

FIRST QUARTERLY REPORT

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ACCOUNTS ENDED | MARCH, 2007 (UNAUDITED)



PACKAGES LIMITED

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COMPANY INFORMATION

Board of Directors		PICIC Commercial Bank Limited
Asadullah Khawaja		Saudi Pak Commercial Bank Limited
(Chairman)		Standard Chartered Bank (Pakistan) Limited
Kamal Afsar		The Bank of Tokyo-Mitsubishi UFJ, Limited
Khalid Yacob		The Hongkong & Shanghai Banking Corporation Limited
Kirsten Rausing		United Bank Limited
Markku Juha Pentikainen		Head Office & Works
Mujeeb Rashid		Shahrah-e-Roomi,
Shamim Ahmad Khan		P.O. Amer Sidhu,
Syed Hyder Ali		Lahore - 54760, Pakistan
(Managing Director & Chief Executive)		PABX : (042) 5811541-46
Syed Shahid Ali		: (042) 5811191-94
Tariq Iqbal Khan		Fax : (042) 5811195
Advisor		: (042) 5820147
Syed Babar Ali		Karachi Factory
Company Secretary		Plot No. 6 & 6/1, Sector 28,
Adi J. Cawasji		Korangi Industrial Area,
Executive Committee		Karachi - 74900, Pakistan
Syed Hyder Ali	-Chairman	Tel : (021) 5045320, 5045310
Mujeeb Rashid	-Member	Fax : (021) 5045330
Khalid Yacob	-Member	Registered Office & Regional Sales Office
Audit Committee		4th Floor, The Forum
Shamim Ahmad Khan	-Chairman	Suite No. 416 - 422, G-20, Block 9,
(Non-Executive Director)		Khayaban-e-Jami, Clifton,
Tariq Iqbal Khan	-Member	Karachi - 75600, Pakistan
(Non-Executive Director)		PABX : (021) 5874047-49
Syed Shahid Ali	-Member	: (021) 5378650-52
(Non-Executive Director)		: (021) 5831618, 5833011
Mujeeb Rashid	-Member	Fax : (021) 5860251
(Director & General Manager)		Regional Sales Office
Syed Aslam Mehdi	-Member	2nd Floor, G.D. Arcade
(Deputy General Manager & Alternate		73-E, Fazal-ul-Haq Road, Blue Area,
Director to Ms. Kirsten Rausing)		Islamabad - 44000, Pakistan
Adi J. Cawasji	-Secretary	PABX : (051) 2276765
Business Strategy Committee		: (051) 2276768
Syed Hyder Ali	-Chairman	: (051) 2278632
Mujeeb Rashid	-Member	Fax : (051) 2829411
Syed Aslam Mehdi	-Member	Zonal Sales Offices
Khalid Yacob	-Member	C-2, Hassan Arcade Nusrat Road,
System and Technology Committee		Multan Cantt. - 60000, Pakistan
Mujeeb Rashid	-Chairman	Tel. & Fax: (061) 4784401-2
Khalid Yacob	-Member	Uzair Enterprises
Suleman Javed	-Member	Teer Chowk Bhuta Road,
Rating Agency: PACRA		Sukkur - 65200, Pakistan
Company Rating: AA		Tel. & Fax: (071) 5616138
Auditors		2nd Floor, Sitara Tower, Bilal Chowk,
A.F. Ferguson & Co.		Civil Lines, Faisalabad - 38000, Pakistan
Chartered Accountants		Tel. & Fax: (041) 2629417
Legal Advisors		H. Hamza Traders
Hassan & Hassan - Lahore		15-D Gul Plaza, Opp: Charsadda Bus Stand,
Orr, Dignam & Co. - Karachi		Peshawar-25000
Bankers		Cell : 0301-8650486
ABN Amro Bank		Tel : 091-2043719
Allied Bank Limited		Star Enterprises-1
Askari Commercial Bank Limited		A/99-2928, Tilak Incline,
Bank Al-Habib Limited		Hyderabad-71000
Citi Bank N.A		Cell : 0300-9387454
Crescent Commercial Bank Limited		Tel : 022-2615562
Deutsche Bank A G		Shares Registrar
Faysal Bank Limited		Ferguson Associates (Pvt.) Limited
Habib Bank Limited		State Life Building No. 1-A
Habib Metropolitan Bank Limited		Off I. I. Chundrigar Road,
MCB Bank Limited		Karachi - 74000, Pakistan
NIB Bank Limited		Web Presence
Oman International Bank, S.A.O.G.		www.packages.com.pk

DIRECTORS' REPORT FOR THE QUARTER ENDED MARCH 31, 2007



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, 2007.

