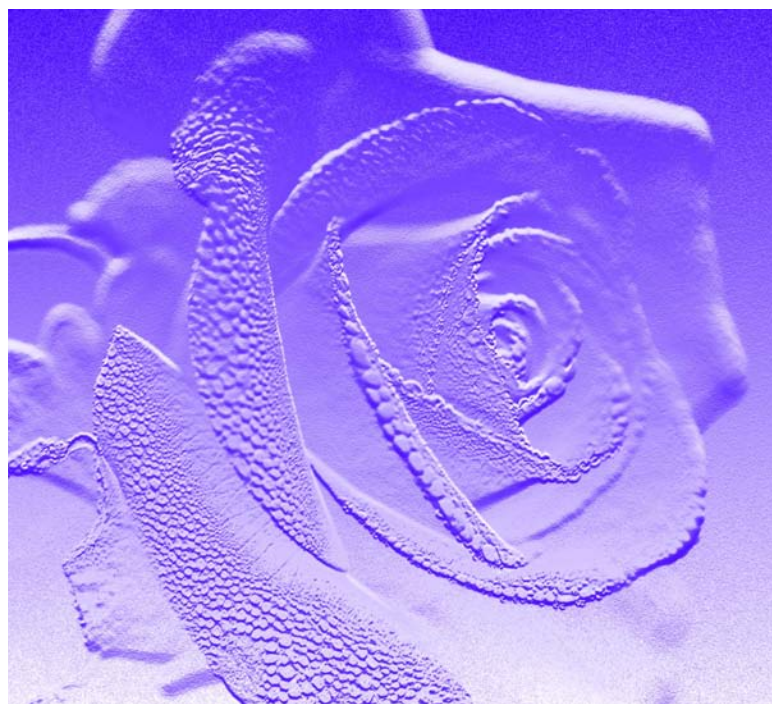


# First Quarterly Report

Interim Financial Information  
MARCH, 2008 (Unaudited)



**PACKAGES LIMITED**

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## COMPANY INFORMATION

### Board of Directors

Asadullah Khawaja  
(Chairman)  
Kamal Afsar  
Khalid Jacob  
Markku Juha Pentikainen  
Mujeeb Rashid  
Shamim Ahmad Khan  
Syed Aslam Mehdi  
Syed Hyder Ali  
(Chief Executive & Managing Director)  
Syed Shahid Ali  
Tariq Iqbal Khan

### Advisor

Syed Babar Ali

### Company Secretary

Adi J. Cawasji

### Executive Committee

Syed Hyder Ali - Chairman  
Mujeeb Rashid - Member  
Khalid Jacob - Member

### Audit Committee

Shamim Ahmad Khan - Chairman  
(Non-Executive Director)  
Tariq Iqbal Khan - Member  
(Non-Executive Director)  
Syed Shahid Ali - Member  
(Non-Executive Director)  
Mujeeb Rashid - Member  
(Director & General Manager)  
Syed Aslam Mehdi - Member  
(Director & Deputy General Manager)  
Adi J. Cawasji - Secretary

### Business Strategy Committee

Syed Hyder Ali - Chairman  
Mujeeb Rashid - Member  
Syed Aslam Mehdi - Member  
Khalid Jacob - Member

### System and Technology Committee

Mujeeb Rashid - Chairman  
Khalid Jacob - 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

ABN - Amro Bank (Pakistan) Limited  
Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Al-Habib Limited  
Citibank N.A.  
Crescent Commercial Bank Limited  
Deutsche Bank A.G.  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
International Finance Corporation (IFC)  
JS Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
NIB Bank Limited  
Oman International Bank, S.A.O.G.  
Saudi Pak Commercial Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
The Bank of Tokyo - Mitsubishi UFJ, Limited  
The HongKong & Shanghai Banking Corporation 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-F, 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 Bhuta Road,  
Sukkur - 65200, Pakistan  
Tel. & Fax: (071) 5616138

### M. Hamza Traders

15-D Gul Plaza, Opp: Charsadda Bus Stand,  
Peshawar-25000, Pakistan  
Cell : 0301-8650486  
Tel. : 091-2043719

### Allied Agencies

Tehsil Road, Jhelum-49600, Pakistan  
Cell : 0321-5332095  
Cell : 0333-5179706

### Shares Registrar

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

### Web Presence

[www.packages.com.pk](http://www.packages.com.pk)

## DIRECTORS' REPORT FOR THE THREE MONTHS ENDED MARCH 31, 2008



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, 2008.

