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COMPANY INFORMATION

Board of Directors

Asadullah Khawaja
(Chairman)
Kamal Afsar
Khalid Yacob
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 Yacob - 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 Yacob - 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
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
MCB 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
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 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, 2005



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, 2005.

Operating Results

The comparison of the un-audited results for the nine months ended September 30, 2005 as against September 30, 2004 is as follows:

	For the Quarter		Cumulative	
	Jul - Sep 2005	Jul - Sep 2004	Jan - Sep 2005	Jan - Sep 2004
Financial- Rupees in million				
Invoiced Sales	2,164	1,649	6,062	5,175
Gross Profit	363	302	1,044	984
Profit from Operations	261	167	701	591
Investment Income	6	25	263	241
Profit before tax	253	158	911	726
Manufacturing-Quantity in tonnes				
Paper and board produced	27,385	24,195	77,462	67,175
Paper and board converted	21,097	17,779	61,887	54,846
Plastics all sorts converted	1,793	1,411	5,358	4,627

The company's financial results have shown an improvement in the overall performance during the third quarter of the year.

Company's sales during the nine months period grew by 17% compared to the same period last year. One factor contributing to this growth has been the sale of paperboard commodity products in the market during this period. The actual production of paper & paperboard increased by 15% and conversion of paper, paperboard and plastics by 13% from the same period last year.

The effect of increasing petroleum prices and its byproducts internationally is visible in the increased raw material costs and on the gross profit margin but this negative impact has been compensated to some extent by keeping the fixed manufacturing costs and overheads within limits, further supported by increase in investment income and lower finance costs, thereby resulting in an increase in profit before tax by 25% from the same period last year.

Expansion Projects

Work on the Bulleh Shah Paper Mill at the new site near Kasur is going on at full pace. Construction work on site was started in the summer of 2005. Currently construction is going on foundations of PM 6 & 7 and on building of CTMP, warehouses, guest houses and 11 MW power house. Major plant and machinery for the first phase is expected to be installed by third quarter 2006.

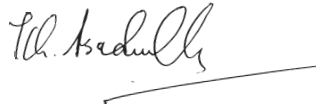
On the conversion side a 10 colour rotogravure printing press shall start production during the last quarter of the year. The addition of a new printing press shall increase the manufacturing capacity to cater to the growing demand of flexible packaging.

Future Outlook

The company is hopeful that, the performance of the third quarter may continue in the last quarter of the year by keeping focused on sales growth, operational efficiency, reduction in wastages and costs.

Customers' Support and Staff Relations

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

A handwritten signature in black ink, appearing to read 'T. Asadullah', with a horizontal line underneath it.

(Asadullah Khawaja)
Chairman
Lahore, October 24, 2005

Packages Limited
Financial Statements

PACKAGES LIMITED
BALANCE SHEET
as at September 30, 2005 (un-audited)

	Note	September 30, 2005 (Rupees in thousand)	December31, 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 Unappropriated profit		<u>6,092,729</u> <u>639,564</u>	<u>3,311,625</u> <u>404,864</u>
		7,431,088	4,191,860
LONG-TERM AND DEFERRED LIABILITIES			
Liabilities against assets subject to finance lease Deferred liabilities		<u>2,773</u> <u>500,345</u>	<u>6,351</u> <u>527,390</u>
		503,118	533,741
CURRENT LIABILITIES			
Current portion of long-term liabilities Short-term loan - secured Finances under mark up arrangements - secured Creditors, accrued and other liabilities Dividends Provision for taxation		<u>4,298</u> <u>600,000</u> <u>569,602</u> <u>668,112</u> <u>7,560</u> <u>92,257</u>	<u>859,330</u> <u>-</u> <u>234,197</u> <u>595,213</u> <u>5,960</u> <u>54,185</u>
		1,941,829	1,748,885
CONTINGENCIES AND COMMITMENTS	4	-	-
		<u>9,876,035</u>	<u>6,474,486</u>

