

Quarterly Report

Interim Financial Information
SEPTEMBER, 2008 (Unaudited)



PACKAGES LIMITED

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COMPANY INFORMATION

Board of Directors

Khalid Yacob
Matti Ilmari Naakka
Mujeeb Rashid
Shahid Aziz Siddiqui
Shamim Ahmad Khan
Syed Aslam Mehdi
Syed Hyder Ali
(Chief Executive & Managing Director)
Syed Shahid Ali
Tariq Iqbal Khan
Towfiq Habib Chinoy
(Chairman)

Advisor

Syed Babar Ali

Company Secretary

Adi J. Cawasji

Executive Committee

Syed Hyder Ali - Chairman
Mujeeb Rashid - Member
Syed Aslam Mehdi - 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)
Matti Ilmari Naakka - Member
(Non-Executive Director)
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 & Lenders

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Citibank N.A.
Deutsche Bank A.G.
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
HSBC Bank Middle East Limited
Habib Metropolitan Bank Limited
International Finance Corporation (IFC)
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Oman International Bank, S.A.O.G.
Samba Bank Limited (Formerly Crescent Commercial Bank Limited)
Saudi Pak Commercial Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Tokyo - Mitsubishi UFJ, Limited
The Royal Bank of Scotland Limited (Formerly ABN-AMRO Bank Pakistan Limited)
United Bank Limited

Head Office & Works

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

Kasur Factory

Bulleh Shah Paper Mills (BSPM)

10-km, Kasur Kot Radhakishan Road,
District-Kasur, Pakistan
Tel. : (049) 2017051, 2018201, 2008666

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
: (021) 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
: (051) 2276768
: (051) 2278632
Fax : (051) 2829411

Zonal Sales Offices

C-2, Hassan Arcade Nusrat Road,
Multan Cantt. - 60000, Pakistan
Tel. & Fax: (061) 4784401-2

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

Uzair Enterprises

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

M. Hamza Traders

15-Jan Plaza, Charsadda Road,
Peshawar-25000, Pakistan
Cell : 0344-4448892
Tel. : 091-2041612

Allied Agencies

Tehsil Road, Jhelum-49600, Pakistan
Cell : 0321-5332095
Tel : 054-4628635

Shares Registrar

FAMCO Associates (Pvt.) Limited
4th Floor, State Life Building No. 2-A
Wallace Road off, I. I. Chundrigar Road,
Karachi-74000, Pakistan

Web Presence

www.packages.com.pk

DIRECTORS' REPORT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008



The Directors of Packages Limited take pleasure in presenting the nine months report together with the un-audited financial statements of the company for the period ended September 30, 2008.

Operating Results

The comparison of the un-audited results for the quarter and period ended September 30, 2008 as against the same period of 2007 is as follows:

	For the third quarter		Cumulative	
	Jul - Sep 2008	Jul - Sep 2007	Jan - Sep 2008	Jan - Sep 2007
Financial- Rupees in million				
Invoiced sales	3,754	2,715	10,657	7,648
Net sales	3,177	2,308	9,131	6,570
EBITDA (with Investment Income)	828	387	1,689	1,237
Depreciation and amortisation	228	170	652	352
EBIT	600	217	1,037	885
Finance costs	561	134	1,261	185
Earnings before tax	39	83	(224)	700
Earnings per share-Rupees	0.37	0.93	(2.53)	7.59

Although the economy remained under stress during the period under review, most of the performance indicators have improved. The improvement is reflected by a growth of 39% in net sales and improvement in EBITDA which reflects company's real cash generating ability by 36% over the corresponding period of last year. Due to startup of the first phase of Bulleh Shah Paper Mills in the latter half of 2007, the impact of depreciation and financial charges is evident during this period. The company's financial charges also include the impact of exchange loss equal to Rs.500 million on USD loan taken for the Bulleh Shah Paper Mills which was due to the depreciation of PKR/USD of more than 27%. We have been able to mitigate any further impact of devaluation by entering into a cross currency and interest rate swap.

The production statistics and its comparatives for the period under review are given below:

	Jul - Sep 2008	Jul - Sep 2007	Jan - Sep 2008	Jan - Sep 2007	%
					Increase
Manufacturing-quantity in tonnes					
Paper and paperboard produced	39,915	32,307	115,082	80,382	43
Paper and paperboard converted	22,918	23,561	69,965	68,773	2
Plastics all sorts converted	2,428	2,299	7,380	6,317	17

Packaging and Tissue Operations

The company's packaging operations have shown a 21% increase in sales compared with the same period last year. Efforts in rationalizing the end product prices together with internal efficiencies to offset the input cost increases and financing charges are going on to improve the margins of the company. The new 35,000 tonnes per annum Tissue Paper Machine-9 has started its production from August and is currently under optimization. The increase in capacity of tissue production offers us opportunities for the expansion in the local market as well export in the region.

Bulleh Shah Paper Mills

The performance of Paper Machine 6 has been better than forecasted in terms of production and this has contributed significantly towards the growth in sales.


The management is happy to inform you that commissioning of Phase-II of Bulleh Shah Paper Mills i.e. Paper Machine No.7 and its relevant back processes like De-inking Plant (DIP) are progressing. We expect that this phase should be in production during the last quarter of 2008. With the startup of PM-7, the real benefit of the new coating machine which has been in production since May 2008 would start accruing once it starts utilizing the fine paper products from PM-7.

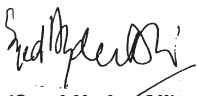
Future Outlook

Although prices of pulps and oil-based raw materials have started stabilizing due to slow down in demand internationally, this positive change has been neutralized by the devaluation of Pak rupee, increasing borrowing cost and high energy cost.

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.