Operating Results

The comparison of the un-audited results for the quarter ended March 31, 2007 as against March 31, 2006 is as follows:

	March 31, 2007	March 31, 2006
	(Rupees in million)	
Invoiced sales	2,425	2,207
Gross profit	355	368
Profit from operations	208	229
Investment income	149	284
Profit before tax	329	485
Earnings per share - Rs.	4.49	5.34
Paper and paperboard produced-tonnes	23,407	24,328
Paper and paperboard converted-tonnes	22,781	22,071
Plastics all sorts converted-tonnes	1,913	1,796

The company has recorded a 10% increase in its gross sales from the corresponding quarter of last year. With the increase in general buying power in the domestic market, the growth in sales is visible across all segments of business, major being in the food packaging, soaps/detergents, corrugated boxes and tissue products.

As explained previously the prices of major inputs like wheat straw, imported pulps and resins during the past nine months have increased from 10% to 25% thus resulting in decline in profit compared to the same quarter of 2006. We are continually focusing on internal efficiencies, alternate raw material sourcing and product mix rationalization to mitigate the effect of increase in raw material costs. The other major reason for lower profit is decrease in investment income during the current quarter from the corresponding period which is mainly due to timing differences.

Bulleh Shah Paper Mill (BSPM) Project

The implementation of the Bulleh Shah Paper Mill Project is in full force. Paper Machine No. 6 (PM6) and its back up processes are under commissioning and its commercial production is targeted during the first half of 2007. The commissioning of Paper Machine No. 7 (PM7) and its back up processes are targeted towards the end of this year/ beginning of 2008.

Converting Operation

The new Corrugator plant is also being erected in Kasur and expected to start production in the second quarter 2007. The trial production of the new Lemanic press is also under way, with commercial production expected to commence during April 2007.

Future Outlook

Consumer market is expected to grow in future. With PM-6, Corrugator plant and the new Lemanic press commencing their commercial productions shortly, more products would be available for sale for the balance 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
Lahore, April 19, 2007


**Packages Limited
Financial Statements**


PACKAGES LIMITED
BALANCE SHEET
as at March 31, 2007 (un-audited)

	Note	March 31, 2007	December 31, 2006
(Rupees in thousand)			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 100,000,000 (2006: 100,000,000) ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid up capital 69,879,507 (2006: 69,879,507) ordinary shares of Rs. 10 each		698,795	698,795
Reserves		9,197,620	6,872,336
Unappropriated profit		6,415,110	6,101,666
		<u>16,311,525</u>	<u>13,672,797</u>
NON-CURRENT LIABILITIES			
Long-term finances - secured	5	7,300,000	6,000,000
Deferred liabilities		695,917	688,455
		7,995,917	6,688,455
CURRENT LIABILITIES			
Current portion of liabilities against assets subject to finance lease		304	851
Finances under mark up arrangements - secured		1,119,566	1,280,857
Creditors, accrued and other liabilities		1,311,536	1,030,516
		2,431,406	2,312,224
CONTINGENCIES AND COMMITMENTS	6	-	-
		<u>26,738,848</u>	<u>22,673,476</u>

	Note	March 31, 2007	December 31, 2006
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	3,003,435	3,071,115
Intangible assets		1,849	2,532
Investment property		14,184	14,423
Assets subject to finance lease		679	1,901
Capital work-in-progress	8	11,729,437	10,143,195
Investments		8,100,950	5,775,665
Long-term loans and deposits		188,999	180,618
Retirement benefits		69,805	69,805
		23,109,338	19,259,254
CURRENT ASSETS			
Stores and spares		494,983	485,665
Stock-in-trade		1,561,744	1,647,173
Trade debts		1,019,282	821,160
Loans, advances, deposits, prepayments and other receivables		492,577	353,521
Cash and bank balances		60,924	106,703
		3,629,510	3,414,222
		26,738,848	22,673,476