	Note	September 30, 2005	December 31, 2004
		(Rupees in thousand)	
ASSETS			
FIXED CAPITAL EXPENDITURE			
Property, plant and equipment	5	2,760,286	2,937,656
Intangible assets		4,678	6,385
Investment property		15,620	14,865
Assets subject to finance lease		9,277	12,155
Capital work-in-progress		2,148,705	329,867
		<u>4,938,566</u>	<u>3,300,928</u>
OTHER LONG-TERM ASSETS			
Investments		679,475	691,176
Long-term loans and deposits		17,689	5,840
Retirement and other benefits		57,598	51,725
		<u>754,762</u>	<u>748,741</u>
CURRENT ASSETS			
Stores and spares		387,614	380,556
Stock-in-trade		1,197,750	1,094,329
Trade debts		823,764	640,537
Investments		-	9,067
Loans, advances, deposits, prepayments and other receivables		395,102	155,442
Cash and bank balances		1,378,477	144,886
		<u>4,182,707</u>	<u>2,424,817</u>
		<u>9,876,035</u>	<u>6,474,486</u>

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 nine months ended September 30, 2005 (un-audited)

	For the 3rd Quarter		Cumulative	
	Jul - Sep 2005	Jul - Sep 2004	Jan - Sep 2005	Jan - Sep 2004
	Note (R u p e e s i n t h o u s a n d)			
Local sales	2,121,012	1,621,026	6,000,442	5,101,731
Export sales	42,610	28,015	61,948	73,308
	<u>2,163,622</u>	<u>1,649,041</u>	<u>6,062,390</u>	<u>5,175,039</u>
Less: Sales tax and excise duty	276,414	213,375	785,351	675,002
Commission	2,621	1,687	6,637	6,052
	<u>279,035</u>	<u>215,062</u>	<u>791,988</u>	<u>681,054</u>
	1,884,587	1,433,979	5,270,402	4,493,985
Cost of goods sold	6 (1,521,417)	(1,131,514)	(4,226,575)	(3,510,341)
Gross profit	363,170	302,465	1,043,827	983,644
Administration expenses	(84,485)	(95,150)	(263,341)	(271,760)
Distribution and marketing expenses	(49,033)	(44,550)	(147,613)	(131,847)
Other operating expenses	(19,296)	(13,089)	(66,096)	(52,956)
Other operating income	50,760	17,804	134,100	63,868
Profit from operations	261,116	167,480	700,877	590,949
Finance cost	(13,440)	(34,706)	(53,356)	(105,209)
Investment income	5,869	25,544	263,244	240,624
Profit before taxation	253,545	158,318	910,765	726,364
Taxation	(96,000)	(57,000)	(272,000)	(193,541)
Profit after taxation	<u>157,545</u>	<u>101,318</u>	<u>638,765</u>	<u>532,823</u>
Earnings per share - basic & diluted Rs	<u>2.25</u>	<u>2.08</u>	<u>10.64</u>	<u>10.95</u>

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
CASH FLOW STATEMENT
for the nine months ended September 30, 2005 (un-audited)

	Note	Nine months to September 30, 2005	Nine months to September 30, 2004
(Rupees in thousand)			
Cash flow from operating activities:			
Cash generated from operations	8	568,505	645,786
Finance cost paid		(46,838)	(107,113)
Taxes (paid) / recovered		(268,928)	34,555
Payments for accumulating compensated absences		(7,428)	(3,573)
Retirement and other benefits paid		(14,850)	(13,256)
Net cash from operating activities		230,461	556,399
Cash flow from investing activities:			
Fixed capital expenditure		(1,958,890)	(289,552)
Net increase in long-term loans and deposits		(11,849)	(1,751)
Sale proceeds of property, plant and equipment		16,575	18,821
Dividend received		257,376	215,080
Investments		9,360	(50,000)
Net cash used in investing activities		(1,687,428)	(107,402)
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		(854,870)	(60,238)
Payment of finance lease liabilities		(3,740)	(16,979)
Dividend paid		(402,465)	(402,854)
Net cash from / used in financing activities		2,355,153	(480,071)
Net increase / (decrease) in cash and cash equivalents		898,186	(31,074)
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	808,875	(432,023)

