

Contents

Company information	2
Directors' report	3
Balance sheet	6
Profit and loss account	8
Cash flow statement	9
Statement of changes in equity	10
Selected notes to the financial statements	11
Packages Group consolidated financial statements	15
Directors' report	17
Consolidated balance sheet	18
Consolidated profit and loss account	20
Consolidated cash flow statement	21
Consolidated statement of changes in equity	22
Selected notes to the consolidated financial statements	23

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 / Chief Executive)
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)
Syed Aslam Mehdi - Member
(Deputy 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

Web Presence

www.packages.com.pk

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
NIB Bank Limited
Oman International Bank, S.A.O.G.
PICIC Commercial Bank Limited
Standard Chartered Bank
The Bank of Tokyo - Mitsubishi UFJ, Limited
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) 4784401-2

Uzair Enterprises

Teer Chowk Bhuta Road
Sukkur - 65200, Pakistan
Tel. & Fax: (071) 5616138

2nd Floor, Sitara Tower, Bilal Chowk
Civil Lines, Faisalabad - 38000, Pakistan
Tel. & Fax: (041) 2629417

Shares Registrar

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

DIRECTORS' REPORT



The Directors of Packages Limited take pleasure in presenting to the shareholders, the nine months report together with the un-audited accounts of the company for the period ended September 30, 2006.

Operating Results

The comparison of the un-audited results for the quarter and nine months ended September 30, 2006 as against September 30, 2005 is as follows:

For the 3rd Quarter		Cumulative	
Jul - Sep 2006	Jul - Sep 2005	Jan - Sep 2006	Jan - Sep 2005

Financial- Rupees in million

Invoiced sales	2,194	2,164	6,697	6,062
Profit from operations	156	261	627	701
Investment income	-	6	345	263
Profit before tax	139	254	906	911

Manufacturing-quantity in tonnes

Paper and paperboard produced	25,504	27,385	75,803	77,462
Paper and paperboard converted	21,204	21,097	64,546	61,887
Plastics all sorts converted	2,232	1,793	5,990	5,358

Sales for the first nine months of this year as compared with the sales of the same period last year resulted in an increase of 10.46%. The company was unable to fully pass on the increased oil based raw material costs, increased wheat straw costs and energy cost to its customers which has impacted its margins. However, the company is continuing its efforts to rationalize prices wherever possible, increase productivity and reduce costs in order to improve the margins. The impact of this should be visible in the fourth quarter.

During the quarter a new tissue machine has been ordered to increase the production capacity to meet the market requirements.

Bulleh Shah Paper Mill (A division of Packages Limited)

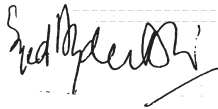
The project is advancing at full pace and it is expected that the mechanical installation of paper machine no. 6 would be completed by the end of this year, when it shall be handed over to the commissioning team. On successful completion of commissioning paper machine no. 6 the commercial production should commence during the first half of 2007. Work on the paper machine no. 7 building is well underway together with all the ancillary back processes.

Future Outlook

The company is hopeful of achieving its targeted annual sales. It is taking necessary steps to increase productivity and control its overheads.

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.



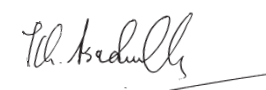
(Syed Hyder Ali)
Managing Director / Chief Executive
Lahore, October 19, 2006


**Packages Limited
Financial Statements**

PACKAGES LIMITED
BALANCE SHEET
as at September 30, 2006 (un-audited)

	Note	September 30, 2006 (Rupees in thousand)	December 31, 2005		Note	September 30, 2006 (Rupees in thousand)	December 31, 2005
EQUITY AND LIABILITIES				ASSETS			
SHARE CAPITAL AND RESERVES				NON - CURRENT ASSETS			
Authorised capital 100,000,000 (2005: 100,000,000) ordinary shares of Rs. 10 each		1,000,000	1,000,000	Property, plant and equipment	6	2,843,764	2,996,821
Issued, subscribed and paid up capital 69,879,507 (2005: 69,879,507) ordinary shares of Rs. 10 each		698,795	698,795	Intangible assets		3,216	5,300
Reserves		6,672,089	6,021,297	Investment property		14,663	15,381
Unappropriated profit		703,486	1,016,163	Assets subject to finance lease		5,847	8,581
		8,074,370	7,736,255	Capital work-in-progress	7	8,886,134	3,265,517
				Investments		697,276	693,576
				Long-term loans and deposits		16,714	16,200
				Retirement benefits		64,932	60,291
						12,532,546	7,061,667
NON - CURRENT LIABILITIES				CURRENT ASSETS			
Long-term finances - secured	4	4,000,000	1,000,000	Stores and spares		468,221	407,439
Liabilities against assets subject to finance lease		-	851	Stock-in-trade		1,647,942	1,144,043
Deferred liabilities		533,469	547,468	Trade debts		809,377	784,638
		4,533,469	1,548,319	Loans, advances, deposits, prepayments and other receivables		241,787	202,667
				Cash and bank balances		133,087	2,019,950
CURRENT LIABILITIES						3,300,414	4,558,737
Current portion of liabilities against assets subject to finance lease		2,774	5,159				
Finances under mark up arrangements - secured		1,826,820	1,602,720				
Derivative foreign currency forward options		-	90,959				
Creditors, accrued and other liabilities		1,250,996	619,215				
Provision for taxation		144,531	17,777				
		3,225,121	2,335,830				
CONTINGENCIES AND COMMITMENTS							
	5	-	-				
		15,832,960	11,620,404			15,832,960	11,620,404

