



QUARTERLY REPORT

Unaudited

First Quarter Ended March 31, 2006



Packages Limited

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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 & 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)

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
NIB Bank Limited
PICIC Commercial Bank Limited
Standard Chartered Bank
Union Bank Limited
United Bank Limited

Head Office & Works

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

Karachi Factory

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

Registered Office & Regional Sales Office

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

Regional Sales Office

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

Zonal Sales Offices

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

Web Presence

www.packages.com.pk

DIRECTORS' REVIEW FOR THE QUARTER ENDED MARCH 31, 2006



The Directors of Packages Limited take pleasure in presenting to its shareholders, the quarterly report together with the un-audited financial statements of the company for the first quarter ended March 31, 2006.

Operating Results

The comparison of the un-audited results for the quarter ended March 31, 2006 as against March 31, 2005 is as follows:

	March 31, 2006	March 31, 2005
	(Rupees in million)	
Invoiced sales	2,207	1,946
Profit from operations	229	248
Investment income	284	233
Profit before tax	485	461
Paper and paperboard produced-tonnes	24,328	24,565
Paper and paperboard converted-tonnes	22,071	20,390
Plastics all sorts converted-tonnes	1,796	1,728

The Company has completed its first quarter of 2006 by recording a sale of Rs 2.2 billion, which is better than its projections for the relevant quarter. A growing economy and directly selling computer & writing paper and board in the domestic market have aided this result. Sale of packaging material and tissue products have also increased by 8% over the corresponding period last year.

Despite 13% growth in sales over the previous year corresponding quarter, the full impact of sales is not apparent in the profit from operations because margins are under pressure due to increasing input prices and financial costs. The company is making efforts to improve the margins by controlling wastages, improving production efficiencies and wherever possible by rationalizing the end prices. The reduction in operating profit is compensated by higher dividends, thus resulting in company's quarterly profit before tax growing by 5% from the first quarter of 2005.

Bulleh Shah Paper Mill Project

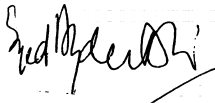
Work on Bulleh Shah Paper Mill is progressing satisfactorily. So far the Power Plant, De-inking Plant and Sheeting Machine have reached the site and their refurbishment is in progress. The equipment for the two Paper Machines No. 6 & 7 and Coating plant is largely on site. The operating floor and roof for housing Paper Machine No. 6 has been completed and work has started on preparing its base floor. It is expected that as per schedule Paper Machine-6 should be in production by the end of this year.

Future Outlook

If the domestic economic growth rate is maintained, we would be able to achieve our annual sales target. However, the real challenge for the next nine months is to keep the costs within budget and complete the first phase of Bulleh Shah Paper Mill Project successfully by the end of the year.

Company's Customers and Staff

We wish to record our appreciation of the commitment of our employees to the Company and continued patronage of our customers.



(Syed Hyder Ali)
Managing Director & Chief Executive
Karachi, April 24, 2006

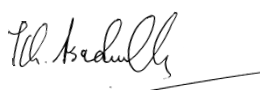
**Packages Limited
Financial Statements**


PACKAGES LIMITED
BALANCE SHEET
as at March 31, 2006 (un-audited)

	March 31, 2006	December 31, 2005
Note	(Rupees in thousand)	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised capital 100,000,000 (2005: 100,000,000) ordinary shares of Rs. 10 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid up capital 69,879,507 (2005: 69,879,507) ordinary shares of Rs. 10 each	698,795	698,795
Reserves	6,684,689	6,021,297
Unappropriated profit	<u>373,910</u>	<u>1,016,163</u>
	7,757,394	7,736,255
NON-CURRENT LIABILITIES		
Long-term finances	1,000,000	1,000,000
Liabilities against assets subject to finance lease	304	851
Deferred liabilities	<u>533,140</u>	<u>547,468</u>
	1,533,444	1,548,319
CURRENT LIABILITIES		
Current portion of long-term liabilities	4,799	5,159
Finances under mark up arrangements - secured	1,572,230	1,602,720
Derivative foreign currency forward options	-	90,959
Creditors, accrued and other liabilities	731,473	619,215
Dividends	419,277	-
Provision for taxation	<u>123,716</u>	<u>17,777</u>
	2,851,495	2,335,830
CONTINGENCIES AND COMMITMENTS	5	-
	<u>12,142,333</u>	<u>11,620,404</u>