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 nine months ended September 30, 2005 (un-audited)

	Share capital	Share premium	Fair value reserve	General reserve	Unappropriated profit	Total
	(R u p e e s	p e e s	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 previously 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)
Net profit for the period	-	-	-	-	532,823	532,823
Fair value gain during the period	-	-	9,600	-	-	9,600
Balance as on September 30, 2004 as restated	475,371	203,589	21,000	2,531,936	539,185	3,771,081
Net profit for the period	-	-	-	-	424,679	424,679
Fair value loss during the period	-	-	(3,900)	-	-	(3,900)
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)
Isssue of share capital	223,424	2,792,804	-	-	-	3,016,228
Fair value loss during the period	-	-	(11,700)	-	-	(11,700)
Net profit for the period	-	-	-	-	638,765	638,765
Balance as on September 30, 2005	698,795	2,996,393	5,400	3,090,936	639,564	7,431,088

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 nine months ended September 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 nine 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 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 September 30, 2005 would have been lower by Rs. 11.70 million. However, there is no effect on 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 company not acknowledged as debts Rs. 10.068 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. 2,884.573 million (December 31, 2004: Rs. 234.918 million).
- (ii) Letters of credit other than for capital expenditure Rs. 178.270 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:

	September 30, 2005	December 31, 2004
	(Rupees in thousand)	
Not later than one year	7,143	5,701
Later than one year and not later than five years	11,555	10,878
Later than five years	2,604	2,404
	<u>21,302</u>	<u>18,983</u>

5. Property, plant and equipment

Opening book value	2,937,656	2,782,007
Add: additions during the period	138,467	465,571
transfers from leased assets	737	117,333
	<u>3,076,860</u>	<u>3,364,911</u>
Less: disposals during the period (at book value)	11,728	11,824
depreciation charged during the period	304,846	415,431
	<u>316,574</u>	<u>427,255</u>
	<u>2,760,286</u>	<u>2,937,656</u>

5.1 Following is the detail of additions during the period

Freehold land	12,530	2,087
Buildings on freehold land	9,896	28,863
Buildings on leasehold land	-	55,698
Plant and Machinery	69,480	310,683
Other Equipment	20,821	26,467
Furniture and fixtures	886	9,122
Vehicles	24,854	32,651
	<u>138,467</u>	<u>465,571</u>

6. Cost of goods sold

	For the 3rd Quarter		Cumulative	
	Jul - Sep 2005	Jul - Sep 2004	Jan - Sep 2005	Jan - Sep 2004
	(R u p e e s i n t h o u s a n d)			
Opening work-in-process	99,937	63,440	77,127	65,621
Materials consumed	899,310	668,530	2,574,910	1,977,857
Salaries, wages and amenities	107,548	108,088	326,391	323,259
Fuel and power	215,796	173,598	593,513	484,830
Production supplies	52,593	42,563	151,536	135,002
Excise duty and sales tax	68	1,214	214	3,039
Rent, rates and taxes	841	615	2,321	2,004
Insurance	10,454	9,269	30,465	27,159
Repairs and maintenance	49,335	52,204	169,935	209,361
Packing expenses	11,474	10,959	30,673	29,284
Depreciation on property, plant and equipment	83,440	95,814	284,927	284,874
Amortization on intangible assets	601	359	1,802	1,077
Depreciation on leased assets	199	3,269	650	9,753
Technical fee and royalty	5,487	3,608	16,567	10,585
Other expenses	21,162	17,324	62,018	50,094
	<u>1,558,245</u>	<u>1,250,854</u>	<u>4,323,049</u>	<u>3,613,799</u>
Less: Closing work-in-process	<u>81,853</u>	<u>57,793</u>	<u>81,853</u>	<u>57,793</u>
Cost of goods produced	<u>1,476,392</u>	<u>1,193,061</u>	<u>4,241,196</u>	<u>3,556,006</u>
Opening stock of finished goods	<u>444,589</u>	<u>258,305</u>	<u>384,943</u>	<u>274,187</u>
	<u>1,920,981</u>	<u>1,451,366</u>	<u>4,626,139</u>	<u>3,830,193</u>
Less: Closing stock of finished goods	<u>399,564</u>	<u>319,852</u>	<u>399,564</u>	<u>319,852</u>
	<u>1,521,417</u>	<u>1,131,514</u>	<u>4,226,575</u>	<u>3,510,341</u>