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


Asadullah Khawaja
Chairman



Syed Hyder Ali
Managing Director / Chief Executive

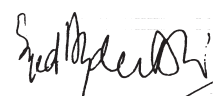

Mujeeb Rashid
Director

PACKAGES LIMITED
PROFIT AND LOSS ACCOUNT
for the nine months ended September 30, 2006 (un-audited)

	Note	For the 3rd Quarter		Cumulative	
		Jul - Sep 2006	Jul - Sep 2005	Jan - Sep 2006	Jan - Sep 2005
		(R u p e e s i n		t h o u s a n d)	
Local sales		2,169,534	2,121,012	6,571,932	6,000,442
Export sales		24,537	42,610	125,021	61,948
		<u>2,194,071</u>	<u>2,163,622</u>	<u>6,696,953</u>	<u>6,062,390</u>
Less: Sales tax and excise duty		290,445	276,414	865,032	785,351
Commission		1,792	2,621	6,026	6,637
		<u>292,237</u>	<u>279,035</u>	<u>871,058</u>	<u>791,988</u>
		<u>1,901,834</u>	<u>1,884,587</u>	<u>5,825,895</u>	<u>5,270,402</u>
Cost of goods sold	8	(1,613,775)	(1,521,417)	(4,834,460)	(4,226,575)
Gross profit		<u>288,059</u>	<u>363,170</u>	<u>991,435</u>	<u>1,043,827</u>
Administration expenses		(87,550)	(84,485)	(263,923)	(263,341)
Distribution and marketing expenses		(56,269)	(49,033)	(174,115)	(147,613)
Other operating expenses		(4,173)	(19,296)	(61,808)	(66,096)
Other operating income		15,673	50,760	135,375	134,100
Profit from operations		<u>155,740</u>	<u>261,116</u>	<u>626,964</u>	<u>700,877</u>
Finance cost		(17,071)	(13,440)	(66,207)	(53,356)
Investment income		-	5,869	345,285	263,244
Profit before tax		<u>138,669</u>	<u>253,545</u>	<u>906,042</u>	<u>910,765</u>
Taxation		(42,000)	(96,000)	(203,442)	(272,000)
Profit for the period		<u>96,669</u>	<u>157,545</u>	<u>702,600</u>	<u>638,765</u>
Earnings per share -basic & diluted	Rupees	<u>1.38</u>	<u>2.25</u>	<u>10.05</u>	<u>10.64</u>

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


Asadullah Khawaja
Chairman



Syed Hyder Ali
Managing Director / Chief Executive



Mujeeb Rashid
Director

PACKAGES LIMITED
CASH FLOW STATEMENT
for the nine months ended September 30, 2006 (un-audited)

	Note	Nine months to September 30, 2006	Nine months to September 30, 2005
(Rupees in thousand)			
Cash flow from operating activities:			
Cash generated from operations	10	883,783	568,505
Finance cost paid		(63,355)	(46,838)
Taxes paid		(100,688)	(268,928)
Payments for accumulating compensated absences		(5,945)	(7,428)
Retirement benefits paid		(13,584)	(14,850)
Net cash from operating activities		700,211	230,461
Cash flow from investing activities:			
Purchase of property, plant and equipment		(5,755,282)	(1,958,890)
Net increase in long-term loans and deposits		(515)	(11,849)
Proceeds from sale of property, plant and equipment		8,957	16,575
Dividends received		381,777	257,376
Investments		(25,000)	9,360
Net cash used in investing activities		(5,390,063)	(1,687,428)
Cash flow from financing activities:			
Proceeds from long-term finances		3,000,000	-
Proceeds from issue of ordinary shares		-	3,016,228
Proceeds from short-term loan		-	600,000
Repayment of long-term finances		-	(854,870)
Payment of finance lease liabilities		(3,236)	(3,740)
Dividend paid		(417,875)	(402,465)
Net cash from financing activities		2,578,889	2,355,153
Net (decrease) / increase in cash and cash equivalents		(2,110,963)	898,186
Cash and cash equivalents at the beginning of the period		417,230	(89,311)
Cash and cash equivalents at the end of the period	11	(1,693,733)	808,875

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


Asadullah Khawaja
Chairman


Syed Hyder Ali
Managing Director / Chief Executive


Mujeeb Rashid
Director

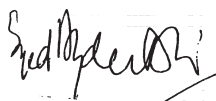
PACKAGES LIMITED
STATEMENT OF CHANGES IN EQUITY
for the nine months ended September 30, 2006 (un-audited)