### Operating Results

The comparison of the un-audited results for the quarter ended March 31, 2008 as against March 31, 2007 is as follows:

	<b>Jan - March 2008</b>	<b>Jan - March 2007</b>
<b>(Rupees in million)</b>		
Invoiced sales	<b>3,343</b>	2,425
Gross profit	<b>119</b>	355
Profit / (Loss) from operations	<b>(30)</b>	208
Investment income	<b>325</b>	149
Profit before tax	<b>75</b>	329
Paper and paperboard produced-tonnes	<b>35,846</b>	23,407
Paper and paperboard converted-tonnes	<b>24,695</b>	22,781
Plastics all sorts converted-tonnes	<b>2,346</b>	1,913

The first quarter of 2008 has shown a healthy sales growth as its net sales have increased by 37% over the corresponding period last year. Sales have shown positive trend in all of its business segments. Growth in packaging materials has been around 20%, tissue consumer products by 12% and the highest growth was achieved in paper and paperboard by around 49%. This exponential growth was due to the availability of board from its new Paper Machine (PM-6) in Kasur. The company has also exported Liner and Fluting paper to markets in Sri Lanka and Saudi Arabia and is in the process of exploring export markets in Africa. The company's investment income has also shown an increase of Rs. 175.6 million from the quarter of previous year.

The operational profits have declined from previous year quarter due to following reasons:

Increase in financial costs and depreciation expense after the startup of PM-6 at Bulleh Shah Paper Mill in Kasur. The combined effect of these two expenses is reflected by an increase of Rs. 311 million over the previous year. This should be offset in due course by increased capacity utilization.

Increase in international prices of pulp and petroleum based raw materials which have reduced margins for the company. The cumulative effect of price increase in raw materials during the first quarter is around Rs. 60 million. These are being continuously addressed by sales price rationalization.

Use of furnace oil for electricity generation during the first two months of the year due to curtailment of supply of natural gas. Use of furnace oil for power generation is more expensive than gas. Also the prices of furnace oil have gone up from Rs. 20,000/ tonne in January 2007 to Rs. 32,000/ tonne in January 2008. The situation has started improving in March 2008 due to availability of natural gas.

Increase in freight costs both for marine and inland freight due to rising petroleum prices.

Increase in repair and maintenance during the quarter on account of overhauling of PM-1 in Lahore and planned maintenance of Air Compression system to increase the efficiency of paper machines in Lahore.

### **Bulleh Shah Paper Mills & Tissue Machine Projects**

After completion of phase 1 of Bulleh Shah Paper Mill last year, all efforts are being made to optimize the production process. Work on the second phase of the project is going on as planned and hope to complete it later this year.

Work on commissioning of Paper Machine (PM-9) for tissue paper would start from May 2008 in Lahore and production should commence shortly thereafter.

### **Future Outlook**

The management of the company is intensely focused on maintaining the sales growth and more importantly to improve the contribution margins by price rationalization, productivity increases and higher capacity utilization of all of its plant and machinery specially that of Bulleh Shah Paper Mill.