	Note	March 31, 2006	December 31, 2005
(Rupees in thousand)			
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	6	2,908,606	2,996,821
Intangible assets		4,594	5,300
Investment property		15,141	15,381
Assets subject to finance lease		7,885	8,581
Capital work-in-progress	7	5,481,871	3,265,517
Investments		684,875	693,576
Long-term loans and deposits		16,246	16,200
Retirement benefits		60,291	60,291
		9,179,509	7,061,667
CURRENT ASSETS			
Stores and spares		404,782	407,439
Stock-in-trade		1,182,567	1,144,043
Trade debts		862,098	784,638
Investments	8	100,492	-
Loans, advances, deposits, prepayments and other receivables		252,067	202,667
Cash and bank balances		160,818	2,019,950
		2,962,824	4,558,737
		12,142,333	11,620,404

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

PACKAGES LIMITED
PROFIT AND LOSS ACCOUNT
for the quarter ended March 31, 2006 (un-audited)

	Note	Three months to March 31, 2006 (Rupees in thousand)	Three months to March 31, 2005
Local sales		2,165,289	1,935,201
Export sales		41,323	10,389
		<hr/>	<hr/>
		2,206,612	1,945,590
Less: Sales tax and excise duty		282,095	254,595
Commission		2,365	2,327
		<hr/>	<hr/>
		284,460	256,922
Cost of goods sold	9	1,922,152 (1,554,158)	1,688,668 (1,291,738)
Gross profit		<hr/>	<hr/>
		367,994	396,930
Administration expenses		(85,678)	(82,063)
Distribution and marketing expenses		(56,654)	(51,277)
Other operating expenses		(26,057)	(31,387)
Other operating income		29,353	16,036
Profit from operations		<hr/>	<hr/>
Finance cost		(27,963)	(20,763)
Investment income		284,029	233,263
Profit before tax		<hr/>	<hr/>
Taxation	4	485,024 (112,000)	460,739 (103,000)
Profit for the period		<hr/>	<hr/>
		373,024	357,739
Earnings per share - basic and diluted	Rupees	<hr/>	<hr/>
		5.34	7.53

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

PACKAGES LIMITED
CASH FLOW STATEMENT
for the quarter ended March 31, 2006 (un-audited)

	Note	Three months to March 31, 2006 (Rupees in thousand)	Three months to March 31, 2005 (Rupees in thousand)
Cash flow from operating activities:			
Cash generated from operations	11	230,612	61,608
Finance cost paid		(6,780)	(35,662)
Taxes paid		(20,061)	(4,499)
Payments for accumulating compensated absences		(1,527)	(2,052)
		<hr/>	<hr/>
Net cash from operating activities		202,244	19,395
Cash flow from investing activities:			
Purchase of property, plant and equipment		(2,228,392)	(277,945)
Net increase in long-term loans and deposits		(46)	(135)
Proceeds from sale of property, plant and equipment		2,957	6,171
Dividends received		295,521	35,263
Investments		(100,000)	-
		<hr/>	<hr/>
Net cash used in investing activities		(2,029,960)	(236,646)
Cash flow from financing activities:			
Repayment of long-term finances and other payables		-	(854,741)
Payment of finance lease liabilities		(907)	(1,674)
Dividend paid		(19)	(213)
		<hr/>	<hr/>
Net cash used in financing activities		(926)	(856,628)
		<hr/>	<hr/>
Net (decrease) in cash and cash equivalents		(1,828,642)	(1,073,879)
Cash and cash equivalents at the beginning of the period		417,230	(89,311)
		<hr/>	<hr/>
Cash and cash equivalents at the end of the period	12	<u>(1,411,412)</u>	<u>(1,163,190)</u>