7. Related party transactions

	Nine months to September 30, 2005	Nine months to September 30, 2004
	(Rupees in thousand)	
Purchase of goods and services	430,738	367,736
Sale of goods and services	1,417,117	964,050
Sale of machinery	402	4,000
Purchase of vehicle	2,108	-
Dividend income	263,244	240,624
Rental income	16,089	15,413
Contribution to retirement benefit funds	32,010	29,563
Key management personnel compensation	22,982	18,179
Period-end balances		
	September 30, 2005	September 30, 2004
	(Rupees in thousand)	
Receivable from related parties	135,621	130,695
Payable to related parties	43,491	25,457

8. Cash generated from operations

	Nine months to September 30, 2005	Nine months to September 30, 2004
	(Rupees in thousand)	
Profit before taxation	910,765	726,364
Adjustments for:		
Depreciation on property, plant and equipment	304,846	309,891
Amortization on intangible assets	1,824	27,639
Depreciation on investment property	714	661
Depreciation on leased assets	2,140	10,156
Provision for accumulating compensated absences	15,384	17,504
Retirement and other benefits accrued	8,977	9,461
Profit realised on held to maturity investment	(293)	(798)
Net profit on disposal of property, plant and equipment	(4,847)	(9,363)
Finance cost	53,356	105,209
Dividend income	(263,244)	(240,624)
	<hr/>	<hr/>
Profit before working capital changes	1,029,622	956,100
Effect on cash flow due to working capital changes		
(Increase) in trade debts	(183,227)	(57,703)
(Increase) in stores and spares	(7,058)	(52,707)
(Increase) in stock-in-trade	(103,421)	(224,348)
(Increase) in loans, advances, deposits, prepayment and other receivables	(233,792)	(69,693)
Increase in creditors, accrued and other liabilities	66,381	94,137
	<hr/>	<hr/>
	(461,117)	(310,314)
	<hr/>	<hr/>
	568,505	645,786


9. Cash and cash equivalents


	September 30, 2005	September 30, 2004
	(Rupees in thousand)	
Cash and bank balances	1,378,477	275,404
Finances under markup arrangements	(569,602)	(707,427)
	<hr/>	<hr/>
	808,875	(432,023)

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 ACCOUNTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005



The Directors of Packages Limited take pleasure in presenting to its shareholders, the un-audited consolidated accounts of the group for the nine months ended September 30, 2005.

Operating Results

The comparison of the un-audited results for the nine months ended September 30, 2005 as against September 30, 2004 is as follows:

	For the Quarter		Cumulative	
	Jul - Sep 2005	Jul - Sep 2004	Jan - Sep 2005	Jan - Sep 2004
	(R u p e e s i n m i l l i o n)			
Invoiced Sales	2,216	1,839	6,499	5,728
Gross Profit	425	348	1,219	1,134
Profit from Operations	303	200	817	683
Income from associated companies	136	124	641	523
Profit before tax	416	284	1,378	1,084

The group as a whole has shown better profits from operation than the last quarter. The nine months results also show an increase of 13% in sales and 19% in operational profits. The group's Pakistani subsidiary DIC Pakistan Limited (formerly Coates Lorilleux Pakistan Limited) has increased its sales volumes by 14% during the first three quarters of 2005 compared to the same period last year. By using cost effective raw materials have improved its operational profit by 16%. However, due to increase in lending rates in the country their finance costs have also increased. During the last quarter of the year, the company expects to achieve its sale targets but the trend would remain more towards sale of low price inks.

