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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

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
Citibank 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

Packages Limited
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
: 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 NINE MONTHS ENDED SEPTEMBER 30, 2004



The Directors of Packages Limited take pleasure in presenting to its shareholders, the nine months report together with the un-audited accounts of the company for the period ended September 30, 2004.

Company Results

The comparison of the un-audited results of the third quarter 2004 with the same period of 2003 as well as the cumulative results for the nine months ended September 30, 2004 as against September 30, 2003 are as follows:

Financial - Rs in million	For the 3rd quarter		Cumulative	
	Jul-Sep 2004	Jul-Sep 2003	Jan-Sep 2004	Jan-Sep 2003
Invoiced sales	1,649	1,553	5,175	4,691
Gross profit	302	293	984	917
Operating profit	163	165	580	539
Income from Investments	25	22	240	184
Profit before tax	165	156	736	623
Manufacturing - quantity in tonnes				
Paper & Paperboard production	24,195	22,707	67,175	66,428
Paper & Paperboard conversion	17,779	16,404	54,846	55,068
Plastics all sorts conversion	1,411	1,241	4,627	4,010

The performance of the third quarter of the year is in line with the trend set in by similar quarters of previous year. However, if we compare the current quarter with the previous quarter of 2004, sales and conversion figures are marginally less due to seasonality in sales. This seasonal effect in the third quarter is partly because of pre-budget stock buildup by our customers of certain commodities during the second quarter. Although the prices of imported materials are rising in the international market, the company has managed to sustain the same gross profit margin as in the previous quarter by efficiently managing production wastage and value added products.

If we compare the cumulative result of nine months with last year, the sales have increased by 10.3% and operating profit by 7.6% over the corresponding period last year. The reason for not achieving the same incremental increase in profit percentage to sales is mainly due to increased costs of crude oil based raw materials which could not fully be passed on to our customers. However, this negative impact has been offset by increase in income from investments and decrease in financial costs thus improving the profit before tax by 18.13%.

The company has decided in principle to redeem its Term Finance Certificates (TFCs) issued in 2001 by exercising its call option by early next year. This move would help to bring down company's financial costs as the applicable profit for TFCs is high as compared with the rates prevailing currently.

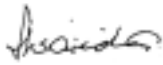
Long Term Expansion

The project of expansion of paper and paperboard manufacturing of upto 300,000 tonnes is proceeding according to plan at a new site close to Kasur, 70 km from Lahore. The technical study of the project has been finalized. The basic engineering contract has been awarded to a Canadian firm. Inquiries to various foreign vendors for

selection of plant and machinery are under process. The financing is being arranged through a consortium of financial institutions.

Customers' Support and Staff Relations

We thank our valued customers for their continued patronage and also appreciate the efforts made by the employees of the company.



Syed Wajid Ali
Chairman and Chief Executive
Lahore, October 25, 2004

**Packages Limited
Financial Statements**

PACKAGES LIMITED

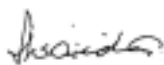
BALANCE SHEET

as at September 30, 2004 (un-audited)

	September 30, 2004	December 31, 2003
Note	(Rupees in thousand)	
Equity and Liabilities		
Share Capital and Reserves		
Authorised capital 60,000,000 (2003: 60,000,000) ordinary shares of Rs. 10 each	600,000	600,000
Issued, subscribed and paid up capital 47,537,080 (2003: 47,537,080) ordinary shares of Rs. 10 each	475,371	475,371
Reserves	2,752,625	2,752,625
Unappropriated profit	543,085	662
	3,771,081	3,228,658
Non-participatory Redeemable Capital - Unsecured	-	850,000
Long-Term and Deferred Liabilities		
Liabilities against assets subject to finance lease	7,496	1,702
Other payables - secured	-	4,870
Deferred liabilities	566,612	566,681
	574,108	573,253
Current Liabilities		
Current portion of		
Non-participatory redeemable capital - secured	-	50,000
Non-participatory redeemable capital - unsecured	850,000	-
Liabilities against assets subject to finance lease	13,213	35,986
Other payables - secured	4,870	10,238
Finances under mark up arrangements - secured	707,427	499,115
Creditors, accrued and other liabilities	596,413	502,969
Proposed dividend	-	404,065
	2,171,923	1,502,373
Contingencies and Commitments	4	-
	6,517,112	6,154,284