	Share capital	Share premium	Fair value reserve	Hedging 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, 2004	475,371	203,589	17,100	-	2,531,936	963,864	4,191,860
Final Dividend for the year ended December 31, 2004 Rs. 8.50 per share	-	-	-	-	-	(404,065)	(404,065)
Transferred from profit & loss account	-	-	-	-	559,000	(559,000)	-
Issue of 22,342,427 ordinary shares of Rs. 10 each fully paid in cash - net of issue cost	223,424	2,783,364	-	-	-	-	3,006,788
Fair value loss during the year	-	-	(11,700)	-	-	-	(11,700)
Net profit for the period	-	-	-	-	-	638,765	638,765
Balance as on September 30, 2005	698,795	2,986,953	5,400	-	3,090,936	639,564	7,421,648
Fair value gain during the period	-	-	14,100	-	-	-	14,100
Loss arising on marking to market foreign currency forward option entered into as part of cash flow hedge for the purchase of plant and machinery	-	-	-	(76,092)	-	-	(76,092)
Net profit for the period	-	-	-	-	-	376,599	376,599
Balance as on December 31, 2005	698,795	2,986,953	19,500	(76,092)	3,090,936	1,016,163	7,736,255
Final Dividend for the year ended December 31, 2005 Rs. 6.00 per share	-	-	-	-	-	(419,277)	(419,277)
Transferred from profit & loss account	-	-	-	-	596,000	(596,000)	-
Fair value loss during the period	-	-	(21,300)	-	-	-	(21,300)
Gain arising on foreign currency forward options entered into as part of cash flow hedge for the purchase of plant and machinery	-	-	-	1,905	-	-	1,905
Transferred to CWIP on expiry of foreign currency forward options	-	-	-	74,187	-	-	74,187
Net profit for the period	-	-	-	-	-	702,600	702,600
Balance as on September 30, 2006	698,795	2,986,953	(1,800)	-	3,686,936	703,486	8,074,370

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



Asadullah Khawaja
Chairman



Syed Hyder Ali
Managing Director / Chief Executive



Mujeeb Rashid
Director

PACKAGES LIMITED
SELECTED NOTES TO THE FINANCIAL STATEMENTS
for the nine months ended September 30, 2006 (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, 2005.
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 finances - secured

	September 30, 2006	December 31, 2005
	(Rupees in thousand)	
Opening Balance:	1,000,000	-
Add: disbursements during the period	3,000,000	1,000,000
	4,000,000	1,000,000
Less: repaid during the period	-	-
Closing Balance	4,000,000	1,000,000

5. Contingencies and commitments

5.1 Contingencies

- (i) Claims against the company not acknowledged as debts Rs. 10.398 million (December 31, 2005: Rs. 10.362 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.

5.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs. 3,771.628 million (December 31, 2005: Rs. 3,105.869 million).

(ii) Letters of credit other than for capital expenditure Rs. 224.684 million (December 31, 2005: Rs. 246.589 million).

(iii) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

Years	September 30, 2006	December 31, 2005
	(Rupees in thousand)	
Not later than one year	8,710	7,747
Later than one year and not later than five years	10,637	8,947
Later than five years	2,003	2,364
	<u>21,350</u>	<u>19,058</u>
6. Property, plant and equipment		
Opening book value	2,996,821	2,937,656
Add: additions during the period transfers from leased assets	-note 6.1 134,665 675	469,914 737
	<u>135,340</u>	<u>470,651</u>
	3,132,161	3,408,307
Less: disposals during the period (at book value) depreciation charged during the period	4,585 283,812	12,024 399,462
	<u>288,397</u>	<u>411,486</u>
Closing book value	<u>2,843,764</u>	<u>2,996,821</u>
6.1 Following is the detail of additions during the period		
Freehold land	-	12,530
Building on freehold land	100	23,881
Plant and machinery	100,791	357,171
Other equipment	13,264	39,958
Furniture and fixtures	107	989
Vehicles	20,403	35,385
	<u>134,665</u>	<u>469,914</u>
7. Capital work-in-progress		
Civil works	101,667	1,318
Plant and machinery [including in transit Rs. Nil (2005: Rs. 0.576 million)]	555,227	35,917
Others	278	802
Expansion project:		
Civil works	1,059,695	412,257
Plant and machinery [including in transit Rs. 254.683 million (2005: Rs. 803.932 million)]	6,519,405	1,761,944
Advances	253,731	762,195
Unallocated expenditure	396,131	291,084
	<u>8,228,962</u>	<u>3,227,480</u>
	<u>8,886,134</u>	<u>3,265,517</u>

