



Packages Limited

QUARTERLY REPORT

UNAUDITED

First Quarter Ended March 31, 2005

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COMPANY INFORMATION

Board of Directors

Asadullah Khawaja
Khalid Yacob
Kirsten Rausing
Markku Juha Pentikainen
Mujeeb Rashid
Rafi Iqbal Ahmed
Samee-ul-Hasan
Syed Hyder Ali
Syed Wajid Ali
(Chairman & Chief Executive)
Tariq Iqbal Khan

Advisor

Syed Babar Ali

Company Secretary

Adi J. Cawasji

Executive Committee

Syed Wajid Ali - Chairman
Rafi Iqbal Ahmed - Member
Mujeeb Rashid - Member
Khalid Yacob - Member
Syed Hyder Ali - Member

Audit Committee

Tariq Iqbal Khan - Chairman
(Non-Executive Director)
Asadullah Khawaja - Member
(Non-Executive Director)
Mujeeb Rashid - Member
(Director & General Manager)

Adi J. Cawasji - Secretary

Business Strategy Committee

Mujeeb Rashid - Chairman
Rafi Iqbal Ahmed - Member
Syed Aslam Mehdi - Member
Khalid Yacob - Member
Syed Hyder Ali - Member

System and Technology Committee

Mujeeb Rashid - Chairman
Khalid Yacob - Member
Suleman Javed - Member

Rating Agency: PACRA

Company Rating: AA

Auditors

A.F. Ferguson & Co.
Chartered Accountants

Legal Advisors

Hassan & Hassan - Lahore
Orr, Dignam & Co. - Karachi

Bankers

ABN Amro Bank
Askari Commercial Bank Limited
Bank Al-Habib Limited
Citi Bank N.A.
Crescent Commercial Bank Limited
Deutsche Bank A.G.
Faysal Bank Limited
Habib Bank Limited
Habib Bank A.G. Zurich
Muslim Commercial Bank Limited
NDLC-IFIC Bank Limited
Standard Chartered Bank
Union Bank Limited
United Bank Limited

Head Office & Works

Shahrah-e-Roomi
P.O. Amer Sidhu
Lahore - 54760, Pakistan
PABX : (042) 5811541-46, 5811191-94
Cable : PACKAGES LAHORE
Fax : (042) 5811195, 5820147

Karachi Factory

Plot No. 6 & 6/1, Sector 28,
Korangi Industrial Area,
Karachi-74900, Pakistan
Tel. : (021) 5045320, 5045310
Fax : (021) 5045330

Registered Office & Regional Sales Office

4th Floor, The Forum
Suite No. 416-422, G-20, Block 9,
Khayaban-e-Jami, Clifton
Karachi-75600, Pakistan
PABX : (021) 5874047-49, 5378650-52
: (021) 5831618, 5833011
Fax : (021) 5860251

Regional Sales Office

2nd Floor, G.D. Arcade
73-E, Fazal-ul-Haq Road, Blue Area
Islamabad-44000, Pakistan
PABX : (051) 2276765, 2276768, 2278632
Fax : (051) 2829411

Zonal Sales Offices

Room No. 117-118
1st Floor, Metro Plaza, Qasim Road
Multan Cantt. - 60000, Pakistan
Tel. & Fax: (061) 587370

Uzair Enterprises

Teer Chowk Bhuta Road
Sukkur - 65200, Pakistan
Tel. & Fax: (071) 616138

2nd Floor, Sitara Tower, Bilal Chowk,
Civil Lines, Faisalabad - 38000, Pakistan
Tel. & Fax: (041) 629417

Shares Registrar

Ferguson Associates (Pvt.) Limited
State Life Building No. 1-A
Off I. I. Chundrigar Road
Karachi-74000, Pakistan

Web Presence

www.packages.com.pk

DIRECTORS' REVIEW FOR THE QUARTER ENDED MARCH 31, 2005



The Directors of Packages Limited take pleasure in presenting to its shareholders, the quarterly report together with the un-audited financial statements of the company for the first quarter ended March 31, 2005.

Operating Results

The comparison of the un-audited results for the quarter ended March 31, 2005 as against March 31, 2004 is as follows:

	March 31, 2005 (Rupees in million)	March 31, 2004
Invoiced sales	1,946	1,704
Gross profit	397	338
Profit from operations	248	193
Investment income	239	219
Profit before tax	467	376
Paper and paperboard produced-tonnes	24,565	21,085
Paper and paperboard converted-tonnes	20,390	18,008
Plastics all sorts converted-tonnes	1,728	1,527

The company has experienced brisk sales activity in the first quarter of the year 2005, in all its business lines, which has helped in achieving a healthy profit for the quarter. If the figures for the first quarter are compared to the same quarter last year, the sales have increased by 14% and profit before tax by 24%. Although the foreign exchange rates against rupee have changed by about 9% from the corresponding period last year making all imports expensive, improvement in profit before tax is a result of higher capacity utilization and sales, lower repair and maintenance expenses during this quarter as no major periodic overhauling activity was carried out on company's power generation plants during this quarter and decrease in financial charges because the company has fully redeemed its expensive Term Finance Certificates issued in 2001 on January 15, 2005.

