurance	1,336	1,302	681	662
Medical	602	643	23	249
Electricity, gas & water	39,093	41,038	15,047	15,992
Freight, octroi & toll tax	3,828	2,739	1,185	1,255
Depreciation	38,346	35,796	16,643	18,252
Transportation factory workers	2,382	1,782	1,218	892
Consumable store	12,341	10,199	5,346	4,026
Lab tests	406	332	214	210
Miscellaneous	56	279	36	240
	<u>846,360</u>	<u>656,482</u>	<u>337,423</u>	<u>292,704</u>
Work in process				
Opening	87,180	156,406	95,956	81,199
Closing	(221,672)	(116,311)	(221,672)	(116,311)
	<u>(134,492)</u>	<u>40,095</u>	<u>(125,715)</u>	<u>(35,112)</u>
COST OF GOODS MANUFACTURED	<u>711,868</u>	<u>696,576</u>	<u>211,708</u>	<u>257,592</u>
Finished goods				
Opening	145,017	71,643	126,230	102,919
Closing	(109,314)	(134,183)	(109,314)	(134,183)
	<u>35,703</u>	<u>(62,540)</u>	<u>16,916</u>	<u>(31,264)</u>
COST OF SALES	<u>747,571</u>	<u>634,036</u>	<u>228,624</u>	<u>226,329</u>

10. DATE OF AUTHORIZATION

These financial statements have been authorized for issue on 27-02-2009 by the Board of Directors of the Company.

11. GENERAL

Figures have been rounded off to the nearest thousand rupees.

CHIEF EXECUTIVE OFFICER

DIRECTOR