		September 30, 2004	December 31, 2003
	Note	(Rupees in thousand)	
Assets			
Fixed Capital Expenditure			
Operating fixed assets			
Tangible	5	2,806,071	2,782,007
Intangible		432	28,071
Investment property		15,090	14,842
Assets subject to finance lease		131,155	129,082
Capital work-in-progress		277,748	344,747
		3,230,496	3,298,749
Other Long-Term Assets			
Long-term investments		695,075	643,461
Long-term loans, deposits and other receivables		5,732	3,981
Retirement and other benefits		41,131	37,336
		741,938	684,778
Current Assets			
Stores and spares		371,587	318,880
Stock-in-trade		1,068,468	844,120
Trade debts		635,251	577,548
Short-term investments		8,784	-
Loans, advances, deposits, prepayments and other receivables		185,184	332,043
Cash and bank balances		275,404	98,166
		2,544,678	2,170,757
		6,517,112	6,154,284

The annexed notes form an integral part of these accounts.



Syed Wajid Ali
Chief Executive



Mujeeb Rashid
Director

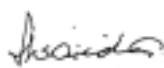
PACKAGES LIMITED

PROFIT AND LOSS ACCOUNT

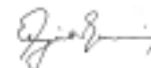
for the nine months ended September 30, 2004 (un-audited)

	Note	For the 3rd Quarter		Cumulative	
		Jul - Sep 2004	Jul - Sep 2003	Jan - Sep 2004	Jan - Sep 2003
(Rupees in thousand)					
Sales					
Local sales		1,621,026	1,538,492	5,101,731	4,647,572
Export sales		28,015	14,451	73,308	43,670
		1,649,041	1,552,943	5,175,039	4,691,242
Less: Sales tax and excise duty		213,375	205,300	675,002	636,820
Commission		1,687	2,156	6,052	6,053
		215,062	207,456	681,054	642,873
		1,433,979	1,345,487	4,493,985	4,048,369
Less: Cost of goods sold	6	1,131,514	1,052,054	3,510,341	3,131,784
Gross profit		302,465	293,433	983,644	916,585
Selling, administration and general expenses		139,700	128,467	403,607	377,121
Operating profit		162,765	164,966	580,037	539,464
Other income		49,848	42,843	314,092	248,407
		212,613	207,809	894,129	787,871
Financial charges		34,706	38,538	105,209	114,788
Other charges		13,089	13,168	52,956	49,588
		47,795	51,706	158,165	164,376
Profit before taxation		164,818	156,103	735,964	623,495
Provision for taxation		57,000	53,000	193,541	174,391
Profit after taxation		107,818	103,103	542,423	449,104
Unappropriated profit brought forward		435,267	346,215	662	214
Unappropriated profit carried forward		543,085	449,318	543,085	449,318
Earnings per share	Rupees	2.27	2.17	11.41	9.45

The annexed notes form an integral part of these accounts.



Syed Wajid Ali
Chief Executive



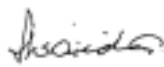
Mujeeb Rashid
Director

PACKAGES LIMITED CASH FLOW STATEMENT

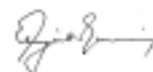
for the nine months ended September 30, 2004 (un-audited)

	Note	Nine months to September 30, 2004 (Rupees in thousand)	Nine months to September 30, 2003
Cash flow from operating activities:			
Cash generated from operations	8	645,786	864,943
Financial charges paid		(107,113)	(124,669)
Taxes recovered / (paid)		34,555	(65,401)
Payments for accumulating compensated absences		(3,573)	(4,510)
Retirement and other benefits paid		(13,256)	(16,302)
Net cash from operating activities		556,399	654,061
Cash flow from investing activities:			
Fixed capital expenditure		(289,552)	(321,051)
Net (increase) in long-term loans, deposits and other receivables		(1,751)	(224)
Sale proceeds of fixed assets		18,821	10,915
Dividend received		215,080	184,175
Long-term investments		(50,000)	(60,481)
Net cash used in investing activities		(107,402)	(186,666)
Cash flow from financing activities:			
Repayment of redeemable capital, long-term loans and other payables		(60,238)	(100,000)
Payment of finance lease liabilities		(16,979)	(23,714)
Dividend paid		(402,854)	(331,758)
Net cash used in financing activities		(480,071)	(455,472)
Net (decrease) / increase in cash and cash equivalents		(31,074)	11,923
Cash and cash equivalents at the beginning of the period		(400,949)	(647,224)
Cash and cash equivalents at the end of the period	9	(432,023)	(635,301)

The annexed notes form an integral part of these accounts.



