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COMPANY INFORMATION

Board of Directors

Asadullah Khawaja
(Chairman)
Kamal Afsar
Khalid Yacub
Kirsten Rausing
Markku Juha Pentikainen
Mujeeb Rashid
Shamim Ahmad Khan
Syed Hyder Ali
(Managing Director)
Syed Shahid Ali
Tariq Iqbal Khan

Advisor

Syed Babar Ali

Company Secretary

Adi J. Cawasji

Executive Committee

Syed Hyder Ali - Chairman
Mujeeb Rashid - Member
Khalid Yacub - Member

Audit Committee

Shamim Ahmad Khan - Chairman
(Non-Executive Director)
Tariq Iqbal Khan - Member
(Non-Executive Director)
Syed Shahid Ali - Member
(Non-Executive Director)
Mujeeb Rashid - Member
(Director & General Manager)

Adi J. Cawasji - Secretary

Business Strategy Committee

Syed Hyder Ali - Chairman
Mujeeb Rashid - Member
Syed Aslam Mehdi - Member
Khalid Yacub - Member

System and Technology Committee

Mujeeb Rashid - Chairman
Khalid Yacub - 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
Allied Bank Limited
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
PICIC Commercial 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

C-2, Hassan Arcade
Nusrat Road
Multan Cantt. - 60000, Pakistan
Tel. & Fax: (061) 784401-2

Uzair Enterprises

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

2nd Floor, Sibar 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 HALF YEAR ENDED JUNE 30, 2005



The Directors of Packages Limited take pleasure in presenting to its shareholders the half yearly report together with the un-audited financial statements of the company for the half year ended June 30, 2005.

Operating Results

The comparison of the un-audited results for the half year ended June 30, 2005 as against June 30, 2004 is as follows:

	For the 2nd Quarter		Cumulative	
	Apr - Jun 2005	Apr - Jun 2004	Jan - Jun 2005	Jan - Jun 2004
	(R u p e e s i n m i l l i o n)			
Invoiced sales	1,953	1,822	3,899	3,526
Gross profit	284	343	681	681
Profit from operations	192	231	440	423
Investment income	24	10	257	215
Profit before tax	196	206	657	568
Paper and board produced-tonnes	25,512	21,922	50,077	42,980
Paper and board converted-tonnes	20,321	18,638	40,711	37,067
Plastics all sorts converted-tonnes	1,837	1,689	3,565	3,216

The half year under review has shown an increase of 17% in production of paper & paperboard, 20% increase in investment income, 11% increase in sales and 10% increase in conversion of paper, paper board and plastics over the same period last year. However, the gross profit remained the same mainly due to increase in raw material prices especially of the imported plastics, pulp and locally procured wheat straw. Prices of plastics have increased mainly due to increase in oil prices and freight charges. The increases in prices of its major raw materials have not been fully recovered in company's sale prices. The financial expenses during the current half year decreased by 44% from last year mainly due to redemption of company's TFCs issued in 2001 whose mark up rate was high and have been partially replaced by less expensive short-term borrowings, as a result the company has made an overall increase of Rs. 89 million in profit before tax from the same period of 2004.

Bulleh Shah Paper Mill (A Division of Packages Limited)

The company's ongoing project to increase its production capacity from 100,000 tonnes per annum to 300,000 tonnes per annum at the new site near Kasur is progressing according to schedule. The plant at the new site has been officially named as the Bulleh Shah Paper Mill (A division of Packages Limited). The company has already opened letters of credit for plant and machinery, for the first phase like Paper Machine 6 and its steam condensate system, Deinking plant, Power generating plant No. 1, Coating plant and Sheeting machines. Most of the machinery is expected to arrive at site by December, 2005 and would be installed in the first half of 2006. Paper machine 6 is expected to commence arriving by November 2005. The company hopes to finish its first phase of the project by third quarter of 2006.

The right shares offer made by the company to finance part of the project, was fully subscribed in May, 2005.

Future Outlook

The company is of the view that prices of raw materials would continue to remain high. Furthermore there is competition both from local and foreign packaging suppliers resulting in pressure on profit margins. Accordingly the company is stepping up its efforts to operate more efficiently, reduce wastages and unnecessary costs and to improve its sale prices wherever possible in order to maintain its margins.

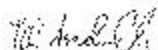
Board of Directors

Since the holding of the meeting for the quarter ended March 31, 2005 elections were held for the board of directors on May 25, 2005. The company's Chairman and Chief Executive Syed Wajid Ali retired, in his place Mr. Asadullah Khawaja has been appointed as the new Chairman of the board. At the same time Syed Hyder Ali has been appointed as the new Managing Director of the company.

The Directors wish to record their whole hearted appreciation of the services and the guidance provided by Syed Wajid Ali throughout his tenure as the Chief Executive of the company. The Board of Directors also wishes to record its appreciation of the services rendered by the out going directors Mr. Samee-ul- Hasan and Mr. Rafi Iqbal Ahmed and welcomes the new directors Mr. Shamim Ahmad Khan, Mr. Kamal Afsar and Syed Shahid Ali on the board.