(Towfiq Habib Chinoy)
Chairman
Karachi, October 27, 2008


(Syed Hyder Ali)
Chief Executive & Managing Director
Karachi, October 27, 2008

**Packages Limited
Condensed Interim
Financial Information**


PACKAGES LIMITED
CONDENSED INTERIM BALANCE SHEET
as at September 30, 2008 (Un-audited)

	September 30, 2008	December 31, 2007
Note	(Rupees in thousand)	
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Authorised capital 150,000,000 (2007: 150,000,000) ordinary shares of Rs. 10 each	1,500,000	1,500,000
Issued, subscribed and paid up capital 84,379,504 (2007:73,373,482) ordinary shares of Rs. 10 each	843,795	733,735
Reserves	15,684,815	13,110,240
Unappropriated (loss) / profit	(213,811)	4,326,797
	16,314,799	18,170,772
NON - CURRENT LIABILITIES		
Long-term finances - secured	5 12,774,571	12,346,500
Call option obligation	6 1,017,150	-
Deferred liabilities	955,882	955,790
	14,747,603	13,302,290
CURRENT LIABILITIES		
Current portion of long-term finances - secured	5 71,429	-
Finances under mark up arrangements -secured	1,815,289	401,019
Trade and other payables	2,236,934	1,564,362
	4,123,652	1,965,381
CONTINGENCIES AND COMMITMENTS	7 -	-
	35,186,054	33,438,443

	Note	September 30, 2008	December 31, 2007
(Rupees in thousand)			
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	8	11,211,410	10,361,253
Intangible assets		294	363
Investment property		25,022	26,055
Capital work-in-progress	9	8,020,882	7,800,683
Investments		8,438,098	10,080,259
Long-term loans and deposits		171,868	244,166
Retirement benefits		98,162	88,262
		<u>27,965,736</u>	<u>28,601,041</u>
CURRENT ASSETS			
Stores and spares		954,191	715,840
Stock-in-trade		3,595,040	2,206,191
Trade debts		1,600,076	1,288,928
Loans, advances, deposits, prepayments and other receivables		853,827	525,421
Cash and bank balances		217,184	101,022
		<u>7,220,318</u>	<u>4,837,402</u>
		<u>35,186,054</u>	<u>33,438,443</u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Syed Aslam Mehdi
Director


PACKAGES LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

for the nine months ended September 30, 2008 (Un-audited)

	Quarter ended		Nine months ended	
	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
	(R u p e e s i n t h o u s a n d)			
Local sales	3,608,206	2,662,963	10,197,694	7,535,024
Export sales	145,466	52,017	459,276	113,788
	3,753,672	2,714,980	10,656,970	7,648,812
Less: Sales tax and excise duty	571,804	404,086	1,511,063	1,071,335
Commission	4,668	2,851	15,065	7,252
	576,472	406,937	1,526,128	1,078,587
Cost of sales	10 3,177,200 (2,901,026)	2,308,043 (2,028,503)	9,130,842 (8,372,974)	6,570,225 (5,517,355)
Gross profit	276,174	279,540	757,868	1,052,870
Administrative expenses	(97,268)	(84,650)	(335,622)	(249,041)
Distribution and marketing expenses	(88,974)	(64,855)	(269,539)	(182,619)
Other operating expenses	(188)	(6,215)	(249)	(52,154)
Other operating income	28,880	44,839	78,337	91,591
Profit from operations	118,624	168,659	230,795	660,647
Finance costs	(560,955)	(134,423)	(1,260,642)	(184,667)
Investment income	481,321	48,472	806,036	224,250
Profit / (loss) before tax	38,990	82,708	(223,811)	700,230
Taxation	(8,000)	(4,000)	10,000	(60,000)
Profit / (loss) for the period	30,990	78,708	(213,811)	640,230
Earnings / (loss) per share-basic & diluted - Rupees	0.37	0.93	(2.53)	7.59

The annexed notes 1 to 15 form an integral part of this condensed interim financial information


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director



Syed Aslam Mehdi
Director

PACKAGES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT
for the nine months ended September 30, 2008 (Un-audited)

	Note	January to September	
		2008	2007
(Rupees in thousand)			
Cash flow from operating activities:			
Cash (used in) / generated from operations	12	(955,967)	802,587
Finance costs paid		(900,031)	(798,218)
Taxes paid		(154,679)	(70,265)
Payments for accumulating compensated absences		(10,990)	(5,146)
Retirement benefits paid		(15,841)	(15,403)
Net cash used in operating activities		(2,037,508)	(86,445)
Cash flow from investing activities:			
Purchase of property, plant and equipment		(2,212,202)	(3,561,174)
Proceeds against call option fee		1,017,150	-
Net decrease / (increase) in long-term loans and deposits		72,298	(31,020)
Proceeds from sale of property, plant and equipment		16,862	44,745
Dividends received		784,084	184,250
Net investment		-	24,980
Net cash used in investing activities		(321,808)	(3,338,219)
Cash flow from financing activities:			
Proceeds from long-term finances - secured		-	4,624,000
Proceeds under Ijarah finance		1,061,208	-
Payment of finance lease liabilities		-	(851)
Dividend paid		-	(418,140)
Net cash from financing activities		1,061,208	4,205,009
Net (decrease) / increase in cash and cash equivalents		(1,298,108)	780,345
Cash and cash equivalents at the beginning of the period		(299,997)	(1,174,154)
Cash and cash equivalents at the end of the period	13	(1,598,105)	(393,809)

The annexed notes 1 to 15 form an integral part of this condensed interim financial information


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Syed Aslam Mehdi
Director


PACKAGES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

for the nine months ended September 30, 2008 (Un-audited)