8. Cost of goods sold

	For the 3rd Quarter		Cumulative	
	Jul - Sep 2006	Jul - Sep 2005	Jan - Sep 2006	Jan - Sep 2005
	(R u p e e s i n t h o u s a n d)			
Opening work-in-process	77,180	99,937	80,980	77,127
Materials consumed	1,109,052	899,310	3,129,902	2,574,910
Salaries, wages and amenities	118,168	107,548	358,363	326,391
Fuel and power	247,182	215,796	705,828	593,513
Production supplies	52,904	52,593	162,529	151,536
Excise duty and sales tax	23	68	152	214
Rent, rates and taxes	654	841	1,941	2,321
Insurance	9,316	10,454	26,794	30,465
Repairs and maintenance	53,710	49,335	188,491	169,935
Packing expenses	12,643	11,474	46,499	30,673
Depreciation on property, plant and equipment	80,611	83,440	262,385	284,927
Amortisation on intangible assets	624	601	1,907	1,802
Depreciation on assets subject to finance lease	170	199	568	650
Technical fee and royalty	2,652	5,487	11,514	16,567
Other expenses	23,538	21,162	66,499	62,018
	<u>1,788,427</u>	<u>1,558,245</u>	<u>5,044,352</u>	<u>4,323,049</u>
Less: Closing work-in-process	<u>106,361</u>	<u>81,853</u>	<u>106,361</u>	<u>81,853</u>
Cost of goods produced	1,682,066	1,476,392	4,937,991	4,241,196
Opening stock of finished goods	451,213	444,589	415,973	384,943
	<u>2,133,279</u>	<u>1,920,981</u>	<u>5,353,964</u>	<u>4,626,139</u>
Less: Closing stock of finished goods	<u>519,504</u>	<u>399,564</u>	<u>519,504</u>	<u>399,564</u>
	<u>1,613,775</u>	<u>1,521,417</u>	<u>4,834,460</u>	<u>4,226,575</u>

9. Transactions with related parties

	Nine months to September 30, 2006	Nine months to September 30, 2005
		(Rupees in thousand)
Purchases of goods and services	538,380	430,738
Sale of goods and services	2,045,124	1,417,117
Sale of property, plant and equipment	940	402
Purchase of property, plant and equipment	-	2,108
Dividend income	345,285	263,244
Rental income	19,297	16,089
Expense charged in respect of retirement benefits plans	33,672	32,010
Key management personnel compensation	26,522	22,982
Period-end balances		
	September 30, 2006	December 31, 2005
	(Rupees in thousand)	
Receivable from related parties	214,595	280,383
Payable to related parties	38,014	48,816

10. Cash generated from operations

	Nine months to September 30, 2006	Nine months to September 30, 2005
	(Rupees in thousand)	
Profit before tax	906,042	910,765
Adjustments for:		
Depreciation on property, plant and equipment	283,812	304,846
Amortisation on intangible assets	2,084	1,824
Depreciation on investment property	718	714
Depreciation on assets subject to finance lease	2,059	2,140
Provision for accumulating compensated absences	15,946	15,384
Retirement benefits accrued	8,943	8,977
Gain on held to maturity investments	-	(293)
Gain on foreign currency forward options	(14,867)	-
Net profit on disposal of property, plant and equipment	(4,369)	(4,847)
Finance cost	66,207	53,356
Dividend income	(345,285)	(263,244)
	<hr/>	<hr/>
Profit before working capital changes	921,290	1,029,622
Effect on cash flow due to working capital changes		
Increase in trade debts	(24,739)	(183,227)
Increase in stores and spares	(60,782)	(7,058)
Increase in stock-in-trade	(503,899)	(103,421)
Increase in loans, advances, deposits, prepayments and other receivables	(75,613)	(233,792)
Increase in creditors, accrued and other liabilities	627,526	66,381
	<hr/>	<hr/>
	(37,507)	(461,117)
	<hr/>	<hr/>
	883,783	568,505

11. Cash and cash equivalents

	September 30, 2006	September 30, 2005
	(Rupees in thousand)	
Cash and bank balances	133,087	1,378,477
Finances under mark up arrangements	(1,826,820)	(569,602)
	<hr/>	<hr/>
	(1,693,733)	808,875

12. Date of authorisation

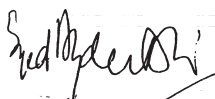
These financial statements were authorised for issue on October 19, 2006 by the Board of Directors of the company.

13. 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 / Chief Executive



Mujeeb Rashid
Director

**Packages Group
Consolidated Financial Statements**

DIRECTORS' REPORT



The Directors of Packages Limited take pleasure in presenting to the shareholders, the un-audited consolidated accounts of the group for the nine months ended September 30, 2006.

Operating Results

The comparison of the un-audited results for the quarter and nine months ended September 30, 2006 as against September 30, 2005 is as follows:

	For the 3rd Quarter		Cumulative	
	Jul - Sep 2006	Jul - Sep 2005	Jan - Sep 2006	Jan - Sep 2005
	(R u p e e s i n m i l l i o n)			
Invoiced sales	2,374	2,216	7,203	6,499
Profit from operations	205	303	762	817
Income from associated companies	403	136	1,073	641
Profit before tax	581	416	1,739	1,378

The group sales have grown by 10.83% and its profit before tax by 26.20% over the same period last year. The group's two main subsidiaries namely DIC Pakistan Limited and Packages Lanka (Pvt.) Limited have shown growth of 15% in their sales over last year and kept overhead costs under control resulting in addition to profit before tax.


The substitution of long-term loan with relatively inexpensive arrangement by Packages Lanka (Pvt.) Limited in December 2005 has resulted in decrease in financial cost of the company. DIC Pakistan Limited has ordered a new dispensing unit which would be installed by end December 2006. Both the companies are confident to achieve their annual projected sales targets during the last quarter of the year.