Customers' Support and Staff Relations

Our company wishes to record its appreciation of the dedicated services of its employees and continued patronage of its customers.



(Asadullah Khawaja)

Chairman

Lahore, August 22, 2005

REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of Packages Limited as at June 30, 2005 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "financial statements"), for the half year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to issue a report on these financial statements based on our review. The figures of the profit and loss account for the quarters ended June 30, 2004 and 2005 and the notes forming part thereof have not been reviewed as we are required to review only the cumulative figures for the half year ended June 30, 2005.

We conducted our review in accordance with the International Standard on Auditing applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

A. F. Ferguson & Co.

Chartered Accountants

Lahore, August 22, 2005

**Packages Limited
Financial Statements**

PACKAGES LIMITED
BALANCE SHEET

as at June 30, 2005 (un-audited)

	Note	June 30, 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 69,879,507 (2004: 47,537,080) ordinary shares of Rs. 10 each		698,795	475,371
Reserves		6,087,929	3,311,625
Unappropriated profit		482,019	404,864
		7,268,743	4,191,860
LONG-TERM AND DEFERRED LIABILITIES			
Liabilities against assets subject to finance lease		3,830	6,351
Deferred liabilities		502,153	527,390
		505,983	533,741
CURRENT LIABILITIES			
Current portion of long-term liabilities		4,283	859,330
Short-term loan - secured		600,000	-
Finances under mark up arrangements - secured		559,073	234,197
Creditors, accrued and other liabilities		630,683	595,213
Dividends		7,733	5,960
Provision for taxation		170,775	54,185
		1,972,547	1,748,885
CONTINGENCIES AND COMMITMENTS			
	4	-	-
		<u>9,747,273</u>	<u>6,474,486</u>

	Note	June 30, 2005	December 31, 2004
		(Rupees in thousand)	
ASSETS			
FIXED CAPITAL EXPENDITURE			
Property, plant and equipment	5	2,772,389	2,937,656
Intangible assets		5,289	6,385
Investment property		15,859	14,865
Assets subject to finance lease		9,973	12,155
Capital work-in-progress		1,518,810	329,867
		4,322,320	3,300,928
OTHER LONG-TERM ASSETS			
Investments		674,676	691,176
Long-term loans and deposits		17,150	5,840
Retirement and other benefits		57,598	51,725
		749,424	748,741
CURRENT ASSETS			
Stores and spares		381,294	380,556
Stock-in-trade		1,296,662	1,094,329
Trade debts		697,301	640,537
Investments		-	9,067
Loans, advances, deposits, prepayments and other receivables		290,192	155,442
Cash and bank balances		2,010,080	144,886
		4,675,529	2,424,817
		9,747,273	6,474,486

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


Asadullah Khawaja
Chairman


Syed Hyder Ali
Managing Director

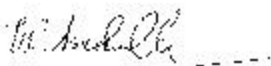

Mujeeb Rashid
Director

PACKAGES LIMITED
PROFIT AND LOSS ACCOUNT

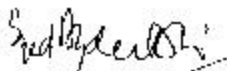
for the half year ended June 30, 2005 (un-audited)

	Note	For the 2nd Quarter		Cumulative	
		Apr - Jun 2005	Apr - Jun 2004	Jan - Jun 2005	Jan - Jun 2004
		(Rupees in		thousand)	
Local sales		1,944,229	1,801,972	3,879,430	3,480,705
Export sales		8,949	20,090	19,338	45,293
		1,953,178	1,822,062	3,898,768	3,525,998
Less: Sales tax and excise duty		254,342	238,163	508,937	461,627
Commission		1,689	1,813	4,016	4,365
		256,031	239,976	512,953	465,992
		1,697,147	1,582,086	3,385,815	3,060,006
Cost of goods sold	6	(1,413,420)	(1,238,638)	(2,705,158)	(2,378,827)
Gross profit		283,727	343,448	680,657	681,179
Administration expenses		(96,793)	(95,613)	(178,856)	(176,610)
Distribution and marketing expenses		(47,303)	(37,605)	(98,580)	(87,297)
Other operating expenses		(15,413)	(13,726)	(46,800)	(39,867)
Other operating income		67,304	34,043	83,340	46,064
Profit from operations		191,522	230,547	439,761	423,469
Finance cost		(19,153)	(34,669)	(39,916)	(70,503)
Investment income		24,112	9,776	257,375	215,080
Profit before taxation		196,481	205,654	657,220	568,046
Taxation		(73,000)	(62,541)	(176,000)	(136,541)
Profit after taxation		123,481	143,113	481,220	431,505
Earnings per share -basic & diluted	Rupees	2.00	2.94	8.73	8.87

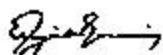
The annexed notes 1 to 11 form an integral part of these financial statements.