	Share capital	Share premium	Fair value reserve	General reserve	Unappro- priated profit / (loss)	Total
	(R u p e e s i n t h o u s a n d)					
Balance as on December 31, 2006	698,795	2,986,953	198,447	3,686,936	6,101,666	13,672,797
Final dividend for the year ended December 31, 2006 Rs. 6.00 per share	-	-	-	-	(419,277)	(419,277)
Transferred from profit and loss account	-	-	-	5,646,600	(5,646,600)	-
3,493,975 ordinary shares of Rs. 10 each issued as fully paid bonus shares	34,940	-	-	-	(34,940)	-
Fair value gain during the period	-	-	1,664,799	-	-	1,664,799
Transferred to profit and loss account on disposal of shares of The Resource Group (TRG) Pakistan Limited	-	-	11,140	-	-	11,140
Profit for the period	-	-	-	-	640,230	640,230
Balance as on September 30, 2007	733,735	2,986,953	1,874,386	9,333,536	641,079	15,569,689
Fair value gain during the period	-	-	812,030	-	-	812,030
Transferred to profit and loss account on disposal of shares of The Resource Group (TRG) Pakistan Limited & Nestle Pakistan Ltd	-	-	(1,896,665)	-	-	(1,896,665)
Profit for the period	-	-	-	-	3,685,718	3,685,718
Balance as on December 31, 2007	733,735	2,986,953	789,751	9,333,536	4,326,797	18,170,772
Transferred from profit and loss account	-	-	-	4,326,797	(4,326,797)	-
11,006,022 ordinary shares of Rs. 10 each issued as fully paid bonus shares	110,060	(110,060)	-	-	-	-
Fair value loss during the period	-	-	(1,642,162)	-	-	(1,642,162)
Loss for the period	-	-	-	-	(213,811)	(213,811)
Balance as on September 30, 2008	843,795	2,876,893	(852,411)	13,660,333	(213,811)	16,314,799

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Syed Aslam Mehdi
Director

PACKAGES LIMITED
NOTES TO AND FORMING PART OF THE
CONDENSED INTERIM FINANCIAL INFORMATION

for the nine months ended September 30, 2008 (Un-audited)

1. The Company and its activities

Packages Limited (The Company) is a public limited company incorporated in Pakistan and is listed on Karachi, Lahore and Islamabad Stock Exchanges. It is principally engaged in manufacture and sale of paper, paperboard, packaging materials and tissue products.

2. Statement of compliance

This condensed interim financial information is un-audited and is being submitted to members as required by section 245 of the Companies Ordinance, 1984 and the listing regulations of Karachi, Lahore and Islamabad Stock Exchanges. The condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting".

3. Significant accounting policies

The accounting policies adopted for the preparation of this condensed interim financial information 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, 2007. During the current period, company has availed Ijarah Finance Facility from Meezan Bank Limited that has been accounted for in accordance with Islamic Financial Accounting Standard-IFAS 2 "Ijarah" as indicated in note 7.2 to the financial statements where ujarah payments have been recognised as an expense in accordance with the payment plan agreed with the bank.

4. The provision for taxation for the nine months ended September 30, 2008 has been made on an estimated basis.

5. Long-term finances - secured

	September 30, 2008	December 31, 2007
	(Rupees in thousand)	
Opening Balance		
Local currency loans	10,500,000	6,000,000
Foreign currency loan	1,818,000	-
Exchange loss on foreign currency loan	28,500	-
	12,346,500	6,000,000
Add: disbursement / adjustment during the period:		
Local currency loans	-	4,500,000
Foreign currency loan	-	1,818,000
Exchange loss on foreign currency loan	499,500	28,500
	499,500	6,346,500
Less: Current portion of long-term finances-local currency loans	71,429	-
Closing Balance	12,774,571	12,346,500

During the current year, company has entered into Interest Rate Cross Currency Swap of USD 30 million to hedge the movement in foreign currency exchange rates in respect of its foreign currency loan availed from International Finance Corporation (IFC). There has been no transfer of liability under this arrangement. Gain arising on marked to market valuation of the derivative amounting to Rs. 2.677 million has been recognised in the profit and loss account.

6. Call option obligation

This represents call option fee received by the company against call option written in favour of Tetra Laval Holding and Finance S.A. (TLH) during the period.

The company has written call options in favour of TLH. Under call option 1, the company grants TLH right to purchase all the shares (currently 30,800,000 shares i.e. 44% of paid up capital of Tetra Pak Pakistan Limited hereinafter referred as 'TPPL') held by the company or 18% shares of the paid up share capital of TPPL held by the company, within 36th month (3rd year) to 60th month (5th year) of the date of payment of call option fee. Under call option 2, the company further grants TLH right to purchase shares representing 44% of the paid up share capital of TPPL less shares purchased under call option 1, within 96th month (8th year) to 120th month (10th year) from the date of payment of call option fee by TLH.

The agreed sale price of the shares held by the company is USD 245 million and will be indexed to US CPI. TLH has paid USD 15 million as option fee to the company on June 26, 2008.

As the settlement of the option is based on the delivery of unquoted equity instruments and fair value of the option cannot be measured reliably, consequently it has been carried at cost.

Any gain or loss on the settlement of the option shall be recognised in profit and loss on the date of the settlement.

7. Contingencies and commitments

7.1 Contingencies

- (i) Claims against the company not acknowledged as debts Rs. 13.614 million (December 31, 2007: Rs. 12.766 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 accounts in 1985, the STO filed an appeal in 1986 with the Income Tax Appellate Tribunal (ITAT) against the Orders of the AAC for these years. The orders of the AAC were based on a decision already given by the ITAT on the company's appeal for application of a lower rate of sales tax on self consumed material for earlier years. Pending the outcome of the appeal filed by STO no adjustment has been made for the refunds recognised in the accounts as the management is of the view that the appeal of the STO will not be upheld by the ITAT.

7.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs. 267.458 million (December 31, 2007: Rs. 1,103.199 million).
- (ii) Letters of credit other than for capital expenditure Rs. 902.259 million (December 31, 2007: Rs. 717.981 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, 2008	December 31, 2007
	(Rupees in thousand)	
Years		
Not later than one year	167,477	1,304
Later than one year and not later than five years	1,172,555	6,849
Later than five years	506,651	1,412
	<u>1,846,683</u>	<u>9,565</u>

These include ujah commitments amounting to Rs. 1,832.951 million payable to Meezan Bank Limited under Ijarah Finance Facility availed by the company during the year to finance capital expenditure repayable within seven years from the date of agreement.