Syed Wajid Ali
Chief Executive

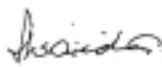


Mujeeb Rashid
Director

PACKAGES LIMITED
STATEMENT OF CHANGES IN EQUITY

for the nine months ended September 30, 2004 (un-audited)

	Share capital	Share premium	General reserve	Un-appro- priated profit	Total
	(R u p	e e s	i n t	h o u s	a n d)
Balance as on December 31, 2002	475,371	203,589	2,140,036	214	2,819,210
Net profit for the period	-	-	-	449,104	449,104
Balance as on September 30, 2003	475,371	203,589	2,140,036	449,318	3,268,314
Net profit for the period	-	-	-	364,409	364,409
Transferred from profit and loss account	-	-	409,000	(409,000)	-
Dividend final - Rs. 8.50 per share	-	-	-	(404,065)	(404,065)
Balance as on December 31, 2003	475,371	203,589	2,549,036	662	3,228,658
Net profit for the period	-	-	-	542,423	542,423
Balance as on September 30, 2004	475,371	203,589	2,549,036	543,085	3,771,081



Syed Wajid Ali
Chief Executive



Mujeeb Rashid
Director

PACKAGES LIMITED

SELECTED NOTES TO THE ACCOUNTS

for the nine months ended September 30, 2004 (un-audited)

1. These financial statements are un-audited and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984.
2. The accounting policies adopted for the preparation of these nine months accounts are the same as those applied in the preparation of preceding annual published accounts of the company for the year ended December 31, 2003, except for exchange differences on loans utilized for acquisition of plant and machinery are charged to profit which were previously capitalized upto the date of commissioning of assets. This change was required by the amended fourth schedule to the Companies Ordinance, 1984.
3. These financial statements have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34, "Interim Financial Reporting".

4. Contingencies and commitments

4.1 Contingencies

- (i) Guarantees to banks for repayment of loans by employees Rs. Nil (December 31, 2003: Rs. 0.046 million).
- (ii) Claims against the company not acknowledged as debts Rs. 9.668 million (December 31, 2003: Rs. 9.580 million).
- (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 accounts 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 materials for earlier years. Pending the outcome of the appeal filed by STO no adjustment has been made for the refunds recognised in the accounts as the management is of the view that the appeal of the STO will not be upheld by the ITAT.
- (iv) For the assessment years 1999-2000 and 2000-2001, the Inspecting Additional Commissioner (IAC) has raised tax demand of Rs. 110.525 million and Rs. 132.025 million respectively under section 12(9A) of the Income Tax Ordinance, 1979 on account of excess revenue reserves. The Income Tax Appellate Tribunal has set aside the Orders of the IAC and remanded the issue back. The department's reference application against the Orders of ITAT has been rejected by the ITAT. The department filed an appeal directly to the High Court against the decision of the ITAT and the same has also been rejected by the High Court. The department has now issued a Show Cause Notice under section 66A of the repealed Income Tax Ordinance, 1979 to the company. The company has taken up this issue with Chairman CBR, the out come of which is still pending. No provision has been made in these accounts for this demand since in the management's view, there are meritorious grounds that the ultimate decision would be in the company's favour.

4.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs. 233.571 million (December 31, 2003: Rs. 20.700 million).
- (ii) Letters of credit other than capital expenditure Rs. 125.768 million (December 31, 2003: Rs. 225.709 million).
- (iii) The amount of future payments of lease and the period in which these payments will become due are as follows:

Years	September 30, 2004 (Rupees in thousand)	December 31, 2003
2004	10,459	39,811
2005	4,989	920
2006	5,698	874
2007	859	-

5. Operating fixed assets -Tangible

Opening book value		2,782,007	2,746,361
Add: additions during the period	-note 5.1	343,413	448,775
		3,125,420	3,195,136
Less: disposals during the period (at book value)		9,458	9,174
depreciation charged during the period		309,891	403,955
		319,349	413,129
		2,806,071	2,782,007

5.1 Following is the detail of additions during the period

Freehold land		2,087	908
Buildings on freehold land		26,405	14,870
Buildings on leasehold land		55,267	-
Plant and machinery		213,144	359,596
Other equipment		20,528	53,902
Furniture and fixtures		9,477	365
Vehicles		16,505	19,134
		343,413	448,775