The company also increased its paper and paperboard production by 16% from the same period last year.

Packages Kasur Factory Project

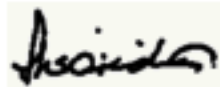
The company's plan to increase its production capacity of paper and paperboard from 100,000 tonnes per annum to 300,000 tonnes per annum at the new site near Kasur is progressing according to schedule. The syndication for long-term financing is now in place. The rights shares offer letters have been despatched to the shareholders and the last date for subscription is May 05, 2005.

Future Outlook

The general economy of the country continues to look positive and we are confident that the company would be able to achieve its budgeted targets during the remaining quarters of 2005. However, any increase in future in the borrowing costs or any foreign exchange rate change against rupee would start eroding the profits.

Customers' Support and Staff Relations

Our company has always relied on and appreciates the dedicated services of its employees and continued patronage of its customers.



(Syed Wajid Ali)

Chairman and Chief Executive

Karachi, April 25, 2005

**Packages Limited
Financial Statements**

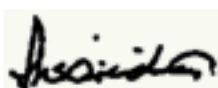
PACKAGES LIMITED
BALANCE SHEET

as at March 31, 2005 (un-audited)

	Note	March 31, 2005 (Rupees in thousand)	December 31, 2004
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 100,000,000 (2004: 60,000,000) ordinary shares of Rs.10 each		<u>1,000,000</u>	<u>600,000</u>
Issued, subscribed and paid up capital 47,537,080 (2004: 47,537,080) ordinary shares of Rs. 10 each		475,371	475,371
Reserves		3,311,625	3,311,625
Unappropriated profit		<u>364,538</u>	<u>404,864</u>
		4,151,534	4,191,860
LONG-TERM AND DEFERRED LIABILITIES			
Liabilities against assets subject to finance lease		4,930	6,351
Deferred liabilities		<u>509,288</u>	<u>527,390</u>
		514,218	533,741
CURRENT LIABILITIES			
Current portion of long-term liabilities		4,337	859,330
Finances under mark up arrangements - secured		1,251,623	234,197
Creditors, accrued and other liabilities		556,737	595,213
Dividends		409,812	5,960
Provision for taxation		<u>170,687</u>	<u>54,185</u>
		2,393,196	1,748,885
CONTINGENCIES AND COMMITMENTS	4	-	-
		<u>7,058,948</u>	<u>6,474,486</u>

	Note	March 31, 2005 (Rupees in thousand)	December 31, 2004
ASSETS			
FIXED CAPITAL EXPENDITURE			
Property, plant and equipment	5	2,866,514	2,937,656
Intangible assets	6	5,874	6,385
Investment property		16,099	14,865
Assets subject to finance lease		10,669	12,155
Capital work-in-progress		567,386	329,867
		3,466,542	3,300,928
OTHER LONG-TERM ASSETS			
Investments		697,175	691,176
Long-term loans and deposits		5,975	5,840
Retirement and other benefits		51,725	51,725
		754,875	748,741
CURRENT ASSETS			
Stores and spares		382,941	380,556
Stock-in-trade		1,082,666	1,094,329
Trade debts		822,629	640,537
Investments		9,360	9,067
Loans, advances, deposits, prepayments and other receivables		451,502	155,442
Cash and bank balances		88,433	144,886
		2,837,531	2,424,817
		7,058,948	6,474,486

The annexed notes 1 to 12 form an integral part of these financial statements.



Syed Wajid Ali
Chief Executive



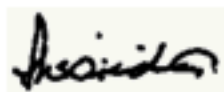
Mujeeb Rashid
Director

PACKAGES LIMITED
PROFIT AND LOSS ACCOUNT

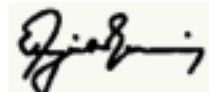
for the quarter ended March 31, 2005 (un-audited)

	Note	Three months to March 31, 2005 (Rupees in thousand)	Three months to March 31, 2004
Local sales		1,935,201	1,678,733
Export sales		10,389	25,203
		1,945,590	1,703,936
Less: Sales tax and excise duty		254,595	223,464
Commission		2,327	2,552
		256,922	226,016
Cost of goods sold	7	1,688,668 (1,291,738)	1,477,920 (1,140,189)
Gross profit		396,930	337,731
Administration expenses		(82,063)	(80,997)
Distribution and marketing expenses		(51,277)	(49,692)
Other operating expenses		(31,387)	(26,141)
Other operating income		16,036	12,021
Profit from operations		248,239	192,922
Finance cost		(20,763)	(35,834)
Investment income		239,263	219,404
Profit before taxation		466,739	376,492
Taxation		(103,000)	(74,000)
Profit after taxation		363,739	302,492
Earnings per share - basic and diluted	Rupees	7.65	6.36

The annexed notes 1 to 12 form an integral part of these financial statements.