8. Property, plant and equipment

	September 30, 2008	December 31, 2007
	(Rupees in thousand)	
	Note	
Opening book value	10,361,253	3,071,115
Add: Additions during the period	1,505,917	7,890,818
Transfers from assets subject to finance lease	-	1,697
	<u>1,505,917</u>	<u>7,892,515</u>
	11,867,170	10,963,630
Less: Disposals during the period (at book value)	5,054	36,505
Transferred to investment property (at book value)	-	12,624
Depreciation charged during the period	650,706	553,248
	<u>655,760</u>	<u>602,377</u>
Closing book value	<u>11,211,410</u>	<u>10,361,253</u>

8.1 Following is the detail of additions during the period

Property, plant and equipment:

Freehold land	2,462	20,087
Building on freehold land	501,132	1,138,093
Plant and machinery	961,860	6,622,351
Other equipment	17,721	26,358
Furniture and fixtures	428	1,401
Vehicles	22,314	82,528
	<u>1,505,917</u>	<u>7,890,818</u>

9. Capital work-in-progress

	September 30, 2008	December 31, 2007
	(Rupees in thousand)	
Civil works	28,748	91,505
Plant and machinery [including in transit Rs. Nil (2007: Rs. 155.767 million)]	115,728	765,696
Others	153	1,412
Expansion project:		
Civil works	725,830	868,503
Plant and machinery [including in transit Rs. 2.087 million (2007: Rs. 70.789 million)]	5,764,704	5,208,386
Advances	16,995	40,769
Unallocated expenditure	1,368,724	824,412
	7,876,253	6,942,070
	8,020,882	7,800,683

10. Cost of sales

	Quarter ended		Nine months ended	
	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
	(R u p e e s i n t h o u s a n d)			
Opening work-in-process	176,242	105,352	117,400	97,561
Materials consumed	2,004,357	1,407,693	5,474,965	3,697,825
Salaries, wages and amenities	183,678	143,689	534,379	399,012
Fuel and power	437,704	257,817	1,256,385	694,207
Production supplies	69,050	62,939	216,155	166,015
Excise duty and sales tax	187	5	432	1,728
Rent, rates and taxes	31,549	764	32,685	1,922
Insurance	14,844	11,044	41,954	25,301
Repairs and maintenance	103,060	72,064	293,672	177,009
Packing expenses	18,669	10,193	46,576	33,983
Depreciation on property, plant and equipment	221,372	162,856	631,142	330,040
Amortisation on intangible assets	61	624	181	1,872
Depreciation on assets subject to finance lease	-	-	-	15
Technical fee and royalty	1,832	1,060	4,277	4,357
Other expenses	48,524	29,647	131,324	80,570
	3,311,129	2,265,747	8,781,527	5,711,417
Less: Closing work-in-process	164,514	110,501	164,514	110,501
Cost of goods produced	3,146,615	2,155,246	8,617,013	5,600,916
Opening stock of finished goods	625,600	482,735	627,150	525,917
	3,772,215	2,637,981	9,244,163	6,126,833
Less: Closing stock of finished goods	871,189	609,478	871,189	609,478
	2,901,026	2,028,503	8,372,974	5,517,355

11. Transactions with related parties

Relationship with the Company	Nature of transactions	Nine months ended	
		September 30, 2008	September 30, 2007
		(Rupees in thousand)	
i. Subsidiaries	Purchase of goods and services	385,974	287,890
	Sale of goods and services	12,186	9,848
	Sale of property, plant and equipment	-	20,662
	Management & technical fee	10,593	4,905
	Dividend income	72,611	50,659
	Rental income	6,125	4,908
ii. Associated undertakings	Purchase of goods and services	265,578	177,839
	Sale of goods and services	1,369,479	1,042,506
	Sale of property, plant and equipment	-	6,161
	Purchase of property, plant & equipment	-	680
	Dividend income	669,564	155,345
	Rental income	19,885	18,390
	Insurance claims	73,181	57,785
	Other charges	100	-
	Insurance premium	44,585	27,064
iii. Other related parties	Purchase of goods and services	125,927	48,458
	Sale of goods and services	882,849	1,317,185
	Rental payment	1,560	2,393
	Dividend income	63,862	18,246
	Mark up expense	1,189	-
iv. Post employment benefit plans	Expense charged in respect of retirement benefit plans	40,006	35,136
	Mark up income	1,569	-
v. Key management personnel	Salaries and other employee benefits	38,068	30,549

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

Period-end balances

	September 30, 2008	December 31, 2007
	(Rupees in thousand)	
Receivable from related parties	275,903	414,510
Payable to related parties	79,175	56,182

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

12. Cash generated from operations

	Nine months ended	
	September 30, 2008	September 30, 2007
	(Rupees in thousand)	
(Loss) / profit before tax	(223,811)	700,230
Adjustments for:		
Depreciation on property, plant and equipment	650,706	349,469
Amortisation on intangible assets	379	2,050
Depreciation on investment property	1,034	718
Depreciation on assets subject to finance lease	-	204
Provision for accumulating compensated absences	29,082	18,401
Retirement benefits accrued	5,941	6,139
Net profit on disposal of property, plant and equipment	(11,808)	(10,286)
Finance costs	1,260,642	181,884
Dividend income	(806,036)	(224,250)
Profit before working capital changes	906,129	1,024,559
Effect on cash flow due to working capital changes		
Increase in trade debts	(311,148)	(471,655)
Increase in stores and spares	(238,351)	(140,983)
Increase in stock-in-trade	(1,388,849)	(277,677)
Increase in loans, advances, deposits, prepayments and other receivables	(159,776)	(23,849)
Increase in trade and other payables	236,028	692,192
	(1,862,096)	(221,972)
	(955,967)	802,587

13. Cash and cash equivalents

Cash and bank balances	217,184	79,584
Finances under mark up arrangements - secured	(1,815,289)	(473,393)
	(1,598,105)	(393,809)


14. Date of authorisation for issue

This condensed interim financial information was authorised for issue on October 27, 2008 by the Board of Directors of the company.