6. Cost of goods sold

	For the 3rd Quarter		Cumulative	
	Jul - Sep 2004	Jul - Sep 2003	Jan - Sep 2004	Jan - Sep 2003
	(Rupees in thousand)			
Opening work- in- process	63,440	52,846	65,621	57,258
Materials consumed	668,530	574,794	1,977,857	1,637,271
Salaries, wages and amenities	108,088	98,085	323,259	293,679
Fuel and power	173,598	161,950	484,830	463,572
Production supplies	42,563	38,719	135,002	121,340
Excise duty and sales tax	1,214	361	3,039	41,742
Rent, rates and taxes	615	458	2,004	4,846
Insurance	9,269	10,415	27,159	31,332
Repairs and maintenance	52,204	50,054	209,361	161,296
Packing and printing expenses	10,959	6,138	29,284	21,205
Depreciation / amortisation on fixed assets	96,173	94,292	285,951	278,651
Amortisation on leased assets	3,269	2,796	9,753	8,296
Technical fee and royalty	3,608	3,496	10,585	10,263
Other expenses	17,324	12,673	50,094	40,948
	1,250,854	1,107,077	3,613,799	3,171,699
Less: Closing work-in-process	57,793	59,085	57,793	59,085
Cost of goods produced	1,193,061	1,047,992	3,556,006	3,112,614
Opening stock of finished goods	258,305	296,333	274,187	311,441
	1,451,366	1,344,325	3,830,193	3,424,055
Less: Closing stock of finished goods	319,852	292,271	319,852	292,271
	1,131,514	1,052,054	3,510,341	3,131,784

7. Related party transactions

	Nine months to September 30, 2004	Nine months to September 30, 2003
	(Rupees in thousand)	
Purchase of goods and services	367,736	361,893
Sale of goods and services	964,050	798,475
Sale of machinery and building	4,000	-
Dividend income	240,624	184,175
Rental income	15,413	13,204

8. Cash generated from operations

	Nine months to September 30, 2004 (Rupees in thousand)	Nine months to September 30, 2003
Profit before taxation	735,964	623,495
Adjustment for:		
Depreciation / amortisation on fixed assets	337,530	329,965
Depreciation on investment property	661	651
Amortisation on leased assets	10,156	8,296
Provision for accumulating compensated absences	17,504	12,965
Retirement and other benefits accrued	9,461	10,812
Unrealised profit on investments		
Held to maturity	(798)	(702)
Available for sale	(9,600)	(10,900)
Net profit on disposal of fixed assets	(9,363)	(8,631)
Financial charges	105,209	114,788
Dividend income	(240,624)	(184,175)
Profit before working capital changes	956,100	896,564
Effect on cash flow due to working capital changes		
(Increase) in stores and spares	(52,707)	(13,202)
(Increase) / decrease in stock-in-trade	(224,348)	44,676
(Increase) in trade debts	(57,703)	(67,733)
(Increase) in loans, advances, deposits, prepayments and other receivables	(69,693)	(76,418)
Increase in creditors, accrued and other liabilities	94,137	81,056
	(310,314)	(31,621)
	645,786	864,943

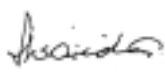
9. Cash and cash equivalents

	September 30, 2004 (Rupees in thousand)	September 30, 2003
Cash and bank balances	275,404	146,275
Finances under mark up arrangements	(707,427)	(781,576)
	(432,023)	(635,301)

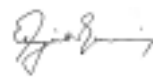
10. Un-audited consolidated financial statements are annexed.

11. Corresponding figures

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



Syed Wajid Ali
Chief Executive



Mujeeb Rashid
Director

**Packages Group
Consolidated Financial Statements**

DIRECTORS' REVIEW ON THE CONSOLIDATED ACCOUNTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004



The Directors have pleasure in presenting to its shareholders, the un-audited consolidated accounts of the Group for the quarter ended September 30, 2004.

Operating Results of the Group

The comparison of the un-audited results of the quarter as well as nine months ended September 30, 2004 with corresponding period of 2003 is presented below:

Financial - Rs in million	For the 3rd quarter		Cumulative	
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep
	2004	2003	2004	2003
Invoiced sales	1,839	1,676	5,728	5,107
Gross profit	348	332	1,134	1,029
Operating profit	191	189	679	609
Income from Associated Companies	124	139	523	499
Profit before tax	284	290	1,093	980

Due to improved economic activity and increase in aggregate demand of consumer items in the country the group has continued to show improvement in its profit before tax over the corresponding periods last year. During the nine months of 2004 the sales have increased by 12% and profit before tax by 11.5%. Both the subsidiaries of the group i.e. Coates Lorilleux Pakistan Limited and Packages Lanka (Pvt) Limited have witnessed an improvement in sale volumes by about 22% over the corresponding nine months of last year.

Coates Lorilleux Pakistan Limited has made 12% more profit before tax than the same period last year. Although ink prices have not been revised its raw material costs have increased as most of the raw materials are imported and their cost is affected by rising prices of materials derived from petrochemicals and exchange rate fluctuation especially of Euro during 2004. Discussions have already started with customers for revision of prices to counter this effect.