Syed Wajid Ali
Chief Executive



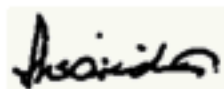
Mujeeb Rashid
Director

PACKAGES LIMITED
CASH FLOW STATEMENT

for the quarter ended March 31, 2005 (un-audited)

	Note	Three months to March 31, 2005 (Rupees in thousand)	Three months to March 31, 2004
Cash flow from operating activities:			
Cash generated from operations	9	61,608	210,393
Finance cost paid		(35,662)	(37,701)
Taxes (paid)/recovered		(4,499)	10,773
Payments for accumulating compensated absences		(2,052)	(2,361)
Net cash from operating activities		19,395	181,104
Cash flow from investing activities:			
Fixed capital expenditure		(277,945)	(60,161)
Net increase in long-term loans and deposits		(135)	(1,109)
Sale proceeds of property, plant and equipment		6,171	7,687
Dividend received		35,263	190,707
Investments		-	(10,000)
Net cash (used) / from in investing activities		(236,646)	127,124
Cash flow from financing activities:			
Repayment of long-term finances and other payables		(854,741)	(46,384)
Payment of finance lease liabilities		(1,674)	(8,800)
Dividend paid		(213)	(399,594)
Net cash used in financing activities		(856,628)	(454,778)
Net (decrease) in cash and cash equivalents		(1,073,879)	(146,550)
Cash and cash equivalents at the beginning of the period		(89,311)	(400,949)
Cash and cash equivalents at the end of the period	10	(1,163,190)	(547,499)

The annexed notes 1 to 12 form an integral part of these financial statements.



Syed Wajid Ali
Chief Executive

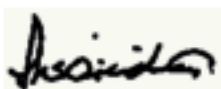


Mujeeb Rashid
Director

PACKAGES LIMITED
STATEMENT OF CHANGES IN EQUITY
for the quarter ended March 31, 2005 (un-audited)

	Share capital	Share premium	General reserve	Unappro- priated profit	Total
	(R u p e e s i n t h o u s a n d)				
Balance as on December 31, 2003 as previously reported	475,371	203,589	2,549,036	404,727	3,632,723
Final dividend for the year ended December 31, 2003 Rs. 8.50 per share	-	-	-	(404,065)	(404,065)
Net profit for the period	-	-	-	302,492	302,492
Balance as on March 31, 2004	475,371	203,589	2,549,036	303,154	3,531,150
Net profit for the period	-	-	-	660,710	660,710
Transferred from profit and loss account	-	-	559,000	(559,000)	-
Balance as on December 31, 2004	475,371	203,589	3,108,036	404,864	4,191,860
Final dividend for the year ended December 31, 2004 Rs. 8.50 per share	-	-	-	(404,065)	(404,065)
Net profit for the period	-	-	-	363,739	363,739
Balance as on March 31, 2005	475,371	203,589	3,108,036	364,538	4,151,534

The annexed notes 1 to 12 form an integral part of these financial statements.



Syed Wajid Ali
Chief Executive



Mujeeb Rashid
Director

PACKAGES LIMITED
SELECTED NOTES TO THE FINANCIAL STATEMENTS
for the quarter ended March 31, 2005(un-audited)

1. These financial statements are un-audited and are being submitted to shareholders, as required by section 245 of the Companies Ordinance , 1984.
2. The accounting policies adopted for the preparation of these three months' financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the company for the year ended December 31, 2004.
3. These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, "Interim Financial Reporting".

4. Contingencies and commitments

4.1 Contingencies

- (i) Claims against the company not acknowledged as debts Rs. 10.962 million (2004: Rs. 11.149 million).
- (ii) Against a sales tax refund aggregating Rs. 12.827 million determined by the Sales Tax Officer (STO) on the basis of the Orders of the Appellate Assistant Commissioner (AAC) for the assessment years 1977-78 through 1980-81 and recognised in the financial statements in 1985, the STO filed an appeal in 1986 with the Income Tax Appellate Tribunal (ITAT) against the Orders of the AAC for these years. The Orders of the AAC were based on a decision already given by the ITAT on the company's appeal for application of a lower rate of sales tax on self consumed material for earlier years. Pending the outcome of the appeal filed by STO no adjustment has been made for the refunds recognised in the financial statements as the management is of the view that the appeal of the STO will not be upheld by the ITAT.