15. Corresponding figures

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


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Syed Aslam Mehdi
Director

**Packages Group
Condensed Consolidated Interim
Financial Information**

DIRECTORS' REPORT ON THE CONSOLIDATED ACCOUNT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008



The Directors of Packages Limited take pleasure in presenting the un-audited consolidated financial statements of the group for the nine months ended September 30, 2008.

Operating Results


The comparison of the un-audited results for the nine months ended Sept 30, 2008 as against the same period of 2007 is as follows:

	For the third quarter		Cumulative	
	Jul - Sep 2008	Jul - Sep 2007	Jan - Sep 2008	Jan - Sep 2007
Rupees in million				
Invoiced sales	4,246	3,054	12,036	8,581
Profit from operations	207	228	469	825
Share of profit from associated companies	224	249	973	857
Profit before tax	(135)	349	175	1,483

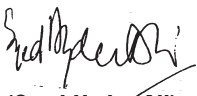
The group sales have increased by 40%. Its profit from operations has decreased mainly due to Rs. 500 million exchange loss booked by the parent company.

DIC Pakistan Limited has continued with the sales growth pattern in the current quarter set in the first half of 2008 with sales showing growth of over 50% over the same period last year. Its raw material costs have increased on account of increased prices in the international market and currency depreciation. Financial charges have also increased due to higher borrowing cost. Despite the above factors, the company has been able to pass on these cost increases and improve its profit before tax by 25% over the corresponding period of last year.

Sales for Packages Lanka (Pvt.) Limited grew by 48% over the same last year. However, the raw material prices increased by an average of 30% during the year thus increasing the cost of raw materials. Fuel and energy costs have also increased by 50% during the second quarter of 2008. Despite the above factors, the company was able to absorb the increase in utility costs as well as the partial increase in raw material cost due to price rationalization, higher capacity utilization and above target volumes. Thus it was able to generate profit before tax of PKR 34 million in the first 9 months of year 2008 compared to PKR 5.2 million in 2007. During the 3rd quarter 2008, the new solvent based laminator was commissioned which has helped in increasing sales as well as improving the delivery times.



(Towfiq Habib Chinoy)
Chairman
Karachi, October 27, 2008



(Syed Hyder Ali)
Chief Executive & Managing Director
Karachi, October 27, 2008

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET


as at September 30, 2008 (Un-audited)

	Note	September 30, 2008	December 31, 2007
(Rupees in thousand)			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital 150,000,000 (2007: 150,000,000) ordinary shares of Rs. 10 each		1,500,000	1,500,000
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Issued, subscribed and paid up capital 84,379,504 (2007: 73,373,482) ordinary shares of Rs. 10 each		843,795	733,735
Reserves		15,693,558	13,077,991
Unappropriated profit		237,853	4,830,239
		16,775,206	18,641,965
MINORITY INTEREST		129,982	129,365
		16,905,188	18,771,330
NON-CURRENT LIABILITIES			
Long-term finances - secured	5	12,774,571	12,346,500
Call option obligation	6	1,017,150	-
Liabilities against assets subject to finance lease		21,817	-
Deferred liabilities		1,179,516	1,181,761
		14,993,054	13,528,261
CURRENT LIABILITIES			
Current portion of long-term finances - secured	5	80,414	15,345
Current portion of liabilities against assets subject to finance lease		8,677	107
Finances under mark up arrangements - secured		2,435,827	717,667
Trade and other payables		2,408,852	1,614,220
		4,933,770	2,347,339
CONTINGENCIES AND COMMITMENTS	7	-	-
		36,832,012	34,646,930

	Note	September 30, 2008	December 31, 2007
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	11,513,509	10,636,868
Intangible assets		294	363
Investment property		6,940	7,388
Assets subject to finance lease		31,597	1,286
Capital work-in-progress	9	8,042,741	7,806,978
Investments	10	8,786,033	10,483,095
Long-term loans and deposits		172,309	244,582
Retirement benefits		98,162	88,262
		<u>28,651,585</u>	<u>29,268,822</u>
CURRENT ASSETS			
Stores and spares		981,960	731,176
Stock-in-trade		4,188,811	2,509,728
Trade debts		1,905,940	1,447,219
Loans, advances, deposits, prepayments and other receivables		868,797	546,051
Cash and bank balances		234,919	143,934
		<u>8,180,427</u>	<u>5,378,108</u>
		<u>36,832,012</u>	<u>34,646,930</u>

The annexed notes 1 to 17 form an integral part of this condensed consolidated interim financial information.


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Syed Aslam Mehdi
Director


CONDENSED CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT

for the nine months ended September 30, 2008 (Un-audited)

	Note	Quarter ended		Nine months ended	
		September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
(R u p e e s i n t h o u s a n d)					
Local sales		4,084,053	3,002,345	11,540,775	8,467,630
Export sales		161,652	52,017	494,880	113,788
		4,245,705	3,054,362	12,035,655	8,581,418
Less: Sales tax and excise duty		581,907	434,058	1,623,755	1,152,281
Commission		6,665	4,094	17,396	9,927
		588,572	438,152	1,641,151	1,162,208
Cost of sales	11	3,657,133 (3,256,581)	2,616,210 (2,253,782)	10,394,504 (9,297,656)	7,419,210 (6,151,332)
Gross profit		400,552	362,428	1,096,848	1,267,878
Administrative expenses		(115,202)	(97,892)	(383,638)	(289,740)
Distribution and marketing expenses		(99,399)	(72,462)	(298,034)	(203,227)
Other operating expenses		(3,130)	(9,190)	(10,422)	(60,266)
Other operating income		23,973	44,913	64,390	109,910
Profit from operations		206,794	227,797	469,144	824,555
Finance costs		(592,475)	(145,657)	(1,330,726)	(217,083)
Investment income		27,369	18,246	63,861	18,246
Share of profit of associates		223,668	248,822	973,059	856,805
(Loss) / profit before tax		(134,644)	349,208	175,338	1,482,523
Taxation		(16,688)	(23,802)	(33,311)	(118,243)
Group		(64,258)	(110,255)	(358,396)	(314,110)
Associates		(80,946)	(134,057)	(391,707)	(432,353)
(Loss) / profit for the period		(215,590)	215,151	(216,369)	1,050,170
Minority interest		(17,543)	(13,739)	(49,220)	(33,894)
Equity holders of the parent		(233,133)	201,412	(265,589)	1,016,276
Combined (loss) / earnings per share					
- basic and diluted		Rupees (2.76)	2.39	(3.15)	12.04

The annexed notes 1 to 17 form an integral part of this condensed consolidated interim financial information.