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, 2007 (un-audited)

	Note	Three months to March 31, 2007	Three months to March 31, 2006
		(Rupees in thousand)	
Local sales		2,397,610	2,165,289
Export sales		27,456	41,323
		<hr/>	<hr/>
		2,425,066	2,206,612
Less: Sales tax and excise duty		324,477	282,095
Commission		2,423	2,365
		<hr/>	<hr/>
		326,900	284,460
		<hr/>	<hr/>
		2,098,166	1,922,152
Cost of sales	9	(1,743,391)	(1,554,158)
Gross profit		354,775	367,994
Administrative expenses		(80,153)	(85,678)
Distribution and marketing costs		(59,373)	(56,654)
Other operating expenses		(24,609)	(26,057)
Other operating income		17,261	29,353
		<hr/>	<hr/>
Profit from operations		207,901	228,958
Finance costs		(27,516)	(27,963)
Investment income		149,059	284,029
		<hr/>	<hr/>
Profit before tax		329,444	485,024
Taxation		(16,000)	(112,000)
		<hr/>	<hr/>
Profit for the period		313,444	373,024
Earnings per share - basic and diluted	Rupees	4.49	5.34

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, 2007 (un-audited)

	Note	Three months to March 31, 2007	Three months to March 31, 2006
(Rupees in thousand)			
Cash flow from operating activities:			
Cash generated from operations	11	187,922	230,612
Finance cost paid		(30,802)	(6,780)
Taxes paid		(26,017)	(20,061)
Payments for accumulating compensated absences		(1,038)	(1,527)
Net cash from operating activities		130,065	202,244
Cash flow from investing activities:			
Purchase of property, plant and equipment		(1,415,737)	(2,228,392)
Net increase in long-term loans and deposits		(8,380)	(46)
Proceeds from sale of property, plant and equipment		11,369	2,957
Dividends received		99,059	295,521
Investments		-	(100,000)
Net cash used in investing activities		(1,313,689)	(2,029,960)
Cash flow from financing activities:			
Proceeds from long-term finances		1,300,000	-
Payment of finance lease liabilities		(547)	(907)
Dividend paid		(317)	(19)
Net cash from / (used) in financing activities		1,299,136	(926)
Net increase / (decrease) in cash and cash equivalents		115,512	(1,828,642)
Cash and cash equivalents at the beginning of the period		(1,174,154)	417,230
Cash and cash equivalents at the end of the period	12	(1,058,642)	(1,411,412)

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, 2007 (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, 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	-	-	(8,700)	-	-	-	(8,700)
Gain arising on foreign currency forward options entered into as part of cash flow hedge for the purchase of plant & 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
Fair value gain during the period	-	-	186,950	-	-	-	186,950
Transferred to profit & loss account on disposal of shares of The Resource Group (TRG) Pakistan Limited	-	-	697	-	-	-	697
Profit for the period	-	-	-	-	-	5,727,756	5,727,756
Balance as on December 31, 2006	698,795	2,986,953	198,447	-	3,686,936	6,101,666	13,672,797
Fair value gain during the period	-	-	2,325,284	-	-	-	2,325,284
Profit for the period	-	-	-	-	-	313,444	313,444
Balance as on March 31, 2007	698,795	2,986,953	2,523,731	-	3,686,936	6,415,110	16,311,525

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, 2007 (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 quarterly 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, 2006.
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, 2007 has been made on an estimated basis.
5. Long-term finances - secured

	March 31, 2007	December 31, 2006
(Rupees in thousand)		
Opening Balance	6,000,000	1,000,000
Add: disbursements during the period	1,300,000	5,000,000
	7,300,000	6,000,000
Less: paid during the period	-	-
Closing Balance	7,300,000	6,000,000

6. Contingencies and commitments

6.1 Contingencies

- (i) Claims against the company not acknowledged as debts Rs. 11.442 million (December 31, 2006: Rs. 11.247 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.