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

PACKAGES LIMITED
STATEMENT OF CHANGES IN EQUITY
for the quarter ended March 31, 2006 (un-audited)

	Share capital	Share premium	Fair value reserve	Hedging reserve	General reserve	Unappro- priated profit	Total
	(R	u p e	e s	i n	t h o u	s a n	d)
Balance as on December 31, 2004 as restated	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)
Fair value gain during the period	-	-	6,000	-	-	-	6,000
Profit for the period	-	-	-	-	-	357,739	357,739
Transferred from profit & loss account	-	-	-	-	559,000	(559,000)	-
Balance as on March 31, 2005	475,371	203,589	23,100	-	3,090,936	358,538	4,151,534
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 period	-	-	(3,600)	-	-	-	(3,600)
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)
Profit for the period	-	-	-	-	-	657,625	657,625
Balance as on December 31, 2005 as reported	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	-	-	(8,700)	-	-	-	(8,700)
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
Profit for the period	-	-	-	-	-	373,024	373,024
Balance as on March 31, 2006	698,795	2,986,953	10,800	-	3,686,936	373,910	7,757,394

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

PACKAGES LIMITED
SELECTED NOTES TO THE FINANCIAL STATEMENTS
for the quarter ended March 31, 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 three months financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the company for the year ended December 31, 2005.
3. These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, "Interim Financial Reporting".
4. The provision for taxation for the quarter ended March 31, 2006 has been made on an estimated basis.
5. Contingencies and commitments

5.1 Contingencies

- (i) Claims against the company not acknowledged as debts Rs. 10.572 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. 3,679.391 million (December 31, 2005: Rs. 3,105.869 million).
- (ii) Letters of credit other than for capital expenditure Rs. 338.151 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	March 31, 2006	December 31, 2005
	(Rupees in thousand)	
Not later than one year	7,158	7,747
Later than one year and not later than five years	10,663	8,947
Later than five years	2,244	2,364
	20,065	19,058

6. Property, plant and equipment	March 31, 2006 (Rupees in thousand)	December 31, 2005
Opening book value	2,996,821	2,937,656
Add: additions during the period - note 6.1	12,037	469,914
transfers from leased assets	-	737
	12,037	470,651
	<u>3,008,858</u>	<u>3,408,307</u>
Less: disposals during the period (at book value)	2,209	12,024
depreciation charged during the period	98,043	399,462
	100,252	411,486
	<u>2,908,606</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	-	23,881
Plant and machinery	7,749	357,171
Other equipment	1,701	39,958
Furniture and fixtures	13	989
Vehicles	2,574	35,385
	<u>12,037</u>	<u>469,914</u>
7. Capital work-in-progress		
Civil works	90,040	1,318
Plant and machinery [including in transit Rs. 13.872 million (2005: Rs. 0.576 million)]	99,714	35,917
others	821	802
Expansion project:		
Civil works	737,866	412,257
Plant and machinery [including in transit Rs. 901.671 million (2005: Rs. 803.932 million)]	4,076,722	1,761,944
Advances	153,916	762,195
Unallocated expenditure	322,792	291,084
	5,291,296	3,227,480
	<u>5,481,871</u>	<u>3,265,517</u>
8. Investments		
These represent investments in money market fund units.		