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Syed Aslam Mehdi
Director


CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

for the nine months ended September 30, 2008 (Un-audited)

	Note	January to September	
		2008	2007
(Rupees in thousand)			
Cash flow from operating activities:			
Cash (used in) / generated from operations	13	(949,672)	970,131
Finance costs paid		(961,283)	(833,416)
Taxes paid		(198,499)	(110,515)
Payments for accumulating compensated absences		(11,117)	(5,145)
Retirement benefits paid		(15,841)	(15,403)
Net cash (used in) / generated from operating activities		(2,136,412)	5,652
Cash flow from investing activities:			
Purchase of property, plant and equipment		(2,357,951)	(3,597,492)
Proceeds against call option fee		1,017,150	-
Net decrease / (increase) in long-term loans and deposits		72,273	(32,731)
Proceeds from sale of property, plant and equipment		18,559	44,747
Dividends received		733,425	133,591
Net investment		-	24,980
Net cash used in investing activities		(516,544)	(3,426,905)
Cash flow from financing activities:			
Proceeds from long-term finances - secured		-	4,624,000
Proceeds under Ijarah finance		1,061,208	-
Repayment of long-term finances - secured		(6,360)	(13,700)
Proceeds under finance lease		31,762	-
Payment of finance lease liabilities		(1,375)	(1,748)
Dividend paid		-	(418,140)
Dividend paid to minority shareholders		(59,454)	(41,479)
Net cash generated from financing activities		1,025,781	4,148,933
Net (decrease) / increase in cash and cash equivalents		(1,627,175)	727,680
Cash and cash equivalents at the beginning of the period		(573,733)	(1,371,904)
Cash and cash equivalents at the end of the period	14	(2,200,908)	(644,224)

The annexed notes 1 to 17 form an integral part of this condensed consolidated interim financial information.


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director



Syed Aslam Mehdi
Director

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
for the nine months ended September 30, 2008 (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	General reserve	Unappropriated profit	Total		
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 Rs. 6.00 per share	-	-	-	-	-	(419,277)	(419,277)	(41,479)	(460,756)
Transferred from profit and loss account	-	-	-	-	5,646,600	(5,646,600)	-	-	-
3,493,975 ordinary shares of Rs. 10 each issued as fully paid bonus shares	34,940	-	-	-	-	(34,940)	-	-	-
Fair value gain during the period	-	-	-	1,664,799	-	-	1,664,799	-	1,664,799
Transferred to profit and loss account on disposal of shares of The Resource Group (TRG) Pakistan Limited	-	-	-	11,140	-	-	11,140	-	11,140
Profit for the period	-	-	-	-	-	1,016,276	1,016,276	33,894	1,050,170
Exchange adjustments	-	-	(6,837)	-	-	-	(6,837)	(1,810)	(8,647)
Balance as on September 30, 2007	733,735	2,986,953	(38,409)	1,874,386	9,333,536	1,240,337	16,130,538	114,248	16,244,786
Fair value gain during the period	-	-	-	812,030	-	-	812,030	-	812,030
Transferred to profit and loss account on disposal of shares of The Resource Group (TRG) Pakistan Limited and Nestle Pakistan Ltd.	-	-	-	(1,896,665)	-	-	(1,896,665)	-	(1,896,665)
Profit for the period	-	-	-	-	-	3,589,902	3,589,902	13,486	3,603,388
Exchange adjustments	-	-	6,160	-	-	-	6,160	1,631	7,791
Balance as on December 31, 2007	733,735	2,986,953	(32,249)	789,751	9,333,536	4,830,239	18,641,965	129,365	18,771,330
Final dividend for the year ended December 31, 2007 Rs. 15.00 per share	-	-	-	-	-	-	-	(41,479)	(41,479)
Interim dividend for the seven months ended July 31, 2008 Rs. 6.50 per share	-	-	-	-	-	-	-	(17,975)	(17,975)
Transferred from profit and loss account	-	-	-	-	4,326,797	(4,326,797)	-	-	-
11,006,022 ordinary shares of Rs. 10 each issued as fully paid bonus shares	110,060	(110,060)	-	-	-	-	-	-	-
Fair value loss during the period	-	-	-	(1,642,162)	-	-	(1,642,162)	-	(1,642,162)
(Loss) / profit for the period	-	-	-	-	-	(265,589)	(265,589)	49,220	(216,369)
Exchange adjustments	-	-	40,992	-	-	-	40,992	10,851	51,843
Balance as on September 30, 2008	843,795	2,876,893	8,743	(852,411)	13,660,333	237,853	16,775,206	129,982	16,905,188

The annexed notes 1 to 17 form an integral part of this condensed consolidated interim financial information.


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Syed Aslam Mehdi
Director

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the nine months ended September 30, 2008 (Un-audited)

1. This condensed consolidated interim financial information is un-audited and is being submitted to shareholders, as required by section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi, Lahore and Islamabad Stock Exchanges.
2. This condensed consolidated interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, "Interim Financial Reporting".
3. The accounting policies adopted for the preparation of this condensed consolidated interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the group for the year ended December 31, 2007. During the current period, parent company has availed Ijarah Finance Facility from Meezan Bank Limited that has been accounted for in accordance with Islamic Financial Accounting Standard-IFAS 2 "Ijarah" as indicated in note 7.2 to the financial statements where ujarah payments have been recognised as an expense in accordance with the payment plan agreed with the bank.
4. The provision for taxation for the nine months ended September 30, 2008 has been made on an estimated basis.