6.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs. 1,225.632 million (December 31, 2006: Rs. 2,849.840 million).
- (ii) Letters of credit other than for capital expenditure Rs. 337.555 million (December 31, 2006: Rs. 329.418 million).
- (iii) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

Years	Note	March 31, 2007 (Rupees in thousand)	December 31, 2006
Not later than one year		8,807	5,466
Later than one year and not later than five years		8,470	6,749
Later than five years		1,763	1,883
		19,040	14,098

7. Property, plant and equipment

Opening book value		3,071,115	2,996,821
Add: additions during the period	7.1	25,166	448,005
transfers from leased assets		1,091	4,145
		26,257	452,150
		3,097,372	3,448,971
Less: disposals during the period (at book value)		8,491	4,941
depreciation charged during the period		85,446	372,915
		93,937	377,856
		3,003,435	3,071,115

7.1 Following is the detail of additions during the period

Freehold land	-	158,784
Building on freehold land	715	100
Plant and machinery	6,675	226,645
Other equipment	6,877	15,519
Furniture and fixtures	146	138
Vehicles	10,753	46,819
	25,166	448,005

8. Capital work-in-progress

	March 31, 2007 (Rupees in thousand)	December 31, 2006
Civil works	46,648	28,136
Plant and machinery	913,113	790,655
Others	16	48
Expansion project :		
Civil works	1,313,312	1,129,342
Plant and machinery [including in transit Rs. 17.468 million (2006: Rs. 87.817 million)]	8,217,888	6,881,200
Advances	147,998	491,050
Unallocated expenditure	1,090,462	822,764
	10,769,660	9,324,356
	<u>11,729,437</u>	<u>10,143,195</u>

9. Cost of sales

	Three months to March 31, 2007 (Rupees in thousand)	Three months to March 31, 2006
Opening work-in-process	97,561	80,980
Materials consumed	1,109,313	910,283
Salaries, wages and amenities	131,038	117,709
Fuel and power	230,507	216,056
Production supplies	52,996	54,087
Excise duty and sales tax	169	99
Rent, rates and taxes	585	717
Insurance	7,164	8,610
Repairs and maintenance	54,779	63,007
Packing expenses	11,285	15,738
Depreciation on property, plant and equipment	78,758	90,665
Amortisation on intangible assets	624	647
Depreciation on assets subject to finance lease	15	199
Technical fee and royalty	2,266	4,416
Other expenses	22,801	18,260
	1,799,861	1,581,473
Less: Closing work-in-process	98,048	88,919
Cost of goods produced	1,701,813	1,492,554
Opening stock of finished goods	525,917	415,973
	2,227,730	1,908,527
Less: Closing stock of finished goods	484,339	354,369
	<u>1,743,391</u>	<u>1,554,158</u>

10. Transactions with related parties

	Three months to March 31, 2007	Three months to March 31, 2006
	(Rupees in thousand)	
Purchase of goods and services	163,408	194,082
Sale of goods and services	765,800	722,320
Sale of property, plant and equipment	6,161	-
Dividend income	149,059	284,029
Rental income	6,681	6,321
Lease rental paid	975	-
Expenses charged in respect of retirement benefits plans	12,466	10,998
Key management personnel compensation	9,938	8,944
Period-end balances	March 31, 2007	December 31, 2006
	(Rupees in thousand)	
Receivable from related parties	453,379	339,944
Payable to related parties	72,305	45,159

11. Cash generated from operations

	Three months to March 31, 2007	Three months to March 31, 2006
	(Rupees in thousand)	
Profit before tax	329,444	485,024
Adjustments for:		
Depreciation on property, plant and equipment	85,446	98,043
Amortisation on intangible assets	683	707
Depreciation on investment property	239	240
Depreciation on assets subject to finance lease	131	696
Provision for accumulating compensated absences	3,000	1,200
Unrealized gain on held to maturity investments	-	(492)
Gain on foreign currency forward options	-	(14,867)
Net profit on disposal of property, plant and equipment	(2,878)	(748)
Finance costs	27,516	27,963
Dividend income	(149,059)	(284,029)
Profit before working capital changes	294,522	313,737
Effect on cash flow due to working capital changes		
Increase in trade debts	(198,122)	(77,460)
(Increase) / decrease in stores and spares	(9,318)	2,657
Decrease / (increase) in stock-in-trade	85,429	(38,524)
Increase in loans, advances, deposits, prepayments and other receivables	(73,539)	(60,892)
Increase in creditors, accrued and other liabilities	88,950	91,094
	(106,600)	(83,125)
	187,922	230,612

12. Cash and cash equivalents


	March 31, 2007	December 31, 2006
	(Rupees in thousand)	
Cash and bank balances	60,924	160,818
Finances under mark up arrangements	(1,119,566)	(1,572,230)
	<u>(1,058,642)</u>	<u>(1,411,412)</u>


13. Date of authorisation for issue

These financial statements were authorised for issue on April 19, 2007 by the Board of Directors of the company.