### **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)**

Chief Executive & Managing Director

Lahore, April 24, 2008

**Packages Limited  
Condensed Interim  
Financial Information**

**PACKAGES LIMITED**  
**CONDENSED INTERIM BALANCE SHEET**


as at March 31, 2008 (Un-audited)

	Note	March 31, 2008	December 31, 2007
(Rupees in thousand)			
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorised capital 150,000,000 (2007: 150,000,000) ordinary shares of Rs. 10 each		<u>1,500,000</u>	<u>1,500,000</u>
Issued, subscribed and paid up capital 84,379,504 (2007:73,373,482) ordinary shares of Rs. 10 each		843,795	733,735
Reserves		16,450,575	13,110,240
Unappropriated profit		131,770	4,326,797
		<u>17,426,140</u>	<u>18,170,772</u>
<b>NON - CURRENT LIABILITIES</b>			
Long-term finances - secured	5	12,385,500	12,346,500
Deferred liabilities		995,286	955,790
		<u>13,380,786</u>	<u>13,302,290</u>
<b>CURRENT LIABILITIES</b>			
Finances under mark up arrangements		2,108,813	401,019
Trade and other payables		1,944,689	1,564,362
		<u>4,053,502</u>	<u>1,965,381</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	6	-	-
		<u>34,860,428</u>	<u>33,438,443</u>

	Note	March 31, 2008	December 31, 2007
		(Rupees in thousand)	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	10,172,929	10,361,253
Intangible assets		247	363
Investment property		25,711	26,055
Capital work-in-progress	8	9,024,690	7,800,683
Investments		9,313,917	10,080,259
Long-term loans and deposits		172,358	244,166
Retirement benefits		88,262	88,262
		<u>28,798,114</u>	<u>28,601,041</u>
<b>CURRENT ASSETS</b>			
Stores and spares		779,526	715,840
Stock-in-trade		2,709,636	2,206,191
Trade debts		1,373,919	1,288,928
Loans, advances, deposits, prepayments and other receivables		984,479	525,421
Cash and bank balances		214,754	101,022
		<u>6,062,314</u>	<u>4,837,402</u>
		<u>34,860,428</u>	<u>33,438,443</u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

  
Asadullah Khawaja  
Chairman

  
Syed Hyder Ali  
Chief Executive & Managing Director

  
Mujeeb Rashid  
Director



**PACKAGES LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT**

for the three months ended March 31, 2008 (Un-audited)

	Note	Three months ended	
		March 31, 2008	March 31, 2007
(Rupees in thousand)			
Local sales		3,231,694	2,397,610
Export sales		111,482	27,456
		<b>3,343,176</b>	<b>2,425,066</b>
Less: Sales tax and excise duty		449,156	324,477
Commission		3,231	2,423
		<b>452,387</b>	<b>326,900</b>
		<b>2,890,789</b>	<b>2,098,166</b>
Cost of sales	9	(2,771,512)	(1,743,391)
<b>Gross profit</b>		<b>119,277</b>	<b>354,775</b>
Administrative expenses		(92,249)	(80,153)
Distribution and marketing costs		(80,764)	(59,373)
Other operating expenses		(5,586)	(24,609)
Other operating income		29,744	17,261
<b>Profit / (loss) from operations</b>		<b>(29,578)</b>	<b>207,901</b>
Finance costs		(220,427)	(27,516)
Investment income		324,715	149,059
<b>Profit before tax</b>		<b>74,710</b>	<b>329,444</b>
Taxation		(53,000)	(16,000)
<b>Profit for the period</b>		<b>21,710</b>	<b>313,444</b>
Earnings per share -basic and diluted	Rupees	<b>0.26</b>	<b>3.71</b>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

  
Asadullah Khawaja  
Chairman

  
Syed Hyder Ali  
Chief Executive & Managing Director

  
Mujeeb Rashid  
Director

**PACKAGES LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT**

for the three months ended March 31, 2008 (Un-audited)