Asadul Fah Khawaja
Chairman



Syed Hyder Ali
Managing Director



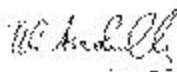
Mujeeb Rashid
Director

PACKAGES LIMITED
CASH FLOW STATEMENT

for the half year ended June 30, 2005 (un-audited)

	Note	Six months to June 30, 2005 (Rupees in thousand)	Six months to June 30, 2004
Cash flow from operating activities:			
Cash generated from operations	8	320,681	503,046
Finance cost paid		(43,358)	(72,771)
Taxes (paid) / recovered		(94,409)	22,380
Payments for accumulating compensated absences		(3,666)	(1,880)
Retirement and other benefits paid		(14,850)	(13,256)
Net cash from operating activities		164,398	437,519
Cash flow from investing activities:			
Fixed capital expenditure		(1,248,470)	(204,917)
Net increase in long-term loans and deposits		(11,310)	(1,098)
Sale proceeds of property, plant and equipment		12,567	16,253
Dividend received		257,375	215,080
Investments		9,360	(10,000)
Net cash used in / from investing activities		(980,478)	15,318
Cash flow from financing activities:			
Proceeds from issuance of share capital		3,016,228	-
Proceeds from short-term loan		600,000	-
Repayment of long-term finances and other payables		(854,840)	(58,652)
Payment of finance lease liabilities		(2,698)	(8,644)
Dividend paid		(402,292)	(402,515)
Net cash from / used in financing activities		2,356,398	(469,811)
Net increase / (decrease) in cash and cash equivalents		1,540,318	(16,974)
Cash and cash equivalents at the beginning of the period		(89,311)	(400,949)
Cash and cash equivalents at the end of the period	9	1,451,007	(417,923)

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


 Asadullah Khawaja
 Chairman


 Syed Hyder Ali
 Managing Director


 Mujeeb Rashid
 Director

PACKAGES LIMITED
STATEMENT OF CHANGES IN EQUITY

for the half year ended June 30, 2005 (un-audited)

	Share capital	Share premium	Fair Value reserve	General reserve	Unappropriated 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
Transferred from general reserve due to change in accounting policy (note-2)	-	-	-	(17,100)	17,100	-
Effect of change in accounting policy (note-2) unrealised changes in fair value of available for sale investments recognised directly in equity	-	-	11,400	-	(11,400)	-
Balance as on December 31, 2003 as restated	475,371	203,589	11,400	2,531,936	410,427	3,632,723
Final dividend for the year ended December 31, 2003 Rs. 8.50 per share	-	-	-	-	(404,065)	(404,065)
Fair value gain during the period	-	-	3,100	-	-	3,100
Net profit for the period	-	-	-	-	431,505	431,505
Balance as on June 30, 2004 as restated	475,371	203,589	14,500	2,531,936	437,867	3,663,263
Fair value gain during the period	-	-	2,600	-	-	2,600
Net profit for the period	-	-	-	-	525,997	525,997
Transferred from profit and loss account	-	-	-	559,000	(559,000)	-
Balance as on December 31, 2004 as restated	475,371	203,589	17,100	3,090,936	404,864	4,191,860
Final dividend for the year ended December 31, 2004 Rs. 8.50 per share	-	-	-	-	(404,065)	(404,065)
Issue of share capital	223,424	2,792,804	-	-	-	3,016,228
Fair value loss during the period	-	-	(16,500)	-	-	(16,500)
Net profit for the period	-	-	-	-	481,220	481,220
Balance as on June 30, 2005	698,795	2,996,393	600	3,090,936	482,019	7,268,743

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


 Asadullah Khawaja
 Chairman


 Syed Hyder Ali
 Managing Director


 Mujeeb Rashid
 Director

PACKAGES LIMITED

SELECTED NOTES TO THE FINANCIAL STATEMENTS

for the half year ended June 30, 2005 (un-audited)

1. These financial statements are un-audited and are being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984.
2. The accounting policies adopted for the preparation of these half yearly 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 except for available for sale investments where realised and unrealised gains and losses arising from changes in the fair value were previously included in net profit and loss for the period in which they arose. In accordance with the revised International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" which is applicable for accounting years beginning on or after January 01, 2005 now the unrealised changes in fair value are recognised directly in equity. Such a change in policy has been accounted for retrospectively and comparative financial statements have been restated in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Had there been no change the profit for the period ended June 30, 2005 would have been lower by Rs. 16.5 million. However, there is no effect on the shareholders' equity for the current or prior periods.
3. These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, "Interim Financial Reporting" and have been reviewed by the auditors as required by the Code of Corporate Governance.