The group's foreign subsidiary Packages Lanka (Pvt) Limited has worked aggressively towards expanding its sales base and has increased its sale by 28% in first nine months of the year compared to the same period last year. Raw material costs and electricity are two major components which can affect the margins in the next quarter.


(Asadullah Khawaja)
Chairman
Lahore, October 24, 2005


CONSOLIDATED BALANCE SHEET
as at September 30, 2005 (un-audited)

	Note	September 30, 2005	December 31, 2004
		(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		<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		6,066,070	3,280,658
Unappropriated profit		<u>1,548,332</u>	<u>1,149,616</u>
Attributable to equity holders		8,313,197	4,905,645
MINORITY INTEREST		<u>105,211</u>	<u>93,399</u>
TOTAL EQUITY		8,418,408	4,999,044
LONG-TERM AND DEFERRED LIABILITIES			
Long-term finances and other payables - secured		37,201	48,501
Liabilities against assets subject to finance lease		2,773	6,351
Deferred liabilities		<u>554,533</u>	<u>564,835</u>
		594,507	619,687
CURRENT LIABILITIES			
Current portion of long-term liabilities		25,202	878,105
Short-term loan - secured		600,000	-
Finances under mark up arrangements - secured		800,431	504,305
Creditors, accrued and other liabilities		709,007	640,583
Dividends		7,560	5,960
Provision for taxation		<u>92,257</u>	<u>42,966</u>
		2,234,457	2,071,919
CONTINGENCIES AND COMMITMENTS	4	-	-
		<u>11,247,372</u>	<u>7,690,650</u>

		September 30, 2005	December 31, 2004
	Note	(Rupees in thousand)	
ASSETS			
FIXED CAPITAL EXPENDITURE			
Property, plant and equipment	5	3,043,236	3,222,227
Intangible assets		4,678	6,385
Investment property		8,738	9,187
Assets subject to finance lease		9,277	12,155
Capital work-in-progress		2,148,705	330,122
		<u>5,214,634</u>	<u>3,580,076</u>
GOODWILL		39,757	47,708
OTHER LONG-TERM ASSETS			
Investments	6	1,346,073	1,193,234
Long-term loans and deposits		18,088	6,362
Retirement and other benefits		57,598	51,725
		<u>1,421,759</u>	<u>1,251,321</u>
CURRENT ASSETS			
Stores and spares		396,271	391,655
Stock-in-trade		1,433,051	1,364,703
Trade debts		942,787	735,233
Investments		-	9,067
Loans, advances, deposits, prepayments and other receivables		416,308	163,455
Cash and bank balances		1,382,805	147,432
		<u>4,571,222</u>	<u>2,811,545</u>
		<u>11,247,372</u>	<u>7,690,650</u>

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 nine months ended September 30, 2005 (un-audited)