	Note	Three months ended	
		March 31, 2008 (Rupees in thousand)	March 31, 2007
<b>Cash flow from operating activities:</b>			
Cash (used in) / generated from operations	11	(721,713)	187,922
Finance cost paid		(29,511)	(30,802)
Taxes paid		(38,672)	(26,017)
Payments for accumulating compensated absences		(3,104)	(1,038)
<b>Net cash (used in) / generated from operating activities</b>		<b>(793,000)</b>	130,065
<b>Cash flow from investing activities:</b>			
Purchase of property, plant and equipment		(1,099,233)	(1,415,737)
Net decrease / (increase) in long-term loans and deposits		71,808	(8,380)
Proceeds from sale of property, plant and equipment		3,347	11,369
Dividends received		223,139	99,059
<b>Net cash used in investing activities</b>		<b>(800,939)</b>	(1,313,689)
<b>Cash flow from financing activities:</b>			
Proceeds from long-term finances		-	1,300,000
Payment of finance lease liabilities		-	(547)
Dividend paid		(123)	(317)
<b>Net cash (used in) / generated from financing activities</b>		<b>(123)</b>	1,299,136
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(1,594,062)</b>	115,512
Cash and cash equivalents at the beginning of the year		(299,997)	(1,174,154)
Cash and cash equivalents at the end of the year	12	<b>(1,894,059)</b>	(1,058,642)

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.



Asadullah Khawaja  
Chairman



Syed Hyder Ali  
Chief Executive & Managing Director




Mujeeb Rashid  
Director

**PACKAGES LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**

for the three months ended March 31, 2008 (Un-audited)

	Share capital	Share premium	Fair value reserve	General reserve	Unappro- priated profit	Total
	( R u p e e s i n t h o u s a n d )					
<b>Balance as on December 31, 2006</b>	698,795	2,986,953	198,447	3,686,936	6,101,666	<b>13,672,797</b>
Fair value gain during the period	-	-	2,325,284	-	-	<b>2,325,284</b>
Profit for the period	-	-	-	-	313,444	<b>313,444</b>
<b>Balance as on March 31, 2007</b>	698,795	2,986,953	2,523,731	3,686,936	6,415,110	<b>16,311,525</b>
Final dividend for the year ended December 31, 2006 Rs. 6.00 per share	-	-	-	-	(419,277)	<b>(419,277)</b>
Transferred from profit and loss account	-	-	-	5,646,600	(5,646,600)	-
Issue of 3,493,975 ordinary shares of Rs. 10 each as fully paid bonus shares	34,940	-	-	-	(34,940)	-
Fair value gain during the period	-	-	151,545	-	-	<b>151,545</b>
Transferred to profit and loss account on disposal of shares of The Resource Group (TRG) Pakistan Limited & Nestle Pakistan Limited	-	-	(1,885,525)	-	-	<b>(1,885,525)</b>
Profit for the period	-	-	-	-	4,012,504	<b>4,012,504</b>
<b>Balance as on December 31, 2007</b>	733,735	2,986,953	789,751	9,333,536	4,326,797	<b>18,170,772</b>
Transferred from profit and loss account	-	-	-	4,216,737	(4,216,737)	-
Issue of 11,006,022 ordinary shares of Rs. 10 each as fully paid bonus shares	110,060	(110,060)	-	-	-	-
Fair value loss during the period	-	-	(766,342)	-	-	<b>(766,342)</b>
Profit for the period	-	-	-	-	21,710	<b>21,710</b>
<b>Balance as on March 31, 2008</b>	<b>843,795</b>	<b>2,876,893</b>	<b>23,409</b>	<b>13,550,273</b>	<b>131,770</b>	<b>17,426,140</b>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.



Asadullah Khawaja  
Chairman



Syed Hyder Ali  
Chief Executive & Managing Director



Mujeeb Rashid  
Director

## PACKAGES LIMITED

### SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

for the three months ended March 31, 2008 (Un-audited)

1. This condensed 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. 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.
3. This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, "Interim Financial Reporting" .
4. Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

#### 5. Long-term finances - secured

	<b>March 31, 2008</b>	<b>December 31, 2007</b>
	<b>(Rupees in thousand)</b>	
Opening balance		
Local currency loans	<b>10,500,000</b>	6,000,000
Foreign currency loan	<b>1,818,000</b>	-
Exchange loss on foreign currency loan	<b>28,500</b>	-
	<b>12,346,500</b>	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	<b>39,000</b>	28,500
	<b>39,000</b>	6,346,500
Closing balance	<b><u>12,385,500</u></b>	<b><u>12,346,500</u></b>

#### 6. Contingencies and commitments

##### 6.1 Contingencies

- (i) Claims against the company not acknowledged as debts Rs. 13.085 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.