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' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED MARCH 31, 2007**



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, 2007.

Operating Results

The comparison of the un-audited results for the quarter ended March 31, 2007 as against March 31, 2006 is as follows:

	March 31, 2007	March 31, 2006
	(Rupees in million)	
Invoiced sales	2,683	2,330
Profit from operations	250	272
Income from associated companies	257	322
Profit before tax	470	556

The group has shown a 15% growth in sales over the first quarter of 2006. Both its subsidiaries have recorded 7% increase in sales.

DIC Pakistan group's Pakistani subsidiary has successfully met all its growth projections for the quarter and has started working on diversifying its marketing operations by selling laminating adhesives and news inks in the local market.

Packages Lanka (Private) Limited's sales grew as per plan in the current quarter, but the depreciation of Sri Lankan rupee vis-a-vis US Dollar exchange rate has resulted in increased input costs for the company. In the coming quarters efforts would be made to rationalize sale prices to partly cover the input costs.


(Syed Hyder Ali)
Managing Director & Chief Executive
Lahore, April 19, 2007


CONSOLIDATED BALANCE SHEET
as at March 31, 2007 (un-audited)

	Note	March 31, 2007	December 31, 2006
(Rupees in thousand)			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital 100,000,000 (2006: 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 (2006: 69,879,507) ordinary shares of Rs. 10 each		698,795	698,795
Reserves		9,164,603	6,840,764
Unappropriated profit		<u>6,666,558</u>	<u>6,324,878</u>
		16,529,956	13,864,437
MINORITY INTEREST		<u>92,080</u>	<u>123,643</u>
		16,622,036	13,988,080
NON-CURRENT LIABILITIES			
Long-term finances - secured	5	7,311,100	6,015,427
Liabilities against assets subject to finance lease		-	107
Deferred liabilities		<u>773,149</u>	<u>761,804</u>
		8,084,249	6,777,338
CURRENT LIABILITIES			
Current portion of long-term liabilities	5.1	17,955	18,866
Finances under mark up arrangements - secured		1,412,486	1,485,452
Creditors, accrued and other liabilities		1,343,269	1,058,183
Provision for taxation		-	3,092
		<u>2,773,710</u>	<u>2,565,593</u>
CONTINGENCIES AND COMMITMENTS	6	-	-
		<u>27,479,995</u>	<u>23,331,011</u>

	Note	March 31, 2007	December 31, 2006
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	3,246,752	3,324,361
Intangible assets		1,919	2,602
Investment property		7,839	7,988
Assets subject to finance lease		2,592	3,828
Capital work-in-progress	8	11,745,241	10,153,889
Goodwill		23,854	26,504
Investments	9	8,131,255	5,734,512
Long-term loans and deposits		189,869	181,197
Retirement benefits		69,805	69,805
		23,419,126	19,504,686
CURRENT ASSETS			
Stores and spares		507,841	499,983
Stock-in-trade		1,808,229	1,875,769
Trade debts		1,172,835	976,274
Loans, advances, deposits, prepayments and other receivables		500,367	360,751
Cash and bank balances		71,597	113,548
		4,060,869	3,826,325
		27,479,995	23,331,011

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, 2007 (un-audited)

	Note	Three Months to March 31, 2007 (Rupees in thousand)	Three Months to March 31, 2006
Local sales		2,655,204	2,284,065
Export sales		27,456	46,097
		<u>2,682,660</u>	<u>2,330,162</u>
Less: Sales tax and excise duty		344,274	285,290
Commission		3,332	3,203
		<u>347,606</u>	<u>288,493</u>
		2,335,054	2,041,669
Cost of sales	10	(1,915,661)	(1,609,735)
Gross profit		419,393	431,934
Administrative expenses		(93,628)	(97,751)
Distribution and marketing costs		(65,884)	(62,658)
Other operating expenses		(27,116)	(28,446)
Other operating income		17,552	29,142
Profit from operations		250,317	272,221
Finance costs		(36,987)	(38,063)
Income from associated companies		256,775	322,093
Profit before tax		470,105	556,251
Taxation			
Group		(31,209)	(121,112)
Associates		(86,917)	(92,622)
		<u>(118,126)</u>	<u>(213,734)</u>
Profit for the period		351,979	342,517
Minority interest		(10,299)	(10,184)
		<u>341,680</u>	<u>332,333</u>
Combined earnings per share - basic and diluted	Rupees	4.89	4.76