5. Long-term finances - secured

	September 30, 2008	December 31, 2007
	(Rupees in thousand)	
These are composed of:		
Local currency loans	10,500,000	10,500,000
Foreign currency loans	1,855,485	1,833,345
Exchange Loss	499,500	28,500
	12,854,985	12,361,845
Less: Current portion shown under current liabilities	80,414	15,345
Closing Balance	12,774,571	12,346,500

During the current year, parent company has entered into Interest Rate Cross Currency Swap of USD 30 million to hedge the movement in foreign currency exchange rates in respect of its foreign currency loan availed from International Finance Corporation (IFC). There has been no transfer of liability under this arrangement. Gain arising on marked to market valuation of the derivative amounting to Rs. 2.677 million has been recognised in the profit and loss account.

6. Call option obligation

This represents call option fee received by the parent company against call option written in favour of Tetra Laval Holding and Finance S.A. (TLH) during the period.

The parent company has written call options in favour of TLH. Under call option 1, the parent company grants TLH right to purchase all the shares (currently 30,800,000 shares i.e. 44% of paid up capital of Tetra Pak Pakistan Limited hereinafter referred as 'TPPL') held by the parent company or 18% shares of the paid up share capital of TPPL held by the parent company, within 36th month (3rd year) to 60th month (5th year) of the date of payment of call option fee. Under call option 2, the parent company further grants TLH right to purchase shares representing 44% of the paid up share capital of TPPL less shares purchased under call option 1, within 96th month (8th year) to 120th month (10th year) from the date of payment of call option fee by THL.

The agreed sale price of the shares held by the parent company is USD 245 million and will be indexed to US CPI. TLH has paid USD 15 million as option fee to the parent company on June 26, 2008.

As the settlement of the option is based on the delivery of unquoted equity instruments and fair value of the option cannot be measured reliably, consequently it has been carried at cost.

Any gain or loss on the settlement of the option shall be recognised in profit and loss on the date of the settlement.

7. Contingencies and commitments

7.1 Contingencies

- (i) Claims against the group not acknowledged as debts Rs. 13.614 million (December 31, 2007: Rs. 12.766 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.

7.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs. 279.268 million (December 31, 2007: Rs. 1,124.424 million).
- (ii) Letters of credit other than for capital expenditure Rs. 973.211 million (December 31, 2007: Rs. 749.242 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, 2008	December 31, 2007
	(Rupees in thousand)	
Years		
Not later than one year	167,477	1,304
Later than one year and not later than five years	1,172,555	6,849
Later than five years	506,651	1,412
	1,846,683	9,565

These include ujarah commitments amounting to Rs. 1,832.951 million payable to Meezan Bank Limited under Ijarah Finance Facility availed by the parent company during the year to finance capital expenditure repayable within seven years from the date of agreement.

8. Property, plant and equipment

		September 30, 2008	December 31, 2007
	Note	(Rupees in thousand)	
Opening book value		10,636,868	3,324,362
Add: Additions during the period	8.1	1,522,846	7,917,259
Transfers from leased assets		1,286	1,697
Exchange adjustment on opening cost		97,288	(1,765)
		<u>1,621,420</u>	<u>7,917,191</u>
		<u>12,258,288</u>	<u>11,241,553</u>
Less: Disposals during the period (at book value)		6,722	16,217
Depreciation charged during the period		681,526	589,417
Exchange adjustment on opening accumulated depreciation		56,531	(949)
		<u>744,779</u>	<u>604,685</u>
		<u>11,513,509</u>	<u>10,636,868</u>

8.1 Following is the detail of additions during the period

Property, plant and equipment:

Freehold land	2,462	20,087
Building on freehold land	501,132	1,138,566
Plant and machinery	972,235	6,640,899
Other equipment	19,441	30,185
Furniture and fixtures	1,505	2,640
Vehicles	26,071	84,882
	<u>1,522,846</u>	<u>7,917,259</u>

9. Capital work-in-progress

Civil works	28,748	91,505
Plant and machinery [including in transit Nil (2007: Rs. 155.767 million)]	139,109	773,005
Others	153	1,412
Expansion project:		
Civil works	724,308	867,489
Plant and machinery [including in transit Rs. 2.087 million (2007: Rs. 70.789 million)]	5,764,704	5,208,386
Advances	16,995	40,769
Unallocated expenditure	1,368,724	824,412
	<u>7,874,731</u>	<u>6,941,056</u>
	<u>8,042,741</u>	<u>7,806,978</u>

10. Investments

These represent the long-term investments in:

Equity instruments of associated companies	10.1	3,854,817	3,909,718
Others	10.3	4,931,216	6,573,377
		<u>8,786,033</u>	<u>10,483,095</u>

10.1 In equity instruments of associated companies

	Note	September 30, 2008 (Rupees in thousand)	December 31, 2007
Cost		3,773,785	1,632,552
Transferred during the period		-	2,141,233
		3,773,785	3,773,785
Post acquisition profit brought forward		135,933	243,644
		3,909,718	4,017,429
Profit for the period before taxation		973,059	1,422,974
Provision for taxation		(358,396)	(377,897)
		614,663	1,045,077
		4,524,381	5,062,506
Less: Dividends received during the period		669,564	577,745
Disposed off during the period		-	575,043
		669,564	1,152,788
Balance as on	10.2	3,854,817	3,909,718

10.2 In equity instruments of associated companies

Quoted

IGI Insurance Limited

6,354,413 (2007: 3,389,020) fully paid ordinary shares of Rs. 10 each
Market value - Rs. 732.473 million
(2007: Rs. 1,403.224 million)

1,193,605

1,187,667

Tri-Pack Films Limited

10,000,000 (2007: 10,000,000) fully paid ordinary shares of Rs. 10 each
Market value - Rs. 1,529.900 million
(2007: Rs. 2,033.000 million)