4. Contingencies and commitments

4.1 Contingencies

- (i) Claims against the company not acknowledged as debts Rs. 9.854 million (December 31, 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. 2,465.113 million (December 31, 2004: Rs. 234.918 million).
- (ii) Letters of credit other than for capital expenditure Rs. 142.263 million (December 31, 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:

	June 30, 2005	December 31, 2004
	(Rupees in thousand)	
Not later than one year	6,849	5,701
Later than one year and not later than five years	10,950	10,878
Later than five years	2,604	2,404
	20,403	18,983

5. Property, plant and equipment

Opening book value		2,937,656	2,782,007
Add: additions during the period	-note 5.1	57,941	465,571
transfers from leased assets		737	117,333
		2,996,334	3,364,911
Less: disposals during the period (at book value)		9,481	11,824
depreciation charged during the period		214,464	415,431
		223,945	427,255
		2,772,389	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	4,448	310,683
Other Equipment	19,288	26,467
Furniture and fixtures	804	9,122
Vehicles	13,652	32,651
	57,941	465,571

6. Cost of goods sold

	For the 2nd Quarter		Cumulative	
	Apr - Jun 2005	Apr - Jun 2004	Jan - Jun 2005	Jan - Jun 2004
	(R u p e e s i n t h o u s a n d)			
Opening work-in-process	86,606	69,241	77,127	65,621
Materials consumed	902,605	703,475	1,675,600	1,309,327
Salaries, wages and amenities	106,585	108,049	218,843	215,171
Fuel and power	192,749	157,472	377,717	311,232
Production supplies	53,610	43,268	98,943	92,439
Excise duty and sales tax	(1,332)	707	146	1,825
Rent, rates and taxes	75	762	1,480	1,389
Insurance	10,220	9,489	20,011	17,890
Repairs and maintenance	64,692	88,098	120,600	157,157
Packing expenses	10,417	9,650	19,199	18,325
Depreciation on property, plant and equipment	100,690	96,046	201,487	189,060
Amortization on intangible assets	600	359	1,201	718
Depreciation on leased assets	216	3,269	451	6,484
Technical fee and royalty	5,708	3,536	11,080	6,977
Other expenses	21,715	15,519	40,856	32,770
	1,555,156	1,308,940	2,864,741	2,426,385
Less: Closing work-in-process	99,937	63,440	99,937	63,440
Cost of goods produced	1,455,219	1,245,500	2,764,804	2,362,945
Opening stock of finished goods	402,790	251,443	384,943	274,187
	1,858,009	1,496,943	3,149,747	2,637,132
Less: Closing stock of finished goods	444,589	258,305	444,589	258,305
	1,413,420	1,238,638	2,705,158	2,378,827

7. Related party transactions

	Six months to June 30, 2005	Six months to June 30, 2004
	(Rupees in thousand)	
Purchase of goods and services	280,945	250,419
Sale of goods and services	1,185,748	683,002
Sale of machinery	45	4,000
Purchase of vehicle	1,400	-
Dividend income	257,375	215,080
Rental income	10,004	10,275
Contribution to retirement benefit funds	23,175	21,217
Key management personnel compensation	14,547	11,547
Period-end balances		
	June 30, 2005	June 30, 2004
	(Rupees in thousand)	
Receivable from related parties	274,231	166,985
Payable to related parties	40,485	40,995

8. Cash generated from operations

	Six months to June 30, 2005	Six months to June 30, 2004
	(Rupees in thousand)	
Profit before taxation	657,220	568,046
Adjustments for:		
Depreciation on property, plant and equipment	214,464	205,348
Amortization on intangible assets	1,213	18,426
Depreciation on investment property	474	436
Depreciation on leased assets	1,446	6,680
Provision for accumulating compensated absences	13,429	15,029
Retirement and other benefits accrued	8,977	9,461
Unrealised profit on held to maturity investment	(293)	(524)
Net profit on disposal of property, plant and equipment	(3,086)	(8,352)
Finance cost	39,916	70,503
Dividend income	(257,375)	(215,080)
Profit before working capital changes	676,385	669,973
Effect on cash flow due to working capital changes		
(Increase) in trade debts	(56,764)	(125,111)
(Increase) in stores and spares	(738)	(49,008)
(Increase) in stock-in-trade	(202,333)	(44,360)
(Increase) in loans, advances, deposits, prepayments and other receivables	(134,750)	(30,992)
Increase in creditors, accrued and other liabilities	38,881	82,544
	(355,704)	(166,927)
	320,681	503,046

9. Cash and cash equivalents

	June 30, 2005	June 30, 2004
	(Rupees in thousand)	
Cash and bank balances	2,010,080	84,144
Finances under mark up arrangements	(559,073)	(502,067)
	1,451,007	(417,923)

10. Unaudited consolidated financial statements are annexed.**11. Corresponding figures**

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


Asadullah Khawaja
Chairman


Syed Hyder Ali
Managing Director


Mujeeb Rashid
Director

**Packages Group
Consolidated Financial Statements**

DIRECTORS' REVIEW ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2005



The Directors of Packages Limited take pleasure in presenting to its shareholders the un-audited consolidated financial statements of the group for the half year ended June 30, 2005.