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

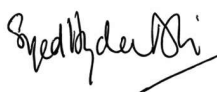
CONSOLIDATED CASH FLOW STATEMENT
for the quarter ended March 31, 2007 (un-audited)

	Note	Three Months to March 31, 2007 (Rupees in thousand)	Three Months to March 31, 2006
Cash flow from operating activities:			
Cash generated from operations	12	229,974	290,328
Finance cost paid		(40,272)	(16,556)
Taxes paid		(40,233)	(27,214)
Payments for accumulating compensated absences		(1,038)	(1,527)
Net cash from operating activities		148,431	245,031
Cash flow from investing activities:			
Purchase of property, plant and equipment		(1,421,372)	(2,231,474)
Net increase in long-term loans and deposits		(8,672)	(667)
Proceeds from sale of property, plant and equipment		11,369	3,169
Dividends received		48,400	282,012
Investments		-	(100,000)
Net cash used in investing activities		(1,370,275)	(2,046,960)
Cash flow from financing activities:			
Proceeds from long-term finances		1,300,000	-
Repayment of long-term finances		(4,327)	(2,293)
Payment of finance lease liabilities		(1,018)	(3,316)
Dividend paid		(317)	(19)
Dividend paid to minority shareholders		(41,479)	(11,061)
Net cash from / (used) in financing activities		1,252,859	(16,689)
Net Increase / (decrease) in cash and cash equivalents		31,015	(1,818,618)
Cash and cash equivalents at the beginning of the period		(1,371,904)	137,860
Cash and cash equivalents at the end of the period	13	(1,340,889)	(1,680,758)

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

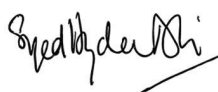
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the quarter ended March 31, 2007 (un-audited)

	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
Balance as on December 31, 2005	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 Rs. 6.00 per share	-	-	-	-	-	-	(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							
Fair value gain during the period	-	-	-	186,950	-	-	-	186,950	-	186,950							
Transferred to profit and loss account on disposal of shares of The Resource Group (TRG) Pakistan Limited	-	-	-	697	-	-	-	697	-	697							
Profit for the period	-	-	-	-	-	-	5,150,501	5,150,501	35,012	5,185,513							
Exchange adjustments	-	-	(3,682)	-	-	-	-	(3,682)	(918)	(4,600)							
Balance as on December 31, 2006	698,795	2,986,953	(31,572)	198,447	-	3,686,936	6,324,878	13,864,437	123,643	13,988,080							
Final Dividend for the year ended December 31, 2006	-	-	-	-	-	-	-	-	(41,479)	(41,479)							
Fair value gain during the period	-	-	-	2,325,284	-	-	-	2,325,284	-	2,325,284							
Profit for the period	-	-	-	-	-	-	341,680	341,680	10,299	351,979							
Exchange adjustments	-	-	(1,445)	-	-	-	-	(1,445)	(383)	(1,828)							
Balance as on March 31, 2007	698,795	2,986,953	(33,017)	2,523,731	-	3,686,936	6,666,558	16,529,956	92,080	16,622,036							

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, 2007 (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 quarterly 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, 2006.
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 of the parent company for the quarter ended March 31, 2007 has been made on an estimated basis.

5. Long-term finances - secured

	March 31, 2007	December 31, 2006
	(Rupees in thousand)	
These are composed of:		
Long-term loan - secured	7,300,000	6,000,000
Foreign currency loans - secured	27,751	32,257
	7,327,751	6,032,257
Less: Current portion shown under current liabilities		
Foreign currency loans - secured	5.1.1 16,651	16,830
Closing Balance	7,311,100	6,015,427

5.1 Current portion of long-term liabilities

Foreign currency loans - secured	5.1.1 16,651	16,830
Liabilities against assets subject to finance lease	1,304	2,036
	17,955	18,866

6. Contingencies and commitments

6.1 Contingencies

- (i) Claims against the group not acknowledged as debts Rs. 11.442 million (December 31, 2006: Rs. 11.247 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 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.