9. Cost of goods sold

	Three months to March 31, 2006	Three months to March 31, 2005
	(Rupees in thousand)	
Opening work-in-process	80,980	77,127
Materials consumed	910,283	772,995
Salaries, wages and amenities	117,709	112,258
Fuel and power	216,056	184,968
Production supplies	54,087	45,333
Excise duty and sales tax	99	1,478
Rent, rates and taxes	717	1,405
Insurance	8,610	9,791
Repairs and maintenance	63,007	55,908
Packing expenses	15,738	8,782
Depreciation on property, plant and equipment	90,665	100,797
Amortisation on intangible assets	647	601
Depreciation on assets subject to finance lease	199	235
Technical fee and royalty	4,416	5,372
Other expenses	18,260	19,141
	<u>1,581,473</u>	<u>1,396,191</u>
Less: Closing work-in-process	88,919	86,606
Cost of goods produced	1,492,554	1,309,585
Opening stock of finished goods	415,973	384,943
	<u>1,908,527</u>	<u>1,694,528</u>
Less: Closing stock of finished goods	354,369	402,790
	<u>1,554,158</u>	<u>1,291,738</u>

10. Transactions with related parties

Purchase of goods and services	194,082	129,954
Sale of goods and services	722,320	338,939
Dividend income	284,029	233,263
Rental income	6,321	6,207
Contribution to retirement benefit funds	10,998	10,513
Key management personnel compensation	8,944	6,612
Period-end balances		
	March 31, 2006	March 31, 2005
	(Rupees in thousand)	
Receivable from related parties	197,649	149,911
Payable to related parties	56,934	43,603

11. Cash generated from operations

	Three months to March 31, 2006	Three months to March 31, 2005
	(Rupees in thousand)	
Profit before tax	485,024	460,739
Adjustments for:		
Depreciation on property, plant and equipment	98,043	107,119
Amortisation on intangible assets	707	603
Depreciation on investment property	240	235
Depreciation on assets subject to finance lease	696	732
Provision for accumulating compensated absences	1,200	1,949
Gain on foreign currency forward options	(14,867)	-
Un-realised gain on short-term investments	(492)	(292)
Net profit on disposal of property, plant and equipment	(748)	(2,529)
Finance cost	27,963	20,763
Dividend income	(284,029)	(233,263)
	<hr/>	<hr/>
Profit before working capital changes	313,737	356,056
Effect on cash flow due to working capital changes		
(Increase) in trade debts	(77,460)	(182,092)
Decrease / (increase) in stores and spares	2,657	(2,385)
(Increase) / decrease in stock-in-trade	(38,524)	11,663
(Increase) in loans, advances, deposits, prepayments and other receivables	(60,892)	(98,058)
Increase / (decrease) in creditors, accrued and other liabilities	91,094	(23,576)
	<hr/>	<hr/>
	(83,125)	(294,448)
	<hr/>	<hr/>
	230,612	61,608
	<hr/>	<hr/>

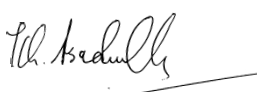
12. Cash and cash equivalents


	March 31, 2006	March 31, 2005
	(Rupees in thousand)	
Cash and bank balances	160,818	88,433
Finances under mark up arrangements	(1,572,230)	(1,251,623)
	<hr/>	<hr/>
	(1,411,412)	(1,163,190)
	<hr/>	<hr/>

13. Un-audited consolidated financial statements are annexed.

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

**Packages Group
Consolidated Financial Statements**

DIRECTORS' REVIEW ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED MARCH 31, 2006



The Directors of Packages Limited take pleasure in presenting to its shareholders, the un-audited consolidated financial statements of the group for the first quarter ended March 31, 2006.

Operating Results

The comparison of the un-audited results for the quarter ended March 31, 2006 as against March 31, 2005 is as follows:

	March 31, 2006	March 31, 2005
	(Rupees in million)	
Invoiced sales	2,330	2,131
Profit from operations	272	284
Income from associated companies	322	146
Profit before tax	556	400

The group's financial results have shown a positive growth from the same period last year. Its quarterly sales and profit before tax have increased by 9% and 39% respectively.