Operating Results

The comparison of the un-audited results for the half year ended June 30, 2005 as against June 30, 2004 is as follows:

	For the 2nd Quarter		Cumulative	
	Apr - Jun 2005	Apr - Jun 2004	Jan - Jun 2005	Jan - Jun 2004
	(R u p e e s i n m i l l i o n)			
Invoiced sales	2,152	2,004	4,283	3,889
Gross profit	343	397	794	786
Profit from operations	230	263	515	490
Income from associated companies	359	217	505	399
Profit before tax	562	440	962	806

The financial results of the half year under review have shown an increase in group's sale by 10% and its profit from operations has increased by 5%. The group's income from associated companies has increased by 27% over the previous period showing a healthy increase of Rs. 156 million in profit before tax over the half year of 2004.

The results for the six months to June 30, 2005 have been prepared by providing for current tax at the normal applicable tax rates for all group companies including those that had opted for the presumptive tax regime. This regime has been withdrawn through Finance Act, 2005 with retrospective effect. However, no provision has been made in respect of periods prior to January 01, 2005 since representations have been made to the Central Board of Revenue to apply this change in legislation prospectively and the group is confident that the withdrawal of the presumptive tax regime will not be applicable in respect of periods prior to December 31, 2004.

The group's subsidiaries have continued with the trend of increasing sales from the same period last year. DIC Pakistan Limited (formerly Coates Lorilleux Pakistan Limited) has increased its sales volume by 12% and Packages Lanka (Private) Limited by 22%. The increasing raw material prices have also affected the margins of the subsidiaries. In case of Packages Lanka (Private) Limited, its production expenses and financial charges have also increased, although its operating profit is better than the first half of 2004. The management of Packages Lanka (Private) Limited is taking steps to rationalize the finance costs by shifting its long-term loan to a cheaper lender and actively exploring export opportunities to utilize available capacities.

Coates Lorilleux Pakistan Limited has changed its name to DIC Pakistan Limited on the request of our joint venture partner Dainippon Ink & Chemicals Inc (DIC), Japan. This change in name will give global identification to the subsidiary and would enable the company to use resources of its global partners the world over.

(Asadullah Khawaja)
Chairman
Lahore, August 22, 2005

CONSOLIDATED BALANCE SHEET

as at June 30, 2005 (un-audited)

	June 30, 2005	December 31, 2004
Note	(Rupees in thousand)	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised capital 100,000,000 (2004: 60,000,000) ordinary shares of Rs. 10 each	1,000,000	600,000
Issued, subscribed and paid up capital 69,879,507 (2004: 47,537,080) ordinary shares of Rs. 10 each	698,795	475,371
Reserves	6,062,579	3,280,658
Unappropriated profit	1,290,533	1,149,616
Attributable to equity holders	8,051,907	4,905,645
Minority Interest	93,011	93,399
TOTAL EQUITY	8,144,918	4,999,044
LONG-TERM AND DEFERRED LIABILITIES		
Long-term finances and other payables - secured	42,801	48,501
Liabilities against assets subject to finance lease	3,830	6,351
Deferred liabilities	551,154	564,835
	597,785	619,687
CURRENT LIABILITIES		
Current portion of long-term liabilities	25,418	878,105
Short-term loan - secured	600,000	-
Finances under mark up arrangements - secured	802,630	504,305
Creditors, accrued and other liabilities	671,277	640,583
Dividends	7,733	5,960
Provision for taxation	163,688	42,966
	2,270,746	2,071,919
CONTINGENCIES AND COMMITMENTS	4	-
	11,013,449	7,690,650

	Note	June 30, 2005 (Rupees in thousand)	December 31, 2004
ASSETS			
FIXED CAPITAL EXPENDITURE			
Property, plant and equipment	5	3,064,149	3,222,227
Intangible assets		5,289	6,385
Investment property		8,888	9,187
Assets subject to finance lease		9,973	12,155
Capital work-in-progress		1,518,810	330,122
		4,607,109	3,580,076
GOODWILL		42,407	47,708
OTHER LONG-TERM ASSETS			
Investments	6	1,250,152	1,193,234
Long-term loans and deposits		18,344	6,362
Retirement and other benefits		57,598	51,725
		1,326,094	1,251,321
CURRENT ASSETS			
Stores and spares		389,413	391,655
Stock-in-trade		1,530,790	1,364,703
Trade debts		800,235	735,233
Investments		-	9,067
Loans, advances, deposits, prepayments and other receivables		302,651	163,455
Cash and bank balances		2,014,750	147,432
		5,037,839	2,811,545
		11,013,449	7,690,650

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


Asadullah Khawaja
Chairman


Syed Hyder Ali
Managing Director


Mujeeb Rashid
Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the half year ended June 30, 2005 (un-audited)