	For the 3rd Quarter		Cumulative	
	Jul - Sep 2005	Jul - Sep 2004	Jan - Sep 2005	Jan - Sep 2004
Note	(R u p e e s i n t h o u s a n d)			
Local sales	2,173,874	1,810,880	6,437,145	5,654,618
Export sales	42,610	28,015	61,948	73,308
	<u>2,216,484</u>	<u>1,838,895</u>	<u>6,499,093</u>	<u>5,727,926</u>
Less: Sales tax and excise duty	272,393	279,201	811,313	803,450
Commission	2,621	3,504	6,637	11,436
	<u>275,014</u>	<u>282,705</u>	<u>817,950</u>	<u>814,886</u>
	<u>1,941,470</u>	<u>1,556,190</u>	<u>5,681,143</u>	<u>4,913,040</u>
Cost of goods sold	7 (1,516,119)	(1,208,471)	(4,461,663)	(3,779,462)
Gross profit	425,351	347,719	1,219,480	1,133,578
Administration expenses	(92,911)	(105,947)	(295,274)	(303,106)
Distribution and marketing expenses	(58,334)	(50,850)	(168,358)	(151,523)
Other operating expenses	(21,751)	(14,750)	(72,100)	(57,976)
Other operating income	50,363	23,972	133,603	62,545
Profit from operations	302,718	200,144	817,351	683,518
Finance cost	(22,670)	(40,532)	(80,333)	(122,592)
Income from associated companies	136,364	124,109	641,178	522,719
Profit before taxation	416,412	283,721	1,378,196	1,083,645
Taxation				
Group	106,692	67,511	314,492	223,038
Associated companies	39,375	42,668	233,659	124,969
	<u>146,067</u>	<u>110,179</u>	<u>548,151</u>	<u>348,007</u>
Profit after taxation	270,345	173,542	830,045	735,638
Attributable to:				
Equity holders of the parent	257,799	165,288	802,781	707,599
Minority interest	12,546	8,254	27,264	28,039
	<u>270,345</u>	<u>173,542</u>	<u>830,045</u>	<u>735,638</u>
Combined earnings per share - basic & dilutedRs	<u>3.87</u>	<u>3.57</u>	<u>13.82</u>	<u>15.12</u>

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 nine months ended September 30, 2005 (un-audited)

	Note	Nine months to Sep 30, 2005	Nine months to Sep 30, 2004
(Rupees in thousand)			
Cash flow from operating activities:			
Cash generated from operations	9	714,409	717,141
Finance cost paid		(75,799)	(124,094)
Taxes paid		(289,039)	(12,864)
Payments for accumulating compensated absences		(3,661)	(3,573)
Retirement and other benefits paid		(14,850)	(13,256)
Net cash from operating activities		331,060	563,354
Cash flow from investing activities:			
Fixed capital expenditure		(1,973,347)	(330,895)
Net (increase) in long-term loans and deposits		(11,726)	(1,751)
Sale proceeds of property, plant and equipment		17,398	18,821
Dividend received		237,112	215,080
Investments		9,360	(50,000)
Net cash used in investing activities		(1,721,203)	(148,745)
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		(864,041)	(78,714)
Payment of finance lease liabilities		(3,740)	(16,979)
Dividend paid		(402,465)	(402,854)
Dividend paid to minority shareholders		(16,592)	(24,703)
Net cash from / used in financing activities		2,329,390	(523,250)
Net Increase / (decrease) in cash and cash equivalents		939,247	(108,641)
Cash and cash equivalents at the beginning of the period (523,571)			(356,873)
Cash and cash equivalents at the end of the period	10	582,374	(632,212)

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 nine months ended September 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 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	-	-	-	9,600	-	-	-	9,600
Net profit for the period	-	-	-	-	-	707,599	28,039	735,638
Exchange adjustments	-	-	(4,523)	-	-	-	(1,197)	(5,720)
Balance as on September 30, 2004 as restated	475,371	203,589	(26,294)	21,000	2,531,936	1,424,412	105,984	4,735,998
Fair value loss during the period	-	-	-	(3,900)	-	-	-	(3,900)
Interim dividend	-	-	-	-	-	-	(16,592)	(16,592)
Net profit for the period	-	-	-	-	-	284,204	5,447	289,651
Exchange adjustments	-	-	(4,673)	-	-	-	(1,440)	(6,113)
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	-	-	-	(11,700)	-	-	-	(11,700)
Net profit for the period	-	-	-	-	-	802,781	27,264	830,045
Exchange adjustments	-	-	4,308	-	-	-	1,140	5,448
Balance as on September 30, 2005	<u>698,795</u>	<u>2,996,393</u>	<u>(26,659)</u>	<u>5,400</u>	<u>3,090,936</u>	<u>1,548,332</u>	<u>105,211</u>	<u>8,418,408</u>