DIC Pakistan limited sales have increased by 20% over last year due to aggressive marketing of the Offset and Roto-gravure printing inks. The company has maintained a very tight control on its variable costs and overheads to record a growth of 20% in its operational profit as well. However, its financial costs have increased due to higher working capital requirement and increase in lending rates, thereby finishing the quarter with 15% growth in its profit before tax from the corresponding quarter of 2005.

In case of Packages Lanka (Pvt) Limited, its first quarter sales for 2006 were higher by 13% over the same period of 2005. Rationalization of import duties on raw materials during November 2005 has positively affected its profits. The substitution of expensive long-term loan with a lower rate loan, the company has decreased its financial charges for the quarter by 16%. Both these factors have resulted in improving profit before tax by 38% from the corresponding period last year.

(Syed Hyder Ali)
Managing Director & Chief Executive
Karachi, April 24, 2006


CONSOLIDATED BALANCE SHEET
as at March 31, 2006 (un-audited)

	March 31, 2006	December 31, 2005
Note	(Rupees in thousand)	
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Authorised capital 100,000,000 (2005: 100,000,000) ordinary shares of Rs. 10 each	<u>1,000,000</u>	<u>1,000,000</u>
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENTS		
Issued, subscribed and paid up capital 69,879,507 (2005: 69,879,507) ordinary shares of Rs. 10 each	698,795	698,795
Reserves	6,656,799	5,993,650
Unappropriated profit	<u>1,174,377</u>	<u>1,857,321</u>
	8,529,971	8,549,766
MINORITY INTEREST	<u>89,549</u>	<u>90,547</u>
	8,619,520	8,640,313
NON-CURRENT LIABILITIES		
Long-term finances	1,029,761	1,033,339
Liabilities against assets subject to finance lease	304	2,187
Deferred liabilities	<u>581,466</u>	<u>597,551</u>
	1,611,531	1,633,077
CURRENT LIABILITIES		
Current portion of long-term liabilities	18,680	17,395
Liabilities against assets subject to finance lease	4,799	6,232
Finances under mark up arrangements - secured	1,847,296	1,895,761
Derivative foreign currency forward options	-	90,959
Creditors, accrued and other liabilities	781,419	674,666
Dividends	419,277	-
Provision for taxation	<u>130,710</u>	<u>20,812</u>
	3,202,181	2,705,825
CONTINGENCIES AND COMMITMENTS	5	-
	<u>13,433,232</u>	<u>12,979,215</u>

	Note	March 31, 2006	December 31, 2005
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	3,177,873	3,270,087
Intangible assets		4,717	5,440
Investment property		8,438	8,588
Assets subject to finance lease		9,301	11,256
Capital work-in-progress	7	5,482,514	3,267,194
Goodwill		34,456	37,106
Investments	8	1,259,309	1,309,058
Long-term loans and deposits		17,480	16,813
Retirement benefits		60,291	60,291
		10,054,379	7,985,833
CURRENT ASSETS			
Stores and spares		415,609	423,866
Stock-in-trade		1,440,118	1,415,522
Trade debts		995,015	916,576
Investments	9	100,492	-
Loans, advances, deposits, prepayments and other receivables		261,081	203,797
Cash and bank balances		166,538	2,033,621
		3,378,853	4,993,382
		13,433,232	12,979,215

The annexed notes 1 to 15 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 quarter ended March 31, 2006 (un-audited)