Packages Lanka (Pvt) Limited has maintained tight control on its costs which has resulted in operating profit of Pak Rupees 6.32 million during the nine months of 2004 as against operating loss of Pak Rupees 12.68 million in the same period last year. However, they have been badly hit by increased plastic prices in the international market which has increased raw material cost by almost 4% of sales and the increase in the rate of local energy costs thus resulting in a pretax loss of Pak Rupees 6.78 million. Efforts are being made to minimize this loss by passing on the increased raw material costs as far as is possible and most of the major customers has agreed to the price increases for order placements from October 2004 onwards.

Syed Wajid Ali
Chairman and Chief Executive
Lahore, October 25, 2004

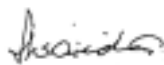
CONSOLIDATED BALANCE SHEET

as at September 30, 2004 (un-audited)

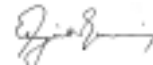
	September 30, 2004	December 31, 2003
Note	(Rupees in thousand)	
Equity and Liabilities		
Share Capital and Reserves		
Authorised capital 60,000,000 (2003: 60,000,000) ordinary shares of Rs. 10 each	600,000	600,000
Issued, subscribed and paid up capital 47,537,080 (2003: 47,537,080) ordinary shares of Rs. 10 each	475,371	475,371
Reserves	2,726,331	2,730,854
Unappropriated profit	1,428,312	711,113
	4,630,014	3,917,338
Minority Interest	105,983	79,142
Non-participatory Redeemable Capital - Unsecured	-	850,000
Long-Term and Deferred Liabilities		
Liabilities against assets subject to finance lease	7,496	1,702
Long-term loans and other payables - secured	55,503	78,024
Deferred liabilities	609,180	602,164
	672,179	681,890
Current Liabilities		
Current portion of		
Non-participatory redeemable capital - secured	-	50,000
Non-participatory redeemable capital - Unsecured	850,000	-
Liabilities against assets subject to finance lease	13,213	35,986
Long-term loans and other payables - secured	24,460	30,653
Finances under mark up arrangements - secured	910,073	641,869
Creditors, accrued and other liabilities	646,412	542,816
Proposed dividend		
Packages Limited	-	404,065
Minority interest	-	23,505
	2,444,158	1,728,894
Contingencies and Commitments	-	-
	7,852,334	7,257,264

		September 30, 2004	December 31, 2003
	Note	(Rupees in thousand)	
Assets			
Fixed Capital Expenditure			
Operating fixed assets			
Tangible	6	3,063,584	3,050,255
Intangible		432	28,071
Investment property		9,338	8,865
Assets subject to finance lease		131,155	129,082
Capital work-in-progress		317,118	353,868
		3,521,627	3,570,141
Goodwill		50,358	58,310
Other Long-Term Assets			
Long-term investments	7	1,328,663	1,091,216
Long-term loans, deposits and other receivables		6,112	4,361
Retirement and other benefits		41,131	37,336
		1,375,906	1,132,913
Current Assets			
Stores and spares		379,260	326,002
Stock-in-trade		1,296,360	1,040,013
Trade debts		725,947	652,640
Short-term investments	7	8,784	-
Loans, advances, deposits, prepayments and other receivables		216,231	358,947
Cash and bank balances		277,861	118,298
		2,904,443	2,495,900
		7,852,334	7,257,264

The annexed notes form an integral part of these accounts.



Syed Wajid Ali
Chief Executive



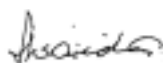
Mujeeb Rashid
Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the nine months ended September 30, 2004 (un-audited)