(Syed Hyder Ali)
Managing Director / Chief Executive
Lahore, October 19, 2006

CONSOLIDATED BALANCE SHEET
as at September 30, 2006 (un-audited)

	Note	September 30, 2006 (Rupees in thousand)	December 31, 2005 (Rupees in thousand)		Note	September 30, 2006 (Rupees in thousand)	December 31, 2005 (Rupees in thousand)
EQUITY AND LIABILITIES				ASSETS			
CAPITAL AND RESERVES				NON - CURRENT ASSETS			
Authorised capital 100,000,000 (2005: 100,000,000) ordinary shares of Rs. 10 each		1,000,000	1,000,000	Property, plant and equipment	6	3,106,084	3,270,087
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				Intangible assets		3,356	5,440
Issued, subscribed and paid up capital 69,879,507 (2005: 69,879,507) ordinary shares of Rs. 10 each		698,795	698,795	Investment property		8,139	8,588
Reserves		6,644,327	5,993,650	Assets subject to finance lease		8,028	11,256
Unappropriated profit		2,030,165	1,857,321	Capital work-in-progress	7	8,903,936	3,267,194
		9,373,287	8,549,766	Goodwill		29,155	37,106
MINORITY INTEREST				Investments	8	1,773,836	1,309,058
		111,914	90,547	Long-term loans and deposits		17,094	16,813
		9,485,201	8,640,313	Retirement benefits		64,932	60,291
NON - CURRENT LIABILITIES						13,914,560	7,985,833
Long-term finances - secured	4	4,020,557	1,033,339	CURRENT ASSETS			
Liabilities against assets subject to finance lease		-	2,187	Stores and spares		480,432	423,866
Deferred liabilities		608,249	597,551	Stock-in-trade		1,882,004	1,415,522
		4,628,806	1,633,077	Trade debts		944,620	916,576
CURRENT LIABILITIES				Loans, advances, deposits, prepayments and other receivables		252,442	203,797
Current portion of long-term liabilities		18,703	17,395	Cash and bank balances		145,669	2,033,621
Liabilities against assets subject to finance lease		2,774	6,232			3,705,167	4,993,382
Finances under mark up arrangements - secured		2,037,759	1,895,761	CONTINGENCIES AND COMMITMENTS			
Derivative foreign currency forward options		-	90,959			-	-
Creditors, accrued and other liabilities		1,288,319	674,666			-	-
Provision for taxation		158,165	20,812			-	-
		3,505,720	2,705,825			17,619,727	12,979,215
		17,619,727	12,979,215			17,619,727	12,979,215

The annexed notes 1 to 14 form an integral part of these financial statements.


Asadullah Khawaja
Chairman



Syed Hyder Ali
Managing Director / Chief Executive



Mujeeb Rashid
Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the nine months ended September 30, 2006 (un-audited)

	Note	For the 3rd Quarter		Cumulative	
		Jul - Sep 2006	Jul - Sep 2005	Jan - Sep 2006	Jan - Sep 2005
(R u p e e s i n t h o u s a n d)					
Local sales		2,349,002	2,173,874	7,072,979	6,437,145
Export sales		24,537	42,610	129,795	61,948
		<u>2,373,539</u>	<u>2,216,484</u>	<u>7,202,774</u>	<u>6,499,093</u>
Less: Sales tax and excise duty		300,859	272,393	932,995	811,313
Commission		2,300	2,621	8,249	6,637
		<u>303,159</u>	<u>275,014</u>	<u>941,244</u>	<u>817,950</u>
		<u>2,070,380</u>	<u>1,941,470</u>	<u>6,261,530</u>	<u>5,681,143</u>
Cost of goods sold	9	(1,711,505)	(1,516,119)	(5,071,652)	(4,461,663)
Gross profit		358,875	425,351	1,189,878	1,219,480
Administration expenses		(100,346)	(92,911)	(301,576)	(295,274)
Distribution and marketing expenses		(61,907)	(58,334)	(192,393)	(168,358)
Other operating expenses		(7,194)	(21,751)	(69,627)	(72,100)
Other operating income		15,689	50,363	135,748	133,603
Profit from operations		205,117	302,718	762,030	817,351
Finance cost		(26,436)	(22,670)	(95,467)	(80,333)
Income from associated companies		402,776	136,364	1,072,731	641,178
Profit before tax		581,457	416,412	1,739,294	1,378,196
Taxation					
Group		(73,044)	(106,692)	(263,782)	(314,492)
Associated companies		(63,309)	(39,375)	(254,877)	(233,659)
		<u>(136,353)</u>	<u>(146,067)</u>	<u>(518,659)</u>	<u>(548,151)</u>
Profit for the period		445,104	270,345	1,220,635	830,045
Minority interest		(12,382)	(12,546)	(32,514)	(14,718)
		<u>432,722</u>	<u>257,799</u>	<u>1,188,121</u>	<u>815,327</u>
Combined earnings per share-basic and diluted	Rupees	6.19	3.87	17.00	13.82

The annexed notes 1 to 14 form an integral part of these financial statements


Asadullah Khawaja
Chairman



Syed Hyder Ali
Managing Director / Chief Executive



Mujeeb Rashid
Director

CONSOLIDATED CASH FLOW STATEMENT
for the nine months ended September 30, 2006 (un-audited)