4.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs. 2,807.839 million (2004: Rs. 234.918 million).
- (ii) Letters of credit other than for capital expenditure Rs. 317.178 million (2004: Rs. 226.592 million).
- (iii) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

Years	March 31, 2005	December 31, 2004
	(Rupees in thousand)	
Not later than one year	4,501	5,701
Later than one year and not later than five years	10,049	10,878
Later than five years	2,284	2,404
	16,834	18,983

5. Property, plant and equipment

	March 31, 2005	December 31, 2004
	(Rupees in thousand)	
Opening book value	2,937,656	2,782,007
Add: additions during the period	38,865	465,571
transfers from leased assets	755	117,333
	2,977,276	3,364,911
Less: disposals during the period (at book value)	3,643	11,824
depreciation charged during the period	107,119	415,431
	110,762	427,255
	2,866,514	2,937,656

5.1 Following is the detail of additions during the period

Freehold land	9,853	2,087
Building on freehold land	9,896	28,863
Building on leasehold land	-	55,698
Plant and machinery	3,109	310,683
Other equipment	11,926	26,467
Furniture and fixtures	698	9,122
Vehicles	3,383	32,651
	38,865	465,571

6. Intangible assets

Opening book value	6,385	28,071
Add: additions during the period	92	6,769
	6,477	34,840
Less: amortization charged during the period	603	28,455
	5,874	6,385

6.1 Following is the detail of additions during the period

Computer software	92	6,769
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7. Cost of goods sold

	Three months to March 31, 2005	Three months to March 31, 2004
	(Rupees in thousand)	
Opening work-in-process	77,127	65,621
Materials consumed	772,995	613,104
Salaries, wages and amenities	112,258	107,122
Fuel and power	184,968	153,760
Production supplies	45,333	41,919
Excise duty and sales tax	1,478	1,118
Rent, rates and taxes	1,405	627
Insurance	9,791	8,401
Repairs and maintenance	55,908	69,059
Packing expenses	8,782	8,675
Depreciation on property, plant and equipment	100,797	93,014
Amortization on intangible assets	601	359
Depreciation on leased assets	235	3,215
Technical fee and royalty	5,372	3,441
Other expenses	19,141	17,251
	<u>1,396,191</u>	<u>1,186,686</u>
Less: Closing work-in-process	86,606	69,241
Cost of goods produced	<u>1,309,585</u>	<u>1,117,445</u>
Opening stock of finished goods	384,943	274,187
	<u>1,694,528</u>	<u>1,391,632</u>
Less: Closing stock of finished goods	402,790	251,443
	<u>1,291,738</u>	<u>1,140,189</u>

8. Related party transactions**Subsidiaries**

Purchase of goods and services	83,311	79,178
Sale of goods and services	2,137	1,589
Dividend income	20,263	28,706
Rental income	952	939

Associated companies

Purchase of goods and services	46,643	42,434
Sale of goods and services	336,802	299,516
Dividend income	213,000	176,597
Rental income	5,255	4,199

All transactions with related parties have been carried out on commercial terms and conditions.

Balances with related parties

	March 31, 2005	December 31, 2004
	(Rupees in thousand)	
Receivable from related parties	149,911	143,461
Payable to related parties	43,603	49,503

These are in the normal course of business and are interest free.

9. Cash generated from operations

	Three months to March 31, 2005	Three months to March 31, 2004
	(Rupees in thousand)	
Profit before taxation	466,739	376,492
Adjustments for:		
Depreciation on property, plant and equipment	107,119	100,918
Amortization on intangible assets	603	9,213
Depreciation on investment property	235	217
Depreciation on leased assets	732	3,252
Provision for accumulating compensated absences	1,949	2,532
Unrealised gain on investments		
Held to maturity	(293)	(257)
Available for sale	(5,999)	(14,100)
Net profit on disposal of property, plant and equipment	(2,529)	(2,372)
Finance cost	20,763	35,834
Dividend income	(233,263)	(205,303)
Profit before working capital changes	356,056	306,426
Effect on cash flow due to working capital changes		
(Increase) in trade debts	(182,092)	(92,377)
(Increase) in stores and spares	(2,385)	(23,138)
Decrease in stock-in-trade	11,663	37,805
(Increase) in loans, advances, deposits, prepayments and other receivables	(98,058)	(52,545)
(Decrease) / increase in creditors, accrued and other liabilities	(23,576)	34,222
	(294,448)	(96,033)
	61,608	210,393

**March 31,
2005** **March 31,
2004**
(Rupees in thousand)

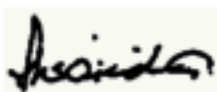
10. Cash and cash equivalents

Cash and bank balances	88,433	86,379
Finances under mark up arrangements	(1,251,623)	(633,878)
	(1,163,190)	(547,499)


11. Un-audited consolidated financial statements are annexed.

12. Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.