6.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs. 1,228.532 million (December 31, 2006: Rs. 2,854.205 million).
- (ii) Letters of credit other than for capital expenditure Rs. 368.355 million (December 31, 2006: Rs. 353.653 million).
- (iii) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

Years	Note	March 31, 2007 (Rupees in thousand)	December 31, 2006
Not later than one year		8,807	5,466
Later than one year and not later than five years		8,470	6,749
Later than five years		1,763	1,883
		<u>19,040</u>	<u>14,098</u>

7. Property, plant and equipment

Opening book value		3,324,361	3,270,087
Add: additions during the period	7.1	25,692	486,380
transfers from leased assets		1,091	4,145
exchange adjustment on opening cost		(3,676)	(11,250)
		<u>23,107</u>	<u>479,275</u>
		3,347,468	3,749,362
Less: disposals during the period (at book value)		8,491	25,565
depreciation charged during the period		93,942	404,874
exchange adjustment on opening accumulated depreciation / amortisation		(1,717)	(5,438)
		<u>100,716</u>	<u>425,001</u>
		<u>3,246,752</u>	<u>3,324,361</u>

7.1 Following is the detail of additions during the period

Freehold land	-	158,784
Building on freehold land	715	543
Building on leasehold land	-	-
Plant and machinery	7,035	252,918
Other equipment	6,932	20,597
Furniture and fixtures	183	359
Vehicles	10,827	53,179
	<u>25,692</u>	<u>486,380</u>

8. Capital work-in-progress		March 31, 2007	December 31, 2006
	Note	(Rupees in thousand)	
Civil works		46,648	28,136
Plant and machinery		928,917	801,349
Others		16	48
Expansion project :			
Civil works		1,313,312	1,129,342
Plant and machinery [including in transit Rs. 17.468 million (2006: Rs. 87.817 million)]		8,217,888	6,881,200
Advances		147,998	491,050
Unallocated expenditure		1,090,462	822,764
		10,769,660	9,324,356
		<u>11,745,241</u>	<u>10,153,889</u>
9. Investments			
These represent the long-term investments in:			
Equity instruments of associated companies	9.1	1,947,654	1,876,196
Others	9.3	6,183,601	3,858,316
		<u>8,131,255</u>	<u>5,734,512</u>
9.1 In equity instruments of associated companies			
Cost		1,632,552	202,474
Transferred during the period		-	1,430,078
		<u>1,632,552</u>	<u>1,632,552</u>
Post acquisition profit brought forward		243,644	1,027,059
		<u>1,876,196</u>	<u>2,659,611</u>
Profit for the period			
Before taxation		256,775	1,776,692
Provision for taxation		(86,917)	(319,070)
		<u>169,858</u>	<u>1,457,622</u>
		2,046,054	4,117,233
Less: Dividends received during the period		98,400	772,989
Disposed off during the period		-	1,468,048
		<u>98,400</u>	<u>2,241,037</u>
Balance as on	9.2	<u>1,947,654</u>	<u>1,876,196</u>

9.2 In equity instruments of associated companies

	March 31, 2007	December 31, 2006
	(Rupees in thousand)	
Quoted		
IGI Insurance Limited (Formerly International General Insurance Company of Pakistan Limited) 2,118,138 (2006: 2,118,138) fully paid ordinary shares of Rs. 10 each Market value - Rs. 921.178 million (2006: Rs. 845.137 million)	893,745	891,170
Tri-Pack Films Limited 10,000,000 (2006: 10,000,000) fully paid ordinary shares of Rs. 10 each Market value - Rs. 787.500 million (2006: Rs. 538.500 million)	532,458	554,690
IGI Investment Bank Limited (Formerly First International Investment Bank Limited) 4,610,915 (2006: 4,610,915) fully paid ordinary shares of Rs. 10 each Market value - Rs. 68.703 million (2006: Rs. 59.941 million)	54,015	55,516
	1,480,218	1,501,376
Unquoted		
Tetra Pak Pakistan Limited 30,800,000 (2006: 30,800,000) fully paid ordinary shares of Rs. 10 each	467,436	374,820
	<u>1,947,654</u>	<u>1,876,196</u>