	Note	Nine months to September 30, 2006	Nine months to September 30, 2005
(Rupees in thousand)			
Cash flow from operating activities:			
Cash generated from operations	11	1,063,374	714,409
Finance cost paid		(93,142)	(75,799)
Taxes paid		(126,428)	(289,039)
Payments for accumulating compensated absences		(5,945)	(3,661)
Retirement benefits paid		(13,584)	(14,850)
Net cash from operating activities		824,275	331,060
Cash flow from investing activities:			
Purchase of property, plant and equipment		(5,786,254)	(1,973,347)
Net increase in long-term loans and deposits		(281)	(11,726)
Proceeds from sale of property, plant and equipment		10,097	17,398
Dividends received		368,268	237,112
Investments		-	9,360
Net cash used in investing activities		(5,408,170)	(1,721,203)
Cash flow from financing activities:			
Proceeds from long-term finances		3,000,000	-
Proceeds from issue of ordinary shares		-	3,016,228
Proceeds from short-term loan		-	600,000
Repayment of long-term finances		(11,474)	(864,041)
Payment of finance lease liabilities		(5,645)	(3,740)
Dividend paid		(417,875)	(402,465)
Dividend paid to minority shareholders		(11,061)	(16,592)
Net cash from financing activities		2,553,945	2,329,390
Net (decrease) / increase in cash and cash equivalents		(2,029,950)	939,247
Cash and cash equivalents at the beginning of the period		137,860	(356,873)
Cash and cash equivalents at the end of the period	12	(1,892,090)	582,374

The annexed notes 1 to 14 form an integral part of these financial statements.


Asadullah Khawaja
Chairman


Syed Hyder Ali
Managing Director / Chief Executive


Mujeeb Rashid
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the nine months ended September 30, 2006 (un-audited)

	Attributable to equity holders of parent							Minority Interest	Total Equity	
	Share capital	Share premium	Exchange difference on translation of foreign subsidiary	Fair Value reserve	Hedging 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, 2004 as restated	475,371	203,589	(30,967)	17,100	-	2,531,936	1,708,616	4,905,645	93,399	4,999,044
Final dividend for the year ended December 31, 2004	-	-	-	-	-	-	(404,065)	(404,065)	(16,592)	(420,657)
Transferred from profit and loss account	-	-	-	-	-	559,000	(559,000)	-	-	-
Issue of 22,342,427 ordinary shares of Rs. 10 each fully paid in cash-net of issue cost	223,424	2,783,364	-	-	-	-	-	3,006,788	-	3,006,788
Fair value loss during the period	-	-	-	(11,700)	-	-	-	(11,700)	-	(11,700)
Net profit for the period	-	-	-	-	-	-	802,781	802,781	27,264	830,045
Exchange adjustments	-	-	4,308	-	-	-	-	4,308	1,140	5,448
Balance as on September 30, 2005	698,795	2,986,953	(26,659)	5,400	-	3,090,936	1,548,332	8,303,757	105,211	8,408,968
Final dividend for the year ended December 31, 2004	-	-	-	-	-	-	-	-	(22,124)	(22,124)
Fair value gain during the period	-	-	-	14,100	-	-	-	14,100	-	14,100
Loss arising on marking to market foreign currency forward options entered into as part of cash flow hedge for the purchase of plant and machinery	-	-	-	-	(76,092)	-	-	(76,092)	-	(76,092)
Net profit for the period	-	-	-	-	-	-	308,989	308,989	7,721	316,710
Exchange adjustments	-	-	(988)	-	-	-	-	(988)	(261)	(1,249)
Balance as on December 31, 2005 as reported	698,795	2,986,953	(27,647)	19,500	(76,092)	3,090,936	1,857,321	8,549,766	90,547	8,640,313
Final Dividend for the year ended December 31, 2005	-	-	-	-	-	-	(419,277)	(419,277)	(11,061)	(430,338)
Transferred from profit and loss account	-	-	-	-	-	596,000	(596,000)	-	-	-
Fair value loss during the period	-	-	-	(21,300)	-	-	-	(21,300)	-	(21,300)
Gain arising on foreign currency forward options entered into as part of cash flow hedge for the purchase of plant and machinery	-	-	-	-	1,905	-	-	1,905	-	1,905
Transferred to CWIP on expiry of foreign currency forward options	-	-	-	-	74,187	-	-	74,187	-	74,187
Net profit for the period	-	-	-	-	-	-	1,188,121	1,188,121	32,514	1,220,635
Exchange adjustments	-	-	(115)	-	-	-	-	(115)	(86)	(201)
Balance as on September 30, 2006	698,795	2,986,953	(27,762)	(1,800)	-	3,686,936	2,030,165	9,373,287	111,914	9,485,201

The annexed notes 1 to 14 form an integral part of these financial statements.



Asadullah Khawaja
Chairman



Syed Hyder Ali
Managing Director / Chief Executive



Mujeeb Rashid
Director

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the nine months ended September 30, 2006 (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 preceding annual published financial statements of the group for the year ended December 31, 2005.
3. These consolidated financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, "Interim Financial Reporting".