Syed Wajid Ali
Chief Executive



Mujeeb Rashid
Director

**Packages Group
Consolidated Financial Statements**

DIRECTORS' REVIEW ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED MARCH 31, 2005



The Directors of Packages Limited take pleasure in presenting to its shareholders, the un-audited consolidated financial statements of the group for the first quarter ended March 31, 2005.

Operating Results

The comparison of the un-audited results of the quarter ended March 31, 2005 as against March 31, 2004 is as follows:

	March 31, 2005	March 31, 2004
	(Rupees in million)	
Invoiced sales	2,131	1,885
Gross profit	451	389
Profit from operations	284	227
Income from associated companies	146	182
Profit before tax	406	381

The group's sales have increased by 13%, with profit from operations improving by 25% if compared with the same period last year. However, its income from associates has declined from the same quarter of the previous year due to capital investments made by them largely for capacity enhancement resulting in short term decline in profit of some of the associates.

Group's subsidiaries

Coates Lorilleux Pakistan Limited has shown a 10% increase in its sales and maintained a tight control over its operational expenses from the same period last year, but due to increase in financial costs to the company as compared with the previous quarter last year, has achieved a marginal improvement in profit before tax from the corresponding period.

Packages Lanka (Private) Limited has earned after tax profit during the quarter despite rising prices of imported raw materials in the international market. There is a 22% increase in sales over the same quarter of previous period.

(Syed Wajid Ali)

Chairman and Chief Executive

Karachi, April 25, 2005

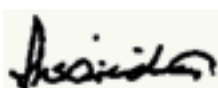
CONSOLIDATED BALANCE SHEET

as at March 31, 2005 (un-audited)

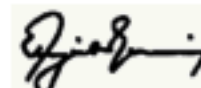
	Note	March 31, 2005 (Rupees in thousand)	December 31, 2004
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 100,000,000 (2004: 60,000,000) ordinary shares of Rs. 10 each		<u>1,000,000</u>	<u>600,000</u>
Issued, subscribed and paid up capital 47,537,080 (2004: 47,537,080) ordinary shares of Rs. 10 each		475,371	475,371
Reserves		3,286,494	3,280,658
Unappropriated profit		<u>1,043,087</u>	<u>1,149,616</u>
		4,804,952	4,905,645
MINORITY INTEREST		86,928	93,399
LONG-TERM AND DEFERRED LIABILITIES			
Long-term finances and other payables		48,081	48,501
Liabilities against assets subject to finance lease		4,930	6,351
Deferred liabilities		<u>543,534</u>	<u>564,835</u>
		596,545	619,687
CURRENT LIABILITIES			
Current portion of long-term liabilities		25,516	878,105
Finances under mark up arrangements - secured		1,525,480	504,305
Creditors, accrued and other liabilities		595,800	640,583
Dividends		409,812	5,960
Provision for taxation		<u>170,687</u>	<u>42,966</u>
		2,727,295	2,071,919
CONTINGENCIES AND COMMITMENTS	4	-	-
		<u>8,215,720</u>	<u>7,690,650</u>

	Note	March 31, 2005 (Rupees in thousand)	December 31, 2004
ASSETS			
FIXED CAPITAL EXPENDITURE			
Property, plant and equipment	5	3,163,702	3,222,227
Intangible assets	6	5,874	6,385
Investment property		9,039	9,187
Assets subject to finance lease		10,669	12,155
Capital work-in-progress		567,780	330,122
		3,757,064	3,580,076
GOODWILL		45,058	47,708
OTHER LONG-TERM ASSETS			
Investments	7	1,139,103	1,193,234
Long-term loans and deposits		6,355	6,362
Retirement and other benefits		51,725	51,725
		1,197,183	1,251,321
CURRENT ASSETS			
Stores and spares		391,519	391,655
Stock-in-trade		1,337,926	1,364,703
Trade debts		913,599	735,233
Investments		9,360	9,067
Loans, advances, deposits, prepayments and other receivables		473,782	163,455
Cash and bank balances		90,229	147,432
		3,216,415	2,811,545
		8,215,720	7,690,650

The annexed notes 1 to 13 form an integral part of these financial statements.



Syed Wajid Ali
Chief Executive



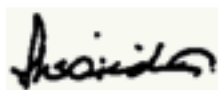
Mujeeb Rashid
Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the quarter ended March 31, 2005 (un-audited)

	Note	Three months to March 31, 2005 (Rupees in thousand)	Three months to March 31, 2004
Local sales		2,120,462	1,860,083
Export sales		10,389	25,203
		2,130,851	1,885,286
Less: Sales tax and excise duty		278,992	254,975
Commission		2,327	4,311
		281,319	259,286
Cost of goods sold	8	1,849,532 (1,398,188)	1,626,000 (1,236,689)
Gross profit		451,344	389,311
Administration expenses		(93,680)	(92,110)
Distribution and marketing expenses		(56,785)	(54,379)
Other operating expenses		(33,000)	(27,744)
Other operating income		16,390	11,605
Profit from operations		284,269	226,683
Finance cost		(29,684)	(41,682)
Investment income		5,999	14,100
Income from associated companies		145,591	181,733
Profit before taxation		406,175	380,834
Taxation			
Group		(106,614)	(79,148)
Associated companies		7,278	(38,776)
		(99,336)	(117,924)
Profit after taxation		306,839	262,910
Minority interest		(9,303)	(9,739)
Profit after taxation and minority interest		297,536	253,171
Combined earnings per share - basic and diluted	Rupees	6.26	5.33

The annexed notes 1 to 13 form an integral part of these financial statements.