	Note	Three months to March 31, 2006 (Rupees in thousand)	Three months to March 31, 2005
Local sales		2,284,065	2,120,462
Export sales		46,097	10,389
		<u>2,330,162</u>	<u>2,130,851</u>
Less: Sales tax and excise duty		285,290	278,992
Commission		3,203	2,327
		<u>288,493</u>	<u>281,319</u>
		<u>2,041,669</u>	<u>1,849,532</u>
Cost of goods sold	10	(1,609,735)	(1,398,188)
Gross profit		431,934	451,344
Administration expenses		(97,751)	(93,680)
Distribution and marketing expenses		(62,658)	(56,785)
Other operating expenses		(28,446)	(33,000)
Other operating income		29,142	16,390
Profit from operations		272,221	284,269
Finance cost		(38,063)	(29,684)
Income from associated companies		322,093	145,591
Profit before tax		556,251	400,176
Taxation			
Group		(121,112)	(106,614)
Associated companies		(92,622)	7,278
		<u>(213,734)</u>	<u>(99,336)</u>
Profit for the period		342,517	300,840
Minority interest		(10,184)	(9,303)
		<u>332,333</u>	<u>291,537</u>
Combined earnings per share - basic and diluted	Rupees	<u>4.76</u>	<u>6.13</u>

The annexed notes 1 to 15 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 quarter ended March 31, 2006 (un-audited)

	Note	Three months to March 31, 2006 (Rupees in thousand)	Three months to March 31, 2005 (Rupees in thousand)
Cash flow from operating activities:			
Cash generated from operations	12	290,328	112,634
Finance cost paid		(16,556)	(43,584)
Taxes paid		(27,214)	(8,818)
Payments for accumulating compensated absences		(1,527)	(2,052)
Net cash from operating activities		245,031	58,180
Cash flow from investing activities:			
Purchase of property, plant and equipment		(2,231,474)	(287,802)
Net increase in long-term loans and deposits		(667)	7
Proceeds from sale of property, plant and equipment		3,169	6,654
Dividends received		282,012	15,000
Investments		(100,000)	-
Net cash used in investing activities:		(2,046,960)	(266,141)
Cash flow from financing activities:			
Repayment of long-term finances and other payables		(2,293)	(852,756)
Payment of finance lease liabilities		(3,316)	(1,674)
Dividend paid		(19)	(213)
Dividend paid to minority shareholders		(11,061)	(15,774)
Net cash used in financing activities		(16,689)	(870,417)
Net (decrease) in cash and cash equivalents		(1,818,618)	(1,078,378)
Cash and cash equivalents at the beginning of the period		137,860	(356,873)
Cash and cash equivalents at the end of the period	13	(1,680,758)	(1,435,251)

The annexed notes 1 to 15 form an integral part of these financial statements.



Asadullah Khawaja
Chairman



Syed Hyder Ali
Managing Director & Chief Executive

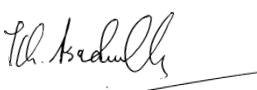



Mujeeb Rashid
Director


CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the quarter ended March 31, 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			
	Total									
(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
Dividend for the year ended December 31, 2004	-	-	-	-	-	-	(404,065)	(404,065)	(15,774)	(419,839)
Transferred from profit and loss account	-	-	-	-	-	559,000	(559,000)	-	-	-
Fair value gain during the period	-	-	-	6,000	-	-	-	6,000	-	6,000
Profit for the period	-	-	-	-	-	-	291,537	291,537	9,303	300,840
Exchange adjustments	-	-	4,615	-	-	-	-	4,615	1,221	5,836
Balance as on March 31, 2005	475,371	203,589	(26,352)	23,100	-	3,090,936	1,037,088	4,803,732	88,149	4,891,881
Final dividend for the year ended December 31, 2004	-	-	-	-	-	-	-	-	(22,942)	(22,942)
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	-	-	-	(3,600)	-	-	-	(3,600)	-	(3,600)
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)
Profit for the period	-	-	-	-	-	-	820,233	820,233	25,682	845,915
Exchange adjustments	-	-	(1,295)	-	-	-	-	(1,295)	(342)	(1,637)
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
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	-	-	-	(8,700)	-	-	-	(8,700)	-	(8,700)
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
Profit for the period	-	-	-	-	-	-	332,333	332,333	10,184	342,517
Exchange adjustments	-	-	(243)	-	-	-	-	(243)	(121)	(364)
Balance as on March 31, 2006	698,795	2,986,953	(27,890)	10,800	-	3,686,936	1,174,377	8,529,971	89,549	8,619,520