4. Long-term finances - secured

	September 30, 2006	December 31, 2005
	(Rupees in thousand)	
Foreign currency loans - secured	39,260	50,734
Long-term loans - secured	4,000,000	1,000,000
	4,039,260	1,050,734
Less: current portion shown under current liabilities	(18,703)	(17,395)
Closing Balance	4,020,557	1,033,339

5. Contingencies and commitments

5.1 Contingencies

- (i) Claims against the group not acknowledged as debts Rs. 10.398 million (December 31, 2005: Rs. 10.362 million).
- (ii) Guarantees to the Director General of Customs amounting to Rs. 3.48 million (December 31, 2005: 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.

5.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs. 3,771.966 million (December 31, 2005: Rs. 3,105.869 million).
- (ii) Letters of credit other than for capital expenditure Rs. 257.727 million (December 31, 2005: Rs. 275.689 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, 2006	December 31, 2005
	(Rupees in thousand)	
Years		
Not later than one year	8,710	7,747
Later than one year and not later than five years	10,637	8,947
Later than five years	2,003	2,364
	<u>21,350</u>	<u>19,058</u>
6. Property, plant and equipment		
Opening book value	3,270,087	3,222,227
Add: additions during the period	-note 6.1 150,007	485,730
transfers from leased assets	675	737
exchange adjustment on opening	(397)	10,445
	<u>150,285</u>	<u>496,912</u>
	3,420,372	3,719,139
Less: disposals during the period (at book value)	4,996	12,416
depreciation charged during the period	309,480	431,965
exchange adjustment on opening		
accumulated depreciation / amortisation	(188)	4,671
	<u>314,288</u>	<u>449,052</u>
Closing book value	<u>3,106,084</u>	<u>3,270,087</u>
6.1 Following is the detail of additions during the period		
Freehold land	-	12,530
Building on freehold land	550	24,487
Building on leasehold land	-	1,468
Plant and machinery	107,572	359,388
Other equipment	17,133	47,808
Furniture and fixtures	605	1,755
Vehicles	24,147	38,294
	<u>150,007</u>	<u>485,730</u>
7. Capital work-in-progress		
Civil works	101,667	2,413
Plant and machinery [including in transit Rs. Nil (2005: Rs. 0.576 million)]	573,029	36,499
Others	278	802
Expansion project :		
Civil works	1,059,695	412,257
Plant and machinery [including in transit Rs. 254.683 million (2005: Rs. 803.932 million)]	6,519,405	1,761,944
Advances	253,731	762,195
Unallocated expenditure	396,131	291,084
	<u>8,228,962</u>	<u>3,227,480</u>
	<u>8,903,936</u>	<u>3,267,194</u>

8. Investments

		September 30, 2006	December 31, 2005
		(Rupees in thousand)	
These represent the long-term investments in :			
Equity instruments of associated companies	-note 8.1	1,715,611	1,229,533
Others	-note 8.2	58,225	79,525
		<u>1,773,836</u>	<u>1,309,058</u>

8.1 In equity instruments of associated companies

Cost		202,474	202,474
Post acquisition profit brought forward		1,027,059	913,635
		<u>1,229,533</u>	<u>1,116,109</u>
Profit for the year			
Before taxation		1,072,731	836,208
Provision for taxation		(254,877)	(157,311)
		<u>817,854</u>	<u>678,897</u>
		2,047,387	1,795,006
Less: Dividends received during the period		331,776	565,473
Balance as on	- note 8.3	<u>1,715,611</u>	<u>1,229,533</u>

8.2 Others

Quoted			
The Resource Group (TRG) Pakistan Limited 6,000,000 (2005: 6,000,000) fully paid ordinary shares of Rs. 10 each Equity held 2.78% (2005: 2.78%)		58,200	79,500
Unquoted			
Pakistan Tourism Development Corporation Limited 2,500 (2005: 2,500) fully paid ordinary shares of Rs. 10 each		25	25
Orient Match Company Limited 1,900 (2005: 1,900) fully paid ordinary shares of Rs. 100 each		-	-
		<u>58,225</u>	<u>79,525</u>

The Resource Group (TRG) Pakistan Limited is an associated undertaking under the Companies Ordinance 1984, however, for the purpose of measurement, it has been classified as available for sale investment. Its results have not been consolidated as group does not have a significant influence over its operations.

8.3 In equity instruments of associated companies

	September 30, 2006	December 31, 2005
	(Rupees in thousand)	
Quoted		
Nestle Pakistan Limited 3,649,248 (2005:3,649,248) fully paid ordinary shares of Rs. 10 each Equity held 8.06% (2005: 8.06%)	216,807	162,154
International General Insurance Company of Pakistan Limited 2,118,138 (2005: 1,629,337) fully paid ordinary shares of Rs. 10 each Equity held 10.61% (2005: 10.61%)	351,602	117,705
Tri-Pack Films Limited 10,000,000 (2005: 10,000,000) fully paid ordinary shares of Rs. 10 each Equity held 33.33 % (2005: 33.33 %)	337,581	328,586
First International Investment Bank Limited 4,191,741 (2005: 4,191,741) fully paid ordinary shares of Rs. 10 each Equity held 9.99 % (2005: 9.99 %)	49,754	45,832
	955,744	654,277
Unquoted		
Tetra Pak Pakistan Limited 30,800,000 (2005:30,800,000) fully paid ordinary shares of Rs. 10 each Equity held 44 % (2005: 44%)	754,700	570,346
Coca-Cola Beverages Pakistan Limited 500,000 (2005: 500,000) fully paid ordinary shares of Rs. 10 each Equity held 0.14% (2005:0.14%)	5,167	4,910
	759,867	575,256
	<u>1,715,611</u>	<u>1,229,533</u>