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 nine months ended September 30, 2005 (un-audited)

1. These consolidated 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 nine months consolidated 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 September 30, 2005 would have been lower by Rs. 11.70 million. However, there is no effect on Shareholders' equity for the current or prior periods.
3. These consolidated 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.10.068 million (2004: Rs 11.149 million).
- (ii) Guarantees to the Director General of Customs amounting to Rs. 3.53 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. 2,884.944 million (2004: Rs. 243.594 million).
- (ii) Letters of credit other than for capital expenditure Rs. 208.722 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:

	September 30, 2005	December 31, 2004
	(Rupees in thousand)	
Not later than one year	7,143	5,701
Later than one year and not later than five years	11,555	10,878
Later than five years	2,604	2,404
	<u>21,302</u>	<u>18,983</u>

5. Property, plant and equipment

	September 30, 2005	December 31, 2004
	(Rupees in thousand)	
Opening book value	3,222,227	3,050,255
Add: additions during the period -note 5.1	154,384	529,771
transfers from leased assets	737	117,333
exchange adjustment on opening cost	13,538	(28,349)
	<u>3,390,886</u>	<u>3,669,010</u>
Less: disposals during the period (at book value)	12,130	12,411
depreciation charged during the period	329,741	445,727
exchange adjustment on opening accumulated depreciation	5,779	(11,355)
	<u>347,650</u>	<u>446,783</u>
	<u>3,043,236</u>	<u>3,222,227</u>
5.1 Following is the detail of additions during the period		
Land	13,996	2,087
Buildings on freehold land	10,524	29,079
Buildings on leasehold land	-	55,698
Plant and Machinery	70,457	353,355
Other Equipment	30,927	44,340
Furniture and fixtures	1,155	10,771
Vehicles	27,325	34,441
	<u>154,384</u>	<u>529,771</u>
6. Investments		
These represent the long-term investments in:		
Equity instruments of associated companies - note 6.1	1,280,648	1,116,109
Others - note 6.2	65,425	86,192
	<u>1,346,073</u>	<u>1,202,301</u>
Less: investments shown under current assets	-	9,067
	<u>1,346,073</u>	<u>1,193,234</u>
6.1 In equity instruments of associated companies		
Cost	202,474	192,474
Transferred during the year	-	10,000
	<u>202,474</u>	<u>202,474</u>
Post acquisition profit brought forward	913,635	859,332
	<u>1,116,109</u>	<u>1,061,806</u>
Profit for the year		
Before taxation	641,178	679,907
Provision for taxation	(233,659)	(138,738)
	<u>407,519</u>	<u>541,169</u>
	<u>1,523,628</u>	<u>1,602,975</u>
Less: Dividends	242,980	486,866
	<u>1,280,648</u>	<u>1,116,109</u>
	- note 6.3	

6.2 Others

September 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

65,400

77,100

First International Investment Bank Limited
Nil (2004: 6) term finance certificates of
Rs. 1 million each

9,067

65,400

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

25

-

25

25

65,425

86,192

6.3 In equity instruments of associated companies

Quoted

Nestle Pakistan Limited (Formerly 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%)

181,344

127,658

International General Insurance Company of Pakistan Limited
1,629,337 (2004: 1,303,470) fully paid ordinary
shares of Rs. 10 each

Equity held 10.61% (2004: 10.61%)

111,215

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%)

316,594

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%)

43,841

47,723

652,994

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%)

622,587

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%)