## 6.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs. 679.398 million (December 31, 2007: Rs. 1,103.199 million).
- (ii) Letters of credit other than for capital expenditure Rs. 367.318 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:

	<b>March 31, 2008</b>	December 31, 2007
<b>Note</b>	<b>(Rupees in thousand)</b>	
Not later than one year	<b>3,037</b>	1,304
Later than one year and not later than five years	<b>6,821</b>	6,849
Later than five years	<b>1,144</b>	1,412
	<b>11,002</b>	9,565

## 7. Property, plant and equipment

Opening book value		<b>10,361,253</b>	3,071,115
Add: Additions during the period	7.1	<b>16,480</b>	7,890,818
Transfers from leased assets		-	(10,927)
		<b>16,480</b>	7,879,891
		<b>10,377,733</b>	10,951,006
Less: Disposals during the period (at book value)		<b>876</b>	36,505
Depreciation charged during the period		<b>203,928</b>	553,248
		<b>204,804</b>	589,753
Closing book value		<b>10,172,929</b>	10,361,253

### 7.1 Following is the detail of additions during the period

#### Property, plant and equipment

Freehold land	-	20,087
Building on freehold land	-	1,138,093
Plant and machinery	<b>3,573</b>	6,622,351
Other equipment	<b>10,464</b>	26,358
Furniture and fixtures	-	1,401
Vehicles	<b>2,443</b>	82,528
	<b>16,480</b>	7,890,818

**8. Capital work-in-progress**

	<b>March 31, 2008</b>	December 31, 2007
	<b>(Rupees in thousand)</b>	
Civil works	<b>100,917</b>	91,505
Plant and machinery [including in transit Rs. 114.877 million (2007: Rs. 155.767 million)]	<b>1,127,276</b>	765,696
Others	<b>868</b>	1,412
Expansion project:		
Civil works	<b>938,931</b>	868,503
Plant and machinery [including in transit Rs. 9.482 million (2007: Rs. 70.789 million)]	<b>5,722,813</b>	5,208,386
Advances	<b>88,847</b>	40,769
Unallocated expenditure	<b>1,045,038</b>	824,412
	<b>7,795,629</b>	6,942,070
	<b>9,024,690</b>	7,800,683

**9. Cost of sales**

	<b>Three months ended</b>	
	<b>March 31, 2008</b>	March 31, 2007
	<b>(Rupees in thousand)</b>	
Opening work-in-process	<b>117,400</b>	97,561
Materials consumed	<b>1,580,019</b>	1,109,313
Salaries, wages and amenities	<b>173,880</b>	131,038
Fuel and power	<b>463,781</b>	230,507
Production supplies	<b>74,726</b>	52,996
Excise duty and sales tax	<b>131</b>	169
Rent, rates and taxes	<b>568</b>	585
Insurance	<b>13,151</b>	7,164
Repairs and maintenance	<b>96,138</b>	54,779
Packing expenses	<b>13,479</b>	11,285
Depreciation on property, plant and equipment	<b>197,374</b>	78,758
Amortisation on intangible assets	<b>60</b>	624
Depreciation on assets subject to finance lease	<b>-</b>	15
Technical fee and royalty	<b>1,178</b>	2,266
Other expenses	<b>42,101</b>	22,800
	<b>2,773,986</b>	1,799,861
Less: Closing work-in-process	<b>123,050</b>	98,048
Cost of goods produced	<b>2,650,936</b>	1,701,813
Opening stock of finished goods	<b>627,150</b>	525,917
	<b>3,278,086</b>	2,227,730
Less: Closing stock of finished goods	<b>506,574</b>	484,339
	<b>2,771,512</b>	1,743,391