9. Cost of goods sold

	For the 3rd Quarter		Cumulative	
	Jul - Sep 2006	Jul - Sep 2005	Jan - Sep 2006	Jan - Sep 2005
	(R u p e e s i n t h o u s a n d)			
Opening work-in-process	119,871	144,817	132,210	115,039
Materials consumed	1,137,094	847,715	3,208,247	2,691,142
Salaries, wages and amenities	128,843	116,951	389,741	353,615
Fuel and power	255,784	223,287	729,905	614,589
Production supplies	54,760	54,076	168,021	155,972
Excise duty and sales tax	23	68	152	214
Rent, rates and taxes	1,315	1,174	3,292	3,272
Insurance	9,732	10,756	28,022	31,371
Repairs and maintenance	58,839	53,230	202,731	180,774
Packing expenses	26,626	15,856	60,482	42,043
Depreciation on property, plant and equipment	88,642	91,011	285,773	307,654
Amortisation on intangible assets	590	601	1,907	1,802
Depreciation on assets subject to finance lease	170	199	568	650
Technical fee and royalty	8,195	10,179	26,603	29,207
Travelling and conveyance	641	-	908	-
Other expenses	25,690	23,168	72,205	67,724
	<u>1,916,815</u>	<u>1,593,088</u>	<u>5,310,767</u>	<u>4,595,068</u>
Less: Closing work-in-process	139,320	123,640	139,320	123,640
Cost of goods produced	1,777,495	1,469,448	5,171,447	4,471,428
Opening stock of finished goods	478,088	476,324	444,283	419,888
	<u>2,255,583</u>	<u>1,945,772</u>	<u>5,615,730</u>	<u>4,891,316</u>
Less: Closing stock of finished goods	544,078	429,653	544,078	429,653
	<u>1,711,505</u>	<u>1,516,119</u>	<u>5,071,652</u>	<u>4,461,663</u>

10. Transactions with related parties

	Nine months to September 30, 2006	Nine months to September 30, 2005
	(Rupees in thousand)	
Purchase of goods and services	263,722	166,242
Sale of goods and services	2,037,469	1,408,785
Sale of property, plant and equipment	940	-
Purchase of property, plant and equipment	-	2,108
Dividend income	331,776	242,980
Rental income	16,440	13,232
Expense charged in respect of retirement benefit plans	33,672	32,010
Key management personnel compensation	26,522	22,982

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

Period-end balances

	September 30, 2006	December 31, 2005
	(Rupees in thousand)	
Receivable from related parties	210,999	288,788
Payable to related parties	9,440	44,194

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

11. Cash generated from operations

	Nine months to September 30, 2006 (Rupees in thousand)	Nine months to September 30, 2005
Profit before tax	1,739,294	1,378,196
Adjustments for:		
Depreciation on property, plant and equipment	309,480	329,741
Amortisation on intangible assets	2,084	1,824
Depreciation on investment property	449	714
Depreciation on assets subject to finance lease	2,059	2,140
Amortisation of goodwill	7,951	7,950
Provision for accumulating compensated absences	16,642	17,197
Retirement and other benefits accrued	8,944	8,977
Exchange adjustments	66	(2,311)
Exchange gain	(14,925)	-
Gain on held to maturity investments	-	(293)
Net profit on disposal of property, plant and equipment	(5,103)	(5,268)
Finance cost	95,467	80,333
Share of profit from associated companies	(1,072,731)	(641,178)
Profit before working capital changes	<u>1,089,677</u>	<u>1,178,022</u>
Effect on cash flow due to working capital changes		
Increase in trade debts	(28,044)	(207,554)
Increase in stores and spares	(56,566)	(4,616)
Increase in stock-in-trade	(466,482)	(68,348)
Increase in loans, advances, deposits, prepayments and other receivables	(85,137)	(246,985)
Increase in creditors, accrued and other liabilities	609,926	63,890
	<u>(26,303)</u>	<u>(463,613)</u>
	<u>1,063,374</u>	<u>714,409</u>

12. Cash and cash equivalents


	September 30, 2006 (Rupees in thousand)	September 30, 2005
Cash and bank balances	145,669	1,382,805
Finances under mark up arrangements	(2,037,759)	(800,431)
	<u>(1,892,090)</u>	<u>582,374</u>


13. 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
DIC Pakistan Limited	December 31	54.98%	Pakistan
Packages Construction (Private) Limited	December 31	99.99%	Pakistan

14. 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 / Chief Executive


Mujeeb Rashid
Director