	Note	For the 3rd Quarter		Cumulative	
		Jul - Sep 2004	Jul - Sep 2003	Jan - Sep 2004	Jan - Sep 2003
(Rupees in thousand)					
Sales					
Local sales		1,810,880	1,661,814	5,654,618	5,063,202
Export sales		28,015	14,451	73,308	43,670
		<u>1,838,895</u>	<u>1,676,265</u>	<u>5,727,926</u>	<u>5,106,872</u>
Less: Sales tax and excise duty		279,201	198,450	803,450	680,906
Commission and discount		3,504	4,051	11,436	11,985
		<u>282,705</u>	<u>202,501</u>	<u>814,886</u>	<u>692,891</u>
		<u>1,556,190</u>	<u>1,473,764</u>	<u>4,913,040</u>	<u>4,413,981</u>
Less: Cost of goods sold	8	1,208,471	1,141,309	3,779,462	3,385,110
		<u>347,719</u>	<u>332,455</u>	<u>1,133,578</u>	<u>1,028,871</u>
Gross profit		156,797	143,266	454,629	419,798
Selling, administration and general expenses		190,922	189,189	678,949	609,073
Operating profit		23,972	21,023	72,145	63,400
Other income		214,894	210,212	751,094	672,473
		<u>40,532</u>	<u>44,277</u>	<u>122,592</u>	<u>136,818</u>
Financial charges		14,750	14,803	57,976	54,063
Other charges		55,282	59,080	180,568	190,881
		<u>159,612</u>	<u>151,132</u>	<u>570,526</u>	<u>481,592</u>
Income from associated companies		124,109	138,678	522,719	498,640
		<u>283,721</u>	<u>289,810</u>	<u>1,093,245</u>	<u>980,232</u>
Profit before taxation		67,511	63,780	223,038	203,367
Provision for taxation		42,668	19,211	124,969	96,433
Group		110,179	82,991	348,007	299,800
Associated companies		173,542	206,819	745,238	680,432
Profit after taxation		8,254	7,227	28,039	19,110
Minority interest		165,288	199,592	717,199	661,322
Profit after taxation and minority interest		1,263,024	1,062,904	711,113	601,174
Unappropriated profit brought forward		1,428,312	1,262,496	1,428,312	1,262,496
Unappropriated profit carried forward					
Combined earnings per share	Rupees	3.48	4.20	15.09	13.91

The annexed notes form an integral part of these accounts.



Syed Wajid Ali
Chief Executive



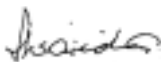
Mujeeb Rashid
Director

CONSOLIDATED CASH FLOW STATEMENT

for the nine months ended September 30, 2004 (un-audited)

	Note	Nine months to September 30, 2004 (Rupees in thousand)	Nine months to September 30, 2003
Cash flow from operating activities:			
Cash generated from operations	10	717,141	963,255
Financial charges paid		(124,094)	(147,216)
Taxes paid		(12,864)	(86,843)
Payment for accumulating compensated absences		(3,573)	(4,510)
Retirement and other benefits paid		(13,256)	(16,302)
Net cash from operating activities		563,354	708,384
Cash flow from investing activities:			
Fixed capital expenditure		(330,895)	(344,449)
Net (Increase) in long-term loans, deposits and other receivables		(1,751)	(229)
Sale proceeds of fixed assets		18,821	11,373
Dividend received		215,080	168,696
Long-term investments		(50,000)	(20,000)
Net cash used in investing activities		(148,745)	(184,609)
Cash flow from financing activities:			
Repayment of redeemable capital, long-term loans and other payables		(78,714)	(114,307)
Payment of finance lease liabilities		(16,979)	(23,714)
Dividend paid		(402,854)	(331,758)
Dividend paid to minority shareholders		(24,703)	(5,825)
Net cash used in financing activities		(523,250)	(475,604)
Net (decrease) / increase in cash and cash equivalents		(108,641)	48,171
Cash and cash equivalents at the beginning of the period		(523,571)	(782,807)
Cash and cash equivalents at the end of the period	11	(632,212)	(734,636)

The annexed notes form an integral part of these accounts.



Syed Wajid Ali
Chief Executive

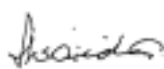


Mujeeb Rashid
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the nine months ended September 30, 2004 (un-audited)

	Share capital	Share premium	Exchange difference on translation of foreign subsidiary	General reserve	Un-appro- priated profit	Total
	(R	u	p	e	e	s
	i	n	t	h	o	u
	s	a	n	d)	
Balance as on December 31, 2002	475,371	203,589	(19,710)	2,140,036	601,174	3,400,460
Net profit for the period	-	-	-	-	661,322	661,322
Exchange adjustments	-	-	4,281	-	-	4,281
Balance as on September 30, 2003	475,371	203,589	(15,429)	2,140,036	1,262,496	4,066,063
Net profit for the period	-	-	-	-	261,682	261,682
Exchange adjustments	-	-	(6,342)	-	-	(6,342)
Transferred from profit and loss account	-	-	-	409,000	(409,000)	-
Dividend -Rs.8.50 per share	-	-	-	-	(404,065)	(404,065)
Balance as on December 31, 2003	475,371	203,589	(21,771)	2,549,036	711,113	3,917,338
Net profit for the period	-	-	-	-	717,199	717,199
Exchange adjustments	-	-	(4,523)	-	-	(4,523)
Balance as on September 30, 2004	475,371	203,589	(26,294)	2,549,036	1,428,312	4,630,014