	For the 2nd Quarter		Cumulative	
	Apr - Jun 2005	Apr - Jun 2004	Jan - Jun 2005	Jan - Jun 2004
	Note (R u p e e s i n t h o u s a n d)			
Local sales	2,142,809	1,983,655	4,263,271	3,843,738
Export sales	8,949	20,090	19,338	45,293
	2,151,758	2,003,745	4,282,609	3,889,031
Less: Sales tax and excise duty	259,928	269,274	538,920	524,249
Commission	1,689	3,621	4,016	7,932
	261,617	272,895	542,936	532,181
	1,890,141	1,730,850	3,739,673	3,356,850
Cost of goods sold	(1,547,356)	(1,334,302)	(2,945,544)	(2,570,991)
Gross profit	342,785	396,548	794,129	785,859
Administration expenses	(108,683)	(107,972)	(202,363)	(200,082)
Distribution and marketing expenses	(53,239)	(43,371)	(110,024)	(97,750)
Other operating expenses	(17,349)	(15,482)	(50,349)	(43,226)
Other operating income	66,850	33,468	83,240	45,073
Profit from operations	230,364	263,191	514,633	489,874
Finance cost	(27,979)	(40,378)	(57,663)	(82,060)
Income from associated companies	359,223	216,877	504,814	398,610
Profit before taxation	561,608	439,690	961,784	806,424
Taxation				
Group	101,186	76,379	207,800	155,527
Associated companies	201,562	43,525	194,284	82,301
	302,748	119,904	402,084	237,828
Profit after taxation	258,860	319,786	559,700	568,596
Attributable to:				
Equity holders of the parent	253,445	309,740	544,982	548,811
Minority interest	5,415	10,046	14,718	19,785
	258,860	319,786	559,700	568,596
Combined earnings per share -basic & diluted	Rupees 4.20	6.57	10.15	11.69

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



Asadullah Khawaja
Chairman



Syed Hyder Ali
Managing Director



Mujeeb Rashid
Director

CONSOLIDATED CASH FLOW STATEMENT

for the half year ended June 30, 2005 (un-audited)

	Note	Six months to June 30, 2005 (Rupees in thousand)	Six months to June 30, 2004
Cash flow from operating activities:			
Cash generated from operations	9	437,583	550,069
Finance cost paid		(60,495)	(83,814)
Taxes (paid) / recovered		(111,799)	12,085
Payments for accumulating compensated absences		(3,666)	(1,880)
Retirement and other benefits paid		(14,850)	(13,256)
Net cash from operating activities		246,773	463,204
Cash flow from investing activities:			
Fixed capital expenditure		(1,261,429)	(238,920)
Net increase in long-term loans and deposits		(11,982)	(1,098)
Sale proceeds of property, plant and equipment		12,723	16,253
Dividend received		237,112	186,372
Investments		9,360	(10,000)
Net cash used in investing activities		(1,014,216)	(47,393)
Cash flow from financing activities:			
Proceeds from issuance of share capital		3,016,228	-
Proceeds from short-term loan		600,000	-
Repayment of long-term finances and other payables		(858,210)	(72,497)
Payment of finance lease liabilities		(2,698)	(8,644)
Dividend paid		(402,292)	(402,515)
Dividend paid to minority shareholders		(16,592)	(24,825)
Net cash from / used in financing activities		2,336,436	(508,481)
Net increase / (decrease) in cash and cash equivalents		1,568,993	(92,670)
Cash and cash equivalents at the beginning of the period		(356,873)	(523,571)
Cash and cash equivalents at the end of the period	10	1,212,120	(616,241)

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



Asadullah Khawaja
Chairman



Syed Hyder Ali
Managing Director



Mujeeb Rashid
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the half year ended June 30, 2005 (un-audited)