## 10. Transactions with related parties

Relationship with the company	Nature of transactions	Three months ended	
		March 31, 2008	March 31, 2007
		(Rupees in thousand)	
i. Subsidiaries	Purchase of goods and services	111,372	83,775
	Sale of goods and services	3,564	2,320
	Management & technical fee	6,209	-
	Dividend income	50,659	50,659
	Rental income	2,021	1,174
ii. Associated undertakings	Purchase of goods and services	91,416	43,414
	Sale of goods and services	679,422	539,981
	Dividend income	274,056	98,400
	Rental income	6,628	5,507
	Insurance claims	48,193	6,161
iii. Other related parties	Purchase of goods and services	71,398	36,218
	Sale of goods and services	17,582	223,500
	Rental payment	347	975
iv. Post employment benefit plans	Funds contribution	13,003	11,887
	Mark up received on temporary loans	1,090	-
	Key Management personnel compensation	13,518	9,938
<b>Period-end balances</b>			
		March 31, 2008	December 31, 2007
		(Rupees in thousand)	
	Receivable from related parties	201,505	414,511
	Payable to related parties	37,420	49,428

## 11. Cash generated from operations

	Three months ended	
	March 31, 2008	March 31, 2007
	(Rupees in thousand)	
Profit before tax	74,710	329,444
Adjustments for:		
Depreciation on property, plant and equipment	203,929	85,446
Amortisation on intangible assets	117	683
Depreciation on investment property	344	239
Depreciation on assets subject to finance lease	-	131
Provision for accumulating compensated absences	3,600	3,000
Net profit on disposal of property, plant and equipment	(2,470)	(2,878)
Finance cost	220,427	27,516
Dividend income	(324,715)	(149,059)
<b>Profit before working capital changes</b>	<b>175,942</b>	<b>294,522</b>
<b>Effect on cash flow due to working capital changes</b>		
Increase in trade debts	(84,991)	(198,122)
Increase in stores and spares	(63,686)	(9,318)
(Increase) / decrease in stock-in-trade	(503,445)	85,429
Increase in loans, advances, deposits, prepayments and other receivables	(332,810)	(73,539)
Increase in creditors, accrued and other liabilities	87,277	88,950
	(897,655)	(106,600)
	<b>(721,713)</b>	<b>187,922</b>

## 12. Cash and cash equivalents

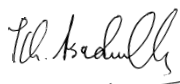
	March 31, 2008	March 31, 2007
	(Rupees in thousand)	
Cash and bank balances	214,754	60,924
Finances under mark up arrangements	(2,108,813)	(1,119,566)
	<b>(1,894,059)</b>	<b>(1,058,642)</b>

## 13. Date of authorisation for issue

This condensed interim financial information was authorised for issue on April 24, 2008 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  
Chief Executive & Managing Director

  
Mujeeb Rashid  
Director



**Packages Group  
Condensed Consolidated Interim  
Financial Information**

## DIRECTORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2008



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, 2008.

### Operating Results

The comparison of the un-audited results for the quarter ended March 31, 2008 as against March 31, 2007 is as follows:

	<b>Jan - March 2008</b>	<b>Jan - March 2007</b>
	<b>(Rupees in million)</b>	
Invoiced sales	<b>3,747</b>	2,683
Profit from operations	<b>39</b>	250
Share of profit of associates	<b>379</b>	257
Profit before tax	<b>220</b>	470

The group's subsidiary DIC Pakistan Limited has shown growth in sales of 50% over the same period last year. This has been achieved by working very closely with its key customers, introduction of new technology inks to enhance its market share especially in the southern region and a one time increase due to non availability of finished products from local sources. The effect of increase in the raw material costs internationally has affected their margin, but the company hopes to rationalize its prices in the remaining year.

Packages Lanka (Pvt.) Limited has shown a sales growth of more than 58% from the same quarter of last year. The prices of petro-based raw materials is proving a challenge for the company but by focusing on production efficiencies and strict control on costs, the company has managed to improve its gross margin by 4% from first quarter of 2007.