The annexed notes 1 to 15 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 quarter ended March 31, 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 three 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. The provision for taxation of the parent company for the quarter ended March 31,2006 has been made on an estimated basis.
5. Contingencies and commitments

5.1 Contingencies

- (i) Claims against the group not acknowledged as debts Rs. 10.572 million (December 31, 2005: Rs. 10.362 million).
- (ii) Guarantees to the Director General of Customs amounting to Rs. 3.490 million (December 31, 2005: Rs. 4.535 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 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. 3,680.151 million (December 31, 2005: Rs. 3,105.869 million).
- (ii) Letters of credit other than for capital expenditure Rs. 362.133 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:

Years	March 31, 2006	December 31, 2005
	(Rupees in thousand)	
Not later than one year	7,158	7,747
Later than one year and not later than five years	10,663	8,947
Later than five years	2,244	2,364
	20,065	19,058

6. Property, plant and equipment

	March 31, 2006	December 31, 2005
	(Rupees in thousand)	
Opening book value	3,270,087	3,222,227
Add: additions during the period	16,081	485,730
transfers from leased assets	-	737
exchange adjustment on opening cost	(207)	10,445
	15,874	496,912
	3,285,961	3,719,139
Less: disposals during the period (at book value)	2,518	12,416
depreciation charged during the period	105,968	431,965
exchange adjustment on opening accumulated depreciation	(398)	4,671
	108,088	449,052
	3,177,873	3,270,087

6.1 Following is the detail of additions during the period

Land	-	12,530
Building on freehold land	-	24,487
Building on leasehold land	-	1,468
Plant and machinery	7,880	359,388
Other equipment	2,886	47,808
Furniture and fixtures	136	1,755
Vehicles	5,179	38,294
	16,081	485,730

7. Capital work-in progress

Civil works	90,040	1,318
Plant and machinery [including in transit Rs. 13.872 million (2005: Rs. 0.576 million)]	100,357	37,594
Others	821	802
Expansion project :		
Civil works	737,866	412,257
Plant and machinery [including in transit Rs. 901.671 million (2005: Rs. 803.932 million)]	4,076,722	1,761,944
Advances	153,916	762,195
Unallocated expenditure	322,792	291,084
	5,291,296	3,227,480
	5,482,514	3,267,194

8. Investments

		March 31, 2006	December 31, 2005
		(Rupees in thousand)	
These represent the long-term investments in:			
Equity instruments of associated companies	- note 8.1	1,188,484	1,229,533
Others	- note 8.2	70,825	79,525
		<u>1,259,309</u>	<u>1,309,058</u>
8.1 In equity instruments of associated companies			
Cost		202,474	202,474
Transferred during the period		-	-
		<u>202,474</u>	<u>202,474</u>
Post acquisition profit brought forward		1,027,059	913,635
		<u>1,229,533</u>	<u>1,116,109</u>
Profit for the period			
Before taxation		322,093	836,208
Provision for taxation		(92,622)	(157,311)
		<u>229,471</u>	<u>678,897</u>
		<u>1,459,004</u>	<u>1,795,006</u>
Less: Dividends received during the period		270,520	565,473
Balance as on	- note 8.3	<u>1,188,484</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%)			
		70,800	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>70,825</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

	March 31, 2006	December 31, 2005
	(Rupees in thousand)	
Quoted		
Nestle Pakistan Limited (Formerly Nestle Milkpak Limited) 3,649,248 (2005: 3,649,248) fully paid ordinary shares of Rs. 10 each Equity held 8.06% (2005: 8.06%)	181,268	162,154
International General Insurance Company of Pakistan Limited 1,629,337 (2005: 1,629,337) fully paid ordinary shares of Rs. 10 each Equity held 10.61 % (2005: 10.61%)	148,326	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 %)	314,328	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 %)	49,123	45,832
	693,045	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%)	490,573	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%)	4,866	4,910
	495,439	575,256
	<u>1,188,484</u>	<u>1,229,533</u>

9. Investments

These represent investments in money market fund units.