	Attributable to equity holders of the Parent						Minority interest	Total equity
	Share capital	Share premium	Exchange difference on translation of foreign subsidiary	Fair value reserve	General reserve	Unappropriated profit		
	(R	u p e e s	l 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	102,647	4,424,050
Transferred from general reserve due to change in accounting policy (note-2)	-	-	-	-	(17,100)	17,100	-	-
Effect of change in accounting policy (note-2) unrealised changes in fair value of available for sale investments recognised directly in equity	-	-	-	11,400	-	(11,400)	-	-
Balance as on December 31, 2003 as restated	475,371	203,589	(21,771)	11,400	2,531,936	1,120,878	102,647	4,424,050
Dividend for the year ended December 31, 2003	-	-	-	-	-	(404,065)	(23,505)	(427,570)
Fair value gain during the period	-	-	-	3,100	-	-	-	3,100
Net profit for the period	-	-	-	-	-	548,811	19,785	568,596
Exchange adjustments	-	-	(4,985)	-	-	-	(1,320)	(6,305)
Balance as on June 30, 2004 as restated	475,371	203,589	(26,756)	14,500	2,531,936	1,265,624	97,607	4,561,871
Fair value gain during the period	-	-	-	2,600	-	-	-	2,600
Interim dividend	-	-	-	-	-	-	(16,592)	(16,592)
Net profit for the period	-	-	-	-	-	442,992	13,701	456,693
Exchange adjustments	-	-	(4,211)	-	-	-	(1,317)	(5,528)
Transferred from profit and loss account	-	-	-	-	559,000	(559,000)	-	-
Balance as on December 31, 2004 as restated	475,371	203,589	(30,967)	17,100	3,090,936	1,149,616	93,399	4,999,044
Dividend for the year ended December 31, 2004	-	-	-	-	-	(404,065)	(16,592)	(420,657)
Issue of share capital	223,424	2,792,804	-	-	-	-	-	3,016,228
Fair value loss during the period	-	-	-	(16,500)	-	-	-	(16,500)
Net profit for the period	-	-	-	-	-	544,982	14,718	559,700
Exchange adjustments	-	-	5,617	-	-	-	1,486	7,103
Balance as on June 30, 2005	698,795	2,996,393	(25,350)	600	3,090,936	1,290,533	93,011	8,144,918

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


Asadullah Khawaja
Chairman


Syed Hyder Ali
Managing Director


Mujeeb Rashid
Director

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended June 30, 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 half yearly consolidated 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 except for available for sale investments where realised and unrealised gains and losses arising from changes in the fair value were previously included in net profit and loss for the period in which they arose. In accordance with the revised International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" which is applicable for accounting years beginning on or after January 01, 2005 now the unrealised changes in fair value are recognised directly in equity. Such a change in policy has been accounted for retrospectively and comparative financial statements have been restated in accordance with IAS 8 "Accounting Policies, Change in Accounting Estimates and Errors". Had there been no change the profit for the period ended June 30, 2005 would have been lower by Rs. 16.5 million. However, there is no effect on the shareholders' equity for the current or prior periods.
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. 9.854 million (December 31, 2004: Rs. 11.149 million).
- (ii) Guarantees to the Director General of Customs amounting to Rs. 3.57 million (December 31, 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. 2,466.703 million (December 31, 2004: Rs. 243.594 million).
- (ii) Letters of credit other than for capital expenditure Rs. 160.802 million (December 31, 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:

	June 30, 2005	December 31, 2004
	(Rupees in thousand)	
Not later than one year	6,849	5,701
Later than one year and not later than five years	10,950	10,878
Later than five years	2,604	2,404
	<u>20,403</u>	<u>18,983</u>

5. Property, plant and equipment

	June 30, 2005	December 31, 2004
	(Rupees in thousand)	
Opening book value	3,222,227	3,050,255
Add: additions during the period	72,449	529,771
transfers from leased assets	737	117,333
exchange adjustment on opening cost	17,358	(28,349)
	3,312,771	3,669,010
Less: disposals during the period (at book value)	9,637	12,411
depreciation charged during the period	231,613	445,727
exchange adjustment on opening accumulated depreciation	7,372	(11,355)
	248,622	446,783
	3,064,149	3,222,227

5.1 Following is the detail of additions during the period

Land	11,319	2,087
Building on freehold land	10,524	29,079
Building on leasehold land	-	55,698
Plant and Machinery	5,255	353,355
Other equipment	28,228	44,340
Furniture and fixtures	1,375	10,771
Vehicles	15,748	34,441
	72,449	529,771

6. Investments

These represent the long-term investments in:

Equity instruments of associated companies	1,189,527	1,116,109
Others	60,625	86,192
	1,250,152	1,202,301
Less: investments shown under current assets	-	9,067
	1,250,152	1,193,234

6.1 In equity instruments of associated companies

Cost	202,474	192,474
Transferred during the year	-	10,000
	202,474	202,474
Post acquisition profit brought forward	913,635	859,332
	1,116,109	1,061,806
Profit for the period		
Before taxation	504,814	679,907
Provision for taxation	(194,284)	(138,738)
	310,530	541,169
	1,426,639	1,602,975
Less: dividends	237,112	486,866
	1,189,527	1,116,109

6.2 Others

	June 30, 2005	December 31, 2004
	(Rupees in thousand)	
Quoted		
In associated companies		
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%)	-note 6.4 60,600	77,100
First International Investment Bank Limited Nil (2004: 6) term finance certificates of Rs. 1 million each	-	9,067
	60,600	86,167
Unquoted		
Pakistan Tourism Development Corporation Limited 2,500 (2004: 2,500) fully paid ordinary shares of Rs. 10 each	-note 6.5 25	25
Orient Match Company Limited 1,900 (2004: 1,900) fully paid ordinary shares of Rs. 100 each	-note 6.5 -	-
	25	25
	60,625	86,192

6.3 In equity instruments of associated companies

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%)	176,642	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%)	108,782	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%)	307,728	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%)	52,388	47,723
	645,540	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%)	539,164	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%)	4,823	4,590
	543,987	526,361
	1,189,527	1,116,109

6.4 Under the companies Ordinance 1984, this is an associated undertaking, however, for the purpose of measurement, it has been classified as available for sale investment. Its results have not been consolidated as Packages does not have a significant influence over its operations.