Syed Wajid Ali
Chief Executive



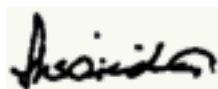
Mujeeb Rashid
Director

CONSOLIDATED CASH FLOW STATEMENT

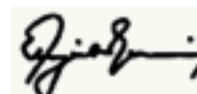
for the quarter ended March 31, 2005 (un-audited)

	Note	Three months to March 31, 2005 (Rupees in thousand)	Three months to March 31, 2004
Cash flow from operating activities:			
Cash generated from operations	10	112,634	232,217
Finance cost paid		(43,584)	(43,498)
Taxes (paid) / recovered		(8,818)	12,337
Payments for accumulating compensated absences		(2,052)	(2,365)
Net cash from operating activities		58,180	198,691
Cash flow from investing activities:			
Fixed capital expenditure		(287,802)	(92,482)
Net decrease / (increase) in long-term loans and deposits		7	(1,109)
Sale proceeds of property, plant and equipment		6,654	7,687
Dividend received		15,000	162,000
Investments		-	4,593
Net cash (used) / from in investing activities		(266,141)	80,689
Cash flow from financing activities:			
Repayment of long-term finances and other payables		(852,756)	(52,026)
Payment of finance lease liabilities		(1,674)	(8,800)
Dividend paid		(213)	(399,594)
Dividend paid to minority shareholders		(15,774)	(23,590)
Net cash used in financing activities		(870,417)	(484,010)
Net (decrease) in cash and cash equivalents		(1,078,378)	(204,630)
Cash and cash equivalents at the beginning of the period		(356,873)	(523,571)
Cash and cash equivalents at the end of the period	11	(1,435,251)	(728,201)

The annexed notes 1 to 13 form an integral part of these financial statements.



Syed Wajid Ali
Chief Executive



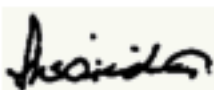
Mujeeb Rashid
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

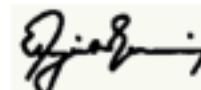
for the quarter ended March 31, 2005 (un-audited)

	Share capital	Share premium	Exchange difference on translation of foreign subsidiary	General reserve	Unappro- priated profit	Total
	(R u p e e s i n t h o u s a n d)					
Balance as on December 31, 2003 as previously reported	475,371	203,589	(21,771)	2,549,036	1,115,178	4,321,403
Net profit for the period	-	-	-	-	253,171	253,171
Exchange adjustments	-	-	(640)	-	-	(640)
Balance as on March 31, 2004	475,371	203,589	(22,411)	2,549,036	1,368,349	4,573,934
Final dividend for the year ended December 31, 2003 Rs. 8.50 per share	-	-	-	-	(404,065)	(404,065)
Net profit for the period	-	-	-	-	744,332	744,332
Exchange adjustments	-	-	(8,556)	-	-	(8,556)
Transferred from Profit and Loss account	-	-	-	559,000	(559,000)	-
Balance as on December 31, 2004	475,371	203,589	(30,967)	3,108,036	1,149,616	4,905,645
Final dividend for the year ended December 31, 2004 Rs. 8.50 per share	-	-	-	-	(404,065)	(404,065)
Net profit for the period	-	-	-	-	297,536	297,536
Exchange adjustments	-	-	5,836	-	-	5,836
Balance as on March 31, 2005	475,371	203,589	(25,131)	3,108,036	1,043,087	4,804,952

The annexed notes 1 to 13 form an integral part of these financial statements.



Syed Wajid Ali
Chief Executive



Mujeeb Rashid
Director

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the quarter ended March 31, 2005(un-audited)

1. These financial statements are un-audited and are being submitted to shareholders, as required by section 245 of the Companies Ordinance, 1984.
2. The accounting policies adopted for the preparation of these three months' financial statements are the same as those applied in the preparation of preceding annual published financial statements of the group for the year ended December 31, 2004.
3. These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, "Interim Financial Reporting".