Syed Wajid Ali
Chief Executive



Mujeeb Rashid
Director

SELECTED NOTES TO THE CONSOLIDATED ACCOUNTS

for the nine months ended September 30, 2004 (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 nine months accounts are the same as those applied in the preparation of preceding annual published accounts of the Group for the year ended December 31, 2003, except for exchange differences on loans utilised for acquisition of plant and machinery are charged to profit which were previously capitalised upto the date of commissioning of the assets. This change was required by the amended fourth Schedule to the Companies Ordinance, 1984.
3. These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, "Interim Financial Reporting".
4. **Long-term loans and other payables - secured**

	Currency	Currency balance December 31, 2003	Repayments during the period	Currency balance Sep 30, 2004	Rupee balance Sep 30, 2004	Rupee balance December 31, 2003
	(I n t h o u s a n d)					
Foreign currency loan	SLR	151,800	-	151,800	75,093	93,569
Other payables	PKR	15,108	10,238	4,870	4,870	15,108
					79,963	108,677
Less: Current portion shown under current liabilities						
Foreign currency loan					19,590	20,415
Other payables					4,870	10,238
					24,460	30,653
					55,503	78,024

5. Contingencies and commitments

5.1 Contingencies

- (i) Guarantees to banks for repayment of loans by employees Rs. Nil (December 31, 2003: Rs. 0.046 million).
- (ii) Guarantees to the Director General of Customs amounting to Rs. 4.464 million (December 31, 2003: Rs. 3.680 million).
- (iii) Claims against the Group not acknowledged as debts Rs. 9.668 million (December 31, 2003: Rs. 9.580 million).
- (iv) 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 accounts 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 materials for earlier years. Pending the outcome of the appeal filed by STO no adjustment has been made for the refunds recognised in the accounts as the management is of the view that the appeal of the STO will not be upheld by the ITAT.

- (v) For the assessment years 1999-2000 and 2000-2001, the Inspecting Additional Commissioner (IAC) has raised tax demand of Rs. 110.525 million and Rs. 132.025 million respectively under section 12(9A) of the Income Tax Ordinance, 1979 on account of excess revenue reserves. The Income Tax Appellate Tribunal has set aside the Orders of the IAC and remanded the issue back. The department's reference application against the Orders of ITAT has been rejected by the ITAT. The department filed an appeal directly to the High Court against the decision of the ITAT and the same has also been rejected by High Court. The department has now issued a Show Cause Notice under Section 66A of the repealed Income Tax Ordinance, 1979 to the Parent company. The Parent company has taken up this issue with Chairman CBR, the outcome of which is still pending. No provision has been made in these accounts for this demand since in the management's view, there are meritorious grounds that the ultimate decision would be in the Group's favour.

5.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs. 233.692 million (December 31, 2003: Rs. 42.616 million).
- (ii) Letters of credit other than capital expenditure Rs. 170.004 million (December 31, 2003: Rs. 265.785 million).
- (iii) The amounts of future payments of lease and the period in which these payments will become due are as follows:

Years	September 30,	December 31,
	2004	2003
	(Rupees in thousand)	
2004	10,459	39,811
2005	4,989	920
2006	5,698	874
2007	859	-

6. Operating fixed assets - Tangible

Opening book value		3,050,255	3,029,743
Add: additions during the period	- note 6.1	363,570	470,377
exchange adjustment on opening cost		(14,246)	(7,044)
		349,324	463,333
		3,399,579	3,493,076
Less: disposals during the period (at book value)		9,458	9,288
depreciation charged during the period		331,898	435,852
exchange adjustment on opening accumulated depreciation		(5,361)	(2,319)
		335,995	442,821
		3,063,584	3,050,255

6.1 Following is the detail of additions during the period

	September 30, 2004	December 31, 2003
	(Rupees in thousand)	
Freehold land	2,087	908
Buildings on freehold land	26,405	16,993
Buildings on leasehold land	55,267	-
Plant and machinery	224,025	369,754
Other equipment	28,432	60,496
Furniture and fixtures	10,849	1,533
Vehicles	16,505	20,693
	363,570	470,377

7. Long-term investments

In equity instruments of associated companies

Cost	192,474	192,474
Additions	10,000	-
	202,474	192,474
Post acquisition profits brought forward	859,334	728,802
	1,061,808	921,276
Profit for the period		
Before taxation	522,719	690,549
Provision for taxation	(124,969)	(134,830)
	397,750	555,719
	1,459,558	1,476,995
Less: dividends received during the period	211,917	425,189
	1,247,641	1,051,806
Others	89,806	39,410
	1,337,447	1,091,216
Less: shown under current assets	8,784	-
	1,328,663	1,091,216