10. Cost of goods sold

	Three months to March 31, 2006	Three months to March 31, 2005
	(Rupees in thousand)	
Opening work-in-process	132,210	115,040
Materials consumed	923,414	846,727
Salaries, wages and amenities	127,707	120,806
Fuel and power	223,591	191,261
Production supplies	55,721	46,638
Excise duty and sales tax	99	1,478
Rent, rates and taxes	1,062	2,666
Insurance	9,014	10,090
Repairs and maintenance	67,869	59,731
Packing expenses	20,085	11,950
Depreciation on property, plant and equipment	98,341	108,542
Amortisation on intangible assets	664	601
Depreciation on assets subject to finance lease	199	235
Technical fee and royalty	9,142	9,087
Travelling and conveyance	145	254
Other expenses	20,038	20,853
	<hr/>	<hr/>
	1,689,301	1,545,959
Less: Closing work-in-process	140,212	131,792
	<hr/>	<hr/>
Cost of goods produced	1,549,089	1,414,167
Opening stock of finished goods	444,283	419,888
	<hr/>	<hr/>
	1,993,372	1,834,055
Less: Closing stock of finished goods	383,637	435,867
	<hr/>	<hr/>
	1,609,735	1,398,188

11. Transactions with related parties

Purchase of goods and services	114,909	46,643
Sale of goods and services	720,010	336,802
Dividend income	270,520	213,000
Lease income	5,369	5,255
Contribution to retirement benefit funds	11,074	10,581
Key management personnel compensation	10,302	7,946
Period-end balances		
	March 31, 2006	March 31, 2005
	(Rupees in thousand)	
Receivable from related parties	194,140	146,934
Payable to related parties	26,127	12,694

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

12. Cash generated from operations

	Three months to March 31, 2006 (Rupees in thousand)	Three months to March 31, 2005
Profit before tax	556,251	400,176
Adjustments for:		
Depreciation on property, plant and equipment	105,968	115,924
Amortisation on intangible assets	707	603
Depreciation on investment property	240	151
Depreciation on assets subject to finance lease	1,350	732
Amortisation of goodwill	2,650	2,650
Provision for accumulating compensated absences	1,443	5,251
Exchange Adjustments	49	(4,559)
Gain on foreign currency forward options	(14,867)	-
Un-realised gain on short term investments	(492)	(293)
Net profit on disposal of property, plant and equipment	(652)	(2,856)
Finance cost	38,063	29,684
Share of profit from associated companies	(322,093)	(152,869)
Profit before working capital changes	<u>368,617</u>	<u>394,594</u>
Effect on cash flow due to working capital changes		
(Increase) in trade debts	(78,439)	(178,366)
Decrease in stores and spares	8,257	136
(Increase) / decrease in stock in trade	(24,596)	26,777
(Increase) in loans, advances, deposits, prepayments and other receivables	(68,776)	(99,624)
Increase / (decrease) in creditors, accrued and other liabilities	85,265	(30,883)
	<u>(78,289)</u>	<u>(281,960)</u>
	<u>290,328</u>	<u>112,634</u>

13. Cash and cash equivalents


	March 31, 2006 (Rupees in thousand)	March 31, 2005
Cash and bank balances	166,538	90,229
Finances under mark up arrangements	(1,847,296)	(1,525,480)
	<u>(1,680,758)</u>	<u>(1,435,251)</u>


14. Detail of subsidiaries


Name of the subsidiaries	Accounting year end	Percentage of holding	Country of incorporation
Packages Lanka (Private) Limited	31-12-2005	79.07%	Sri Lanka
DIC Pakistan Limited (Formerly Coates Lorilleux Pakistan Limited)	31-12-2005	54.98%	Pakistan

15. 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