2,174,120

2,177,923

IGI Investment Bank Limited

4,610,915 (2007: 4,610,915) fully paid ordinary shares of Rs. 10 each
Market value - Rs. 19.089 million
(2007: Rs. 68.011 million)

48,972

47,899

3,416,697

3,413,489

Unquoted

Tetra Pak Pakistan Limited

30,800,000 (2007: 30,800,000) fully paid ordinary shares of Rs. 10 each

438,120

496,229

438,120

496,229

3,854,817

3,909,718

10.3 Others

September 30, December 31,
2008 2007
(Rupees in thousand)

Quoted

Nestle Pakistan Limited

3,649,248 (2007: 3,649,248) fully paid ordinary shares of Rs. 10 each

4,926,485

6,568,646

Unquoted

Pakistan Tourism Development Corporation Limited

2,500 (2007: 2,500) fully paid ordinary shares of Rs. 10 each

25

25

Orient Match Company Limited

1,900 (2007: 1,900) fully paid ordinary shares of Rs. 100 each

-

-

Coca-Cola Beverages Pakistan Limited

500,000 (2007: 500,000) fully paid ordinary shares of Rs. 10 each

4,706

4,706

4,931,216

6,573,377

Nestle Pakistan Limited and Coca-Cola Beverages Pakistan Limited are associated undertakings under the Companies Ordinance, 1984. However, for the purpose of measurement, these have been classified as available for sale investments as the group does not have a significant influence over their operations.

11. Cost of sales

	Quarter ended		Nine months ended	
	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
	(R u p e e s i n t h o u s a n d)			
Opening work-in-process	239,742	144,681	169,391	140,257
Materials consumed	2,303,624	1,588,928	6,229,690	4,204,269
Salaries, wages and amenities	201,484	156,726	581,965	435,214
Fuel and power	455,140	267,406	1,296,859	720,892
Production supplies	72,378	65,979	225,223	173,181
Excise duty and sales tax	187	5	432	1,728
Rent, rates and taxes	32,405	995	34,292	3,170
Insurance	15,233	11,489	43,118	26,626
Repairs and maintenance	111,657	78,456	316,777	194,101
Packing expenses	28,136	10,193	71,571	33,983
Depreciation on property, plant and equipment	230,183	170,810	656,985	353,634
Amortisation on intangible assets	61	624	181	1,872
Depreciation on assets subject to finance lease	145	-	145	15
Technical fee and royalty	11,542	7,287	30,928	21,301
Travelling and conveyance	438	1,225	1,296	2,087
Other expenses	51,614	31,174	139,635	85,085
	3,753,969	2,535,978	9,798,488	6,397,415
Less: Closing work-in-process	244,059	152,651	244,059	152,651
Cost of goods produced	3,509,910	2,383,327	9,554,429	6,244,764
Opening stock of finished goods	666,214	515,652	662,770	551,765
	4,176,124	2,898,979	10,217,199	6,796,529
Less: Closing stock of finished goods	919,543	645,197	919,543	645,197
	3,256,581	2,253,782	9,297,656	6,151,332

12. Transactions with related parties

Relationship	Nature of transactions	Nine months ended	
		September 30, 2008	September 30, 2007
		(Rupees in thousand)	
i. Associated undertakings	Purchase of goods and services	347,139	190,507
	Sale of goods and services	1,454,775	1,115,039
	Purchase of property, plant and equipment	-	680
	Dividend income	669,564	155,345
	Rental income	19,885	18,390
	Sale of property, plant & equipment	-	6,161
	Insurance premium	44,585	27,064
	Insurance claims	73,181	57,785
	Royalty & technical fee	25,651	16,944
	Other charges	100	-
ii. Other related parties	Purchase of goods and services	125,927	48,458
	Sale of goods and services	882,849	1,317,185
	Rental payment	1,560	2,393
	Dividend income	63,862	18,246
	Mark up expense	1,189	-
iii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	41,465	36,316
	Mark up income	1,569	-
iv. Key management personnel	Salaries and other employee benefits	43,271	33,586

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

Period-end balances

	September 30, 2008	December 31, 2007
Receivable from related parties	279,532	421,177
Payable to related parties	28,593	14,241

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

13. Cash (used in) / generated from operations

	Nine months ended	
	September 30, 2008	September 30, 2007
	(Rupees in thousand)	
Profit before tax	175,338	1,482,523
Adjustments for:		
Depreciation on property, plant and equipment	681,526	375,747
Amortisation on intangible assets	379	2,049
Depreciation on investment property	448	449
Depreciation on assets subject to finance lease	145	796
Amortisation of goodwill	-	5,301
Provision for accumulating compensated absences and staff gratuity	30,872	19,363
Exchange adjustments	92,599	(4)
Retirement benefits accrued	5,941	6,139
Profit on disposal of property, plant and equipment	(11,837)	(10,286)
Finance costs	1,330,726	217,083
Dividend income from other investments	(63,861)	(18,246)
Share of profit from associated companies	(973,059)	(875,051)
Profit before working capital changes	1,269,217	1,205,863
Effect on cash flow due to working capital changes		
Increase in trade debts	(458,721)	(500,762)
Increase in stores and spares	(250,784)	(139,329)
Increase in stock-in-trade	(1,679,083)	(303,763)
Increase in loans, advances, deposits, prepayments and other receivables	(179,558)	(29,303)
Increase in trade and other payables	349,257	737,425
	(2,218,889)	(235,732)
	(949,672)	970,131

14. Cash and cash equivalents

	Nine months ended	
	September 30, 2008	September 30, 2007
	(Rupees in thousand)	
Cash and bank balances	234,919	93,716
Finances under mark up arrangements - secured	(2,435,827)	(737,940)
	(2,200,908)	(644,224)

15. 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


16. Date of authorization for issue

This condensed consolidated interim financial information was authorised for issue on October 27, 2008 by the Board of Directors of the parent company.

17. Corresponding figures

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


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Syed Aslam Mehdi
Director



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