4. Contingencies and commitments

4.1 Contingencies

- (i) Claims against the group not acknowledged as debts Rs. 10.962 million (2004: Rs 11.149 million).
- (ii) Guarantees to the Director General of Customs amounting to Rs. 4.535 million (2004: Nil).
- (iii) Against a sales tax refund aggregating Rs 12.827 million determined by the Sales Tax Officer (STO) on the basis of the Orders of the Appellate Assistant Commissioner (AAC) for the assessment years 1977-78 through 1980-81 and recognised in the financial statements in 1985, the STO filed an appeal in 1986 with the Income Tax Appellate Tribunal (ITAT) against the Orders of the AAC for these years. The Orders of the AAC were based on a decision already given by the ITAT on the parent company's appeal for application of a lower rate of sales tax on self consumed material for earlier years. Pending the outcome of the appeal filed by STO no adjustment has been made for the refunds recognised in the financial statements as the management is of the view that the appeal of the STO will not be upheld by the ITAT.

4.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs. 2,808.726 million (2004: Rs. 243.594 million).
- (ii) Letters of credit other than for capital expenditure Rs. 330.584 million (2004: Rs. 475.468 million).
- (iii) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	March 31, 2005	December 31, 2004
Years	(Rupees in thousand)	
Not later than one year	4,501	5,701
Later than one year and not later than five years	10,049	10,878
Later than five years	2,284	2,404
	16,834	18,983

5. Property, plant and equipment

	March 31, 2005	December 31, 2004
	(Rupees in thousand)	
Opening book value	3,222,227	3,050,255
Add: additions during the period	50,048	529,771
transfers from leased assets	755	117,333
exchange adjustment on opening cost	18,068	(28,349)
	68,871	618,755
	3,291,098	3,669,010
Less: disposals during the period (at book value)	3,799	12,411
depreciation charged during the period	115,924	445,727
exchange adjustment on opening accumulated depreciation	7,673	(11,355)
	127,396	446,783
	3,163,702	3,222,227

5.1 Following is the detail of additions during the period

Freehold land	11,319	2,087
Building on freehold land	10,077	29,079
Building on leasehold land	-	55,698
Plant and machinery	3,549	353,355
Other equipment	19,082	44,340
Furniture and fixtures	886	10,771
Vehicles	5,135	34,441
	50,048	529,771

6. Intangible assets

Opening book value	6,385	28,071
Add: additions during the period	92	6,769
	6,477	34,840
Less: amortization charged during the period	603	28,455
	5,874	6,385

6.1 Following is the detail of additions during the period

Computer software	92	6,769
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7. Investments

			March 31, 2005	December 31, 2004
			(Rupees in thousand)	
These represent the long-term investments in:				
Equity instruments of associated companies	- note	7.1	1,055,978	1,116,109
Others	- note	7.2	92,485	86,192
			<u>1,148,463</u>	<u>1,202,301</u>
Less: investments shown under current assets	- note	7.5	9,360	9,067
			<u>1,139,103</u>	<u>1,193,234</u>
7.1 In equity instruments of associated companies				
Cost			202,474	192,474
Transferred during the period			-	10,000
			<u>202,474</u>	<u>202,474</u>
Post acquisition profits brought forward			913,635	859,332
			<u>1,116,109</u>	<u>1,061,806</u>
Profit for the period				
Before taxation			145,591	679,907
Provision for taxation			7,278	(138,738)
			<u>152,869</u>	<u>541,169</u>
			<u>1,268,978</u>	<u>1,602,975</u>
Less: dividends			213,000	486,866
	- note	7.3	<u>1,055,978</u>	<u>1,116,109</u>
7.2 Others				
Quoted				
The Resource Group (TRG) Pakistan Limited				
6,000,000 (2004: 6,000,000) fully paid ordinary shares of Rs. 10 each				
Equity held 2.78% (2004: 2.78%)				
			83,100	77,100
In associated companies				
First International Investment Bank Limited				
6 (2004: 6) term finance certificates of Rs. 1 million each				
	- note	7.5	9,360	9,067
			<u>92,460</u>	<u>86,167</u>
Unquoted				
Pakistan Tourism Development Corporation Limited				
2,500 (2004: 2,500) fully paid ordinary shares of Rs. 10 each				
	- note	7.4	25	25
Orient Match Company Limited				
1,900 (2004: 1,900) fully paid ordinary shares of Rs. 100 each				
	- note	7.4	-	-
			<u>92,485</u>	<u>86,192</u>