9.3 Others

Quoted		
The Resource Group (TRG) Pakistan Limited 4,606,000 (2006: 4,606,000) fully paid ordinary shares of Rs. 10 each	48,133	40,303
Nestle Pakistan Limited 3,649,248 (2006: 3,649,248) fully paid ordinary shares of Rs. 10 each	6,130,737	3,813,282
Unquoted		
Pakistan Tourism Development Corporation Limited 2,500 (2006: 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	-	-
Coca-Cola Beverages Pakistan Limited 500,000 (2006: 500,000) fully paid ordinary shares of Rs. 10 each	4,706	4,706
	<u>6,183,601</u>	<u>3,858,316</u>

Nestle Pakistan Limited, The Resource Group (TRG) Pakistan Limited and Coca-Cola Beverages Pakistan Limited are associated undertaking as per the Companies Ordinance 1984. However, for the purpose of measurement, these have been classified as available for sale investment and measured at fair value.

10. Cost of sales

	Three months March 31, 2007	Three months March 31, 2006
	(Rupees in thousand)	
Opening work-in-process	140,257	132,210
Materials consumed	1,244,190	923,414
Salaries, wages and amenities	142,530	127,707
Fuel and power	238,925	223,591
Production supplies	55,135	55,721
Excise duty and sales tax	169	99
Rent, rates and taxes	1,206	1,062
Insurance	7,600	9,014
Repairs and maintenance	59,491	67,869
Packing expenses	11,285	20,085
Depreciation on property, plant and equipment	86,541	98,341
Amortisation on intangible assets	624	664
Depreciation on assets subject to finance lease	15	199
Technical fee and royalty	7,383	9,142
Travelling and conveyance	390	145
Other expenses	24,277	20,038
	2,020,018	1,689,301
Less: Closing work-in-process	143,020	140,212
	1,876,998	1,549,089
Opening stock of finished goods	551,765	444,283
	2,428,763	1,993,372
Less: Closing stock of finished goods	513,102	383,637
	1,915,661	1,609,735

11. Transactions with related parties

Associated companies

Purchase of goods and services	79,632	114,909
Sale of goods and services	764,456	720,010
Dividend income	98,400	270,520
Rental income	5,507	5,369
Expense charged in respect of retirement benefit plans	12,466	11,074
Key management personnel compensation	9,938	10,302

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

Period-end balances

	March 31, 2007	December 31, 2006
	(Rupees in thousand)	
Receivable from related parties	449,003	358,982
Payable to related parties	16,832	11,742

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

12. Cash generated from operations

	Three months March 31, 2007	Three months March 31, 2006
	(Rupees in thousand)	
Profit before tax	470,105	556,251
Adjustments for:		
Depreciation on property, plant and equipment	93,942	105,968
Amortisation on intangible assets	683	707
Depreciation on investment property	149	240
Depreciation on assets subject to finance lease	145	1,350
Amortisation of goodwill	2,650	2,650
Provision for accumulating compensated absences and staff gratuity	3,333	1,443
Exchange Adjustments	130	49
Gain on foreign currency forward option	-	(14,867)
Gain on held to maturity investments	-	(492)
Net profit on disposal of property, plant and equipment	(2,878)	(652)
Finance costs	36,987	38,063
Share of profit from associated companies	(256,775)	(322,093)
Profit before working capital changes	348,471	368,617
Effect on cash flow due to working capital changes		
Increase in trade debts	(196,561)	(78,439)
(Increase) / decrease in stores and spares	(7,858)	8,257
Decrease / (increase) in stock in trade	67,540	(24,596)
Increase in loans, advances, deposits, prepayments and other receivables	(74,634)	(68,776)
Increase in creditors, accrued and other liabilities	93,016	85,265
	(118,497)	(78,289)
	229,974	290,328

13. Cash and cash equivalents

	March 31, 2007	March 31, 2006
	(Rupees in thousand)	
Cash and bank balances	71,597	166,538
Finances under mark up arrangements	(1,412,486)	(1,847,296)
	<u>(1,340,889)</u>	<u>(1,680,758)</u>

14. 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

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



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