5,067

4,590

627,654

526,361

1,280,648

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 3rd Quarter		Cumulative	
	Jul - Sep 2005	Jul - Sep 2004	Jan - Sep 2005	Jan - Sep 2004
	(Rupees in thousand)			
Opening work-in-process	144,817	96,646	115,039	90,333
Materials consumed	847,715	713,897	2,691,142	2,168,345
Salaries, wages and amenities	116,951	116,037	353,615	346,347
Fuel and power	223,287	179,598	614,589	502,112
Production supplies	54,076	43,646	155,972	137,895
Excise duty and sales tax	68	1,214	214	3,039
Rent, rates and taxes	1,174	1,081	3,272	3,013
Insurance	10,756	9,915	31,371	28,337
Repairs and maintenance	53,230	56,442	180,774	220,559
Packing expenses	15,856	14,631	42,043	39,440
Depreciation on property, plant and equipment	91,011	102,323	307,654	303,674
Amortization on intangible assets	601	359	1,802	1,077
Depreciation on leased assets	199	3,269	650	9,753
Technical fee and royalty	10,179	7,604	29,207	21,790
Other expenses	23,168	18,606	67,724	54,114
	<u>1,593,088</u>	<u>1,365,268</u>	<u>4,595,068</u>	<u>3,929,828</u>
Less: Closing work-in-process	<u>123,640</u>	<u>98,090</u>	<u>123,640</u>	<u>98,090</u>
Cost of goods produced	1,469,448	1,267,178	4,471,428	3,831,738
Opening stock of finished goods	476,324	294,160	419,888	300,591
	<u>1,945,772</u>	<u>1,561,338</u>	<u>4,891,316</u>	<u>4,132,329</u>
Less: Closing stock of finished goods	<u>429,653</u>	<u>352,867</u>	<u>429,653</u>	<u>352,867</u>
	<u>1,516,119</u>	<u>1,208,471</u>	<u>4,461,663</u>	<u>3,779,462</u>

8. Related party transactions

	Nine months to September 30, 2005	Nine months to September 30, 2004
	(Rupees in thousand)	
Purchase of goods and services	166,242	130,078
Sale of goods and services	1,408,785	979,149
Sale of machinery	-	4,000
Purchase of vehicle	2,108	-
Dividend income	242,980	211,917
Rental income	13,232	12,595
Contribution to retirement benefit funds	32,010	29,563
Key management personnel compensation	22,982	18,179

Period - end balances

	September 30, 2005 (Rupees in thousand)	September 30, 2004
Receivable from related parties	131,783	127,942
Payable to related parties	14,809	7,882

9. Cash generated from operations

	Nine months to September 30, 2005 (Rupees in thousand)	Nine months to September 30, 2004
Profit before taxation	1,378,196	1,083,645
Adjustments for:		
Depreciation on property, plant and equipment	329,741	332,122
Amortization on intangible assets	1,824	27,639
Depreciation on investment property	714	437
Depreciation on leased assets	2,140	9,753
Amortization of goodwill	7,950	7,952
Provision for accumulating compensated absences	17,197	17,610
Retirement and other benefits accrued	8,977	9,461
Exchange Adjustments	(2,311)	(4,523)
Unrealised profit on held to maturity investment	(293)	(798)
Net profit on disposal of property, plant and equipment	(5,268)	(9,363)
Finance cost	80,333	122,592
Share of profit from associated companies	(641,178)	(522,719)
Profit before working capital changes	1,178,022	1,073,808
Effect on cash flow due to working capital changes		
(Increase) in trade debts	(207,554)	(73,307)
(Increase) in stores and spares	(4,616)	(53,258)
(Increase) in stock-in-trade	(68,348)	(256,347)
(Increase) in loans, advances, deposits, prepayments and other receivables	(246,985)	(77,642)
Increase in creditors, accrued and other liabilities	63,890	103,887
	(463,613)	(356,667)
	<u>714,409</u>	<u>717,141</u>

10. Cash and cash equivalents


	September 30, 2005 (Rupees in thousand)	September 30, 2004
Cash and bank balances	1,382,805	277,861
Finances under markup arrangements	(800,431)	(910,073)
	<u>582,374</u>	<u>(632,212)</u>


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