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

7. Cost of goods sold

	For the 2nd Quarter		Cumulative	
	Apr - Jun 2005	Apr - Jun 2004	Jan - Jun 2005	Jan - Jun 2004
	(Rupees in thousands)			
Opening work-in-process	131,792	96,904	115,039	90,333
Materials consumed	996,700	768,387	1,843,427	1,454,448
Salaries, wages and amenities	115,858	115,698	236,664	230,310
Fuel and power	200,041	162,886	391,302	322,514
Production supplies	55,258	51,389	101,896	94,249
Excise duty and sales tax	(1,332)	707	146	1,825
Rent, rates and taxes	(568)	977	2,098	1,932
Insurance	10,525	9,652	20,615	18,422
Repairs and maintenance	67,813	92,085	127,544	164,117
Packing expenses	14,237	13,077	26,187	24,809
Depreciation on property, plant and equipment	108,101	102,420	216,643	202,069
Amortization on intangible assets	600	-	1,201	-
Depreciation on leased assets	216	3,269	451	6,484
Technical fee and royalty	9,941	7,295	19,028	14,186
Other expenses	23,448	17,258	44,556	35,508
	1,732,630	1,442,004	3,146,797	2,661,206
Less: Closing work-in-process	144,817	96,646	144,817	96,646
Cost of goods produced	1,587,813	1,345,358	3,001,980	2,564,560
Opening stock of finished goods	435,867	283,104	419,888	300,591
	2,023,680	1,628,462	3,421,868	2,865,151
Less: Closing stock of finished goods	476,324	294,160	476,324	294,160
	1,547,356	1,334,302	2,945,544	2,570,991

8. Related party transactions

	Six months to June 30, 2005 (Rupees in thousand)	Six months to June 30, 2004
Purchase of goods and services	107,230	91,417
Sale of goods and services	1,180,920	696,044
Sale of Machinery	-	4,000
Purchase of vehicle	1,400	-
Dividend income	237,112	186,373
Rental income	8,099	8,396
Contribution to retirement benefit funds	23,175	21,217
Key management personnel compensation	14,547	11,547

Period -end balances

	June 30, 2005	June 30, 2004
	(Rupees in thousand)	
Receivable from related parties	270,766	162,113
Payable to related parties	16,757	13,885

9. Cash generated from operations

	Six months to June 30, 2005	Six months to June 30, 2004
	(Rupees in thousand)	
Profit before taxation	961,784	806,424
Adjustments for:		
Depreciation on property, plant and equipment	231,613	238,086
Amortization on intangible assets	1,213	-
Depreciation on investment property	474	287
Depreciation on leased assets	1,445	6,680
Amortization of goodwill	5,301	5,301
Provision for accumulating compensated absences	14,706	15,161
Retirement and other benefits accrued	8,977	9,461
Exchange adjustments	(2,883)	(4,985)
Unrealised profit on held to maturity investment	(293)	(524)
Net profit on disposal of property, plant and equipment	(3,086)	(8,352)
Finance cost	57,663	82,060
Share of profit from associated companies	(504,814)	(398,610)
Profit before working capital changes	772,100	750,989
Effect on cash flow due to working capital changes		
(Increase) in trade debts	(65,002)	(124,719)
Decrease / (Increase) in stores and spares	2,242	(47,164)
(Increase) in stock-in-trade	(166,087)	(63,863)
(Increase) in loans, advances, deposits, prepayments and other receivables	(139,196)	(35,238)
Increase in creditors, accrued and other liabilities	33,526	70,064
	(334,517)	(200,920)
	437,583	550,069

10. Cash and cash equivalents

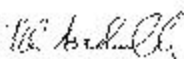
	June 30, 2005	June 30, 2004
	(Rupees in thousand)	
Cash and bank balances	2,014,750	94,505
Finances under mark up arrangements	(802,630)	(710,746)
	1,212,120	(616,241)

11. Detail of subsidiaries

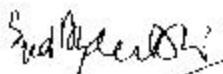
Name of the subsidiaries	Accounting year ending	Percentage of holding	Country of incorporation
Packages Lanka (Private) Limited	December 31	79.07%	Sri Lanka
DIC Pakistan Limited (formerly Coates Lorilluex Pakistan Limited)	December 31	54.98%	Pakistan

12. Corresponding figures

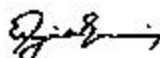
Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.



Asadullah Khawaja
Chairman



Syed Hyder Ali
Managing Director



Mujeeb Rashid
Director