7.3 In equity instruments of associated companies

	March 31, 2005	December 31, 2004
	(Rupees in thousand)	
Quoted		
Nestle Milkpak Limited 3,649,248 (2004: 3,649,248) fully paid ordinary shares of Rs. 10 each Equity held 8.06% (2004: 8.06%)	148,654	127,658
International General Insurance Company of Pakistan Limited 1,303,470 (2004: 1,303,470) fully paid ordinary shares of Rs. 10 each Equity held 10.61 % (2004: 10.61%)	111,348	99,117
Tri-Pack Films Limited 10,000,000 (2004: 10,000,000) fully paid ordinary shares of Rs. 10 each Equity held 33.33 % (2004: 33.33 %)	302,945	315,250
First International Investment Bank Limited 4,191,741 (2004: 4,191,741) fully paid ordinary shares of Rs. 10 each Equity held 9.99 % (2004: 9.99 %)	51,040	47,723
	613,987	589,748
Unquoted		
Tetra Pak Pakistan Limited 30,800,000 (2004: 30,800,000) fully paid ordinary shares of Rs. 10 each Equity held 44 % (2004: 44%)	437,544	521,771
Coca-Cola Beverages Pakistan Limited 500,000 (2004: 500,000) fully paid ordinary shares of Rs. 10 each Equity held 0.14 % (2004: 0.14%)	4,447	4,590
	441,991	526,361
	1,055,978	1,116,109

7.4 For the purpose of measurement these have been classified as available for sale investments.

7.5 Investment in TFCs as referred to in note 7.2 has been made in accordance with the terms of issue of the Term Finance Certificates (TFCs) of Rs. 850 million issued by the parent company. The rate of profit on these TFCs is 16% per annum payable at maturity. For the purpose of measurement these have been classified as held to maturity investments. Maturity date is April 01, 2005.

8. Cost of goods sold

	Three months to March 31, 2005	Three months to March 31, 2004
	(Rupees in thousand)	
Opening work-in-process	115,040	90,333
Materials consumed	846,727	678,809
Salaries, wages and amenities	120,806	114,612
Fuel and power	191,261	159,628
Production supplies	46,638	50,112
Excise duty and sales tax	1,478	1,118
Rent, rates and taxes	2,666	955
Insurance	10,090	8,770
Repairs and maintenance	59,731	72,032
Packing expenses	11,950	11,732
Depreciation on property, plant and equipment	108,542	99,290
Amortization on intangible assets	601	359
Depreciation on leased assets	235	3,215
Technical fee and royalty	9,087	6,891
Travelling and conveyance	254	-
Other expenses	20,853	18,250
	1,545,959	1,316,106
Less: Closing work-in-process	131,792	96,904
Cost of goods produced	1,414,167	1,219,202
Opening stock of finished goods	419,888	300,591
	1,834,055	1,519,793
Less: Closing stock of finished goods	435,867	283,104
	1,398,188	1,236,689

9. Related party transactions

Associated companies

Purchase of goods and services	46,643	42,434
Sale of goods and services	336,802	299,516
Dividend income	213,000	176,597
Rental income	5,255	4,198

All transactions with related parties have been carried out on commercial terms and conditions.

Balances with related parties

	March 31, 2005	December 31, 2004
	(Rupees in thousand)	
Receivable from related parties	146,934	140,235
Payable to related parties	12,694	21,085

These are in the normal course of business and are interest free.

10. Cash generated from operations

	Three months to March 31, 2005 (Rupees in thousand)	Three months to March 31, 2004
Profit before taxation	406,175	380,834
Adjustments for:		
Depreciation on property, plant and equipment	115,924	88,970
Amortization on intangible assets	603	28,455
Depreciation on investment property	151	141
Depreciation on leased assets	732	3,226
Amortization of goodwill	2,650	2,651
Provision for accumulating compensated absences	5,251	2,538
Exchange adjustments	(4,559)	(640)
Unrealised gain on investments		
Held to maturity	(293)	(257)
Available for sale	(5,999)	(14,100)
Net profit on disposal of property, plant and equipment	(2,856)	(2,372)
Finance cost	29,684	41,682
Share of profit from associated companies	(152,869)	(181,733)
Profit before working capital changes	394,594	349,395
Effect on cash flow due to working capital changes		
(Increase) in trade debts	(178,366)	(23,007)
Decrease in stores and spares	136	33,083
Decrease / (Increase) in stock-in-trade	26,777	(89,418)
(Increase) in loans, advances, deposits, prepayments and other receivables	(99,624)	(70,652)
(Decrease) / increase in creditors, accrued and other liabilities	(30,883)	32,816
	(281,960)	(117,178)
	112,634	232,217
	March 31, 2005 (Rupees in thousand)	March 31, 2004

11. Cash and cash equivalents

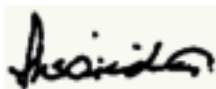
Cash and bank balances	90,229	101,994
Finances under mark up arrangements	(1,525,480)	(830,195)
	(1,435,251)	(728,201)

12. Detail of subsidiaries

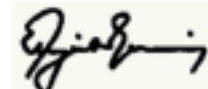
Name of the subsidiaries	Accounting year end	Percentage of holding	Country of incorporation
Packages Lanka (Private) Limited	December 31	79.07%	Sri Lanka
Coates Lorilluex Pakistan Limited	December 31	54.98%	Pakistan

13. Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.



Syed Wajid Ali
Chief Executive



Mujeeb Rashid
Director