- note 7.1

7.1 In equity instruments of associated companies

	September 30, 2004	December 31, 2003
	(Rupees in thousand)	
Quoted		
Nestlé Milkpak Limited 3,649,248 (2003: 3,649,248) fully paid ordinary shares of Rs. 10 each	118,094	98,192
International General Insurance Company of Pakistan Limited 1,303,470 (2003: 1,303,470) fully paid ordinary shares of Rs. 10 each	91,911	81,199
Tri-Pack Films Limited 10,000,000 (2003: 10,000,000) fully paid ordinary shares of Rs. 10 each	306,755	306,362
First International Investment Bank Limited 3,644,993 (2003: 2,644,995) fully paid ordinary shares of Rs. 10 each	46,525	33,987
	563,285	519,740
Unquoted		
Tetra Pak Pakistan Limited 30,800,000 (2003: 26,400,000) fully paid ordinary shares of Rs. 10 each	679,904	527,966
Coca-Cola Beverages Pakistan Limited 500,000 (2003: 500,000) fully paid ordinary shares of Rs. 10 each	4,452	4,100
	684,356	532,066
	1,247,641	1,051,806

8. Cost of goods sold

	For the 3rd Quarter		Cumulative	
	Jul - Sep 2004	Jul - Sep 2003	Jan - Sep 2004	Jan - Sep 2003
	(Rupees in thousand)			
Opening work-in-process	96,646	76,777	90,333	81,419
Materials consumed	713,897	628,614	2,168,345	1,787,746
Salaries, wages and amenities	116,037	105,319	346,347	314,476
Fuel and power	179,598	167,549	502,112	480,790
Production supplies	43,646	40,026	137,895	125,837
Excise duty and sales tax	1,214	361	3,039	41,742
Rent, rates and taxes	1,081	818	3,013	5,838
Insurance	9,915	10,736	28,337	32,314
Repairs and maintenance	56,442	54,063	220,559	174,334
Packing and printing expenses	14,631	9,412	39,440	30,255
Depreciation / amortisation on fixed assets	102,682	101,021	304,751	300,895
Amortisation on leased assets	3,269	2,796	9,753	8,296
Technical fee and royalty	7,604	6,839	21,790	19,316
Other expenses	18,606	12,117	54,114	42,834
	1,365,268	1,216,448	3,929,828	3,446,092
Less: Closing work-in-process	98,090	79,728	98,090	79,728
Cost of goods produced	1,267,178	1,136,720	3,831,738	3,366,364
Opening stock of finished goods	294,160	322,913	300,591	337,070
	1,561,338	1,459,633	4,132,329	3,703,434
Less: Closing stock of finished goods	352,867	318,324	352,867	318,324
	1,208,471	1,141,309	3,779,462	3,385,110

9. Related party transactions

	Nine months to September 30, 2004	Nine months to September 30, 2003
	(Rupees in thousand)	
Purchase of goods and services	130,078	149,681
Sale of goods and services	979,149	833,294
Sale of machinery and building	4,000	-
Dividend Income	211,917	168,696
Rental income	12,595	13,204

10. Cash generated from operations

	Nine months to September 30, 2004 (Rupees in thousand)	Nine months to September 30, 2003
Profit before taxation	1,093,245	980,232
Adjustments for:		
Depreciation / amortisation on fixed assets	359,761	355,213
Amortisation on leased assets	9,753	8,296
Depreciation on investment property	437	426
Amortisation on goodwill	7,952	349
Provision for accumulating compensated absences	17,610	12,827
Retirement and other benefits accrued	9,461	10,812
Exchange adjustments	(4,523)	4,281
Net profit on disposal of fixed assets	(9,363)	(8,631)
Share of profit from associated companies	(522,719)	(498,640)
Unrealised profit on investments		
Held to maturity	(798)	(702)
Available for sale	(9,600)	(10,900)
Financial charges	122,592	136,818
Profit before working capital changes	1,073,808	990,381
Effect on cash flow due to working capital changes		
(Increase) in stores and spares	(53,258)	(12,592)
(Increase) / decrease in stock-in-trade	(256,347)	61,264
(Increase) in trade debts	(73,307)	(88,374)
(Increase) in loans, advances, deposits, prepayments and other receivables	(77,642)	(74,446)
Increase in creditors, accrued and other liabilities	103,887	87,382
	(356,667)	(27,126)
	717,141	963,255

11. Cash and cash equivalents

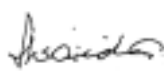
	September 30, 2004	September 30, 2003
	(Rupees in thousand)	
Cash and bank balances	277,861	152,762
Finances under mark up arrangements	(910,073)	(887,398)
	(632,212)	(734,636)

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 Lorilleux 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