**(Syed Hyder Ali)**  
Chief Executive & Managing Director  
Lahore, April 24, 2008


**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET**  
as at March 31, 2008 (Un-audited)

	Note	March 31, 2008	December 31, 2007
		(Rupees in thousand)	
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorised capital 150,000,000 (2007: 150,000,000) ordinary shares of Rs. 10 each		<u>1,500,000</u>	<u>1,500,000</u>
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>			
Issued, subscribed and paid up capital 84,379,504 (2007: 73,373,482) ordinary shares of Rs. 10 each		843,795	733,735
Reserves		16,422,086	13,077,991
Unappropriated profit		623,323	4,830,239
		<u>17,889,204</u>	<u>18,641,965</u>
<b>MINORITY INTEREST</b>		<u>104,414</u>	<u>129,365</u>
		<u>17,993,618</u>	<u>18,771,330</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term finances - secured	5	12,385,500	12,346,500
Deferred liabilities		1,218,578	1,181,761
		<u>13,604,078</u>	<u>13,528,261</u>
<b>CURRENT LIABILITIES</b>			
Current portion of long-term liabilities		12,989	15,452
Finances under mark up arrangements		2,512,677	717,667
Trade & other payables		2,056,728	1,614,220
		<u>4,582,394</u>	<u>2,347,339</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	6	-	-
		<u>36,180,090</u>	<u>34,646,930</u>

	Note	March 31, 2008 (Rupees in thousand)	December 31, 2007
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	10,446,989	10,636,868
Intangible assets		247	363
Investment property		7,239	7,388
Assets subject to finance lease		-	1,286
Capital work-in-progress	8	9,031,614	7,806,978
Investments	9	9,730,014	10,483,095
Long-term loans and deposits		172,720	244,582
Retirement benefits		88,262	88,262
		<b>29,477,085</b>	29,268,822
<b>CURRENT ASSETS</b>			
Stores and spares		798,345	731,176
Stock-in-trade		3,114,640	2,509,728
Trade debts		1,556,927	1,447,219
Loans, advances, deposits, prepayments and other receivables		999,548	546,051
Cash and bank balances		233,545	143,934
		<b>6,703,005</b>	5,378,108
		<b>36,180,090</b>	34,646,930

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

  
Asadullah Khawaja  
Chairman

  
Syed Hyder Ali  
Chief Executive & Managing Director

  
Mujeeb Rashid  
Director

## CONDENSED CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT

for the three months ended March 31, 2008 (Un-audited)

	Note	Three months ended	
		March 31, 2008	March 31, 2007
		(Rupees in thousand)	
Local sales		3,629,988	2,655,204
Export sales		116,969	27,456
		<b>3,746,957</b>	2,682,660
Less: Sales tax and excise duty		498,392	344,274
Commission		4,002	3,332
		<b>502,394</b>	347,606
Cost of sales	10	<b>3,244,563</b> <b>(3,020,615)</b>	2,335,054 (1,915,661)
<b>Gross profit</b>		<b>223,948</b>	419,393
Administrative expenses		(107,461)	(93,628)
Distribution and marketing costs		(89,845)	(65,884)
Other operating expenses		(9,121)	(27,116)
Other operating income		21,946	17,552
<b>Profit from operations</b>		<b>39,467</b>	250,317
Finance costs		(234,989)	(36,987)
Investment income		36,492	-
Share of profit of associates		379,346	256,775
<b>Profit before tax</b>		<b>220,316</b>	470,105
Taxation			
Group		(66,440)	(31,209)
Associates		(128,522)	(86,917)
		<b>(194,962)</b>	(118,126)
<b>Profit for the period</b>		<b>25,354</b>	351,979
Minority interest		(15,533)	(10,299)
Equity holders of the parent		<b>9,821</b>	341,680
Combined earnings per share - basic and diluted	Rupees	<b>0.12</b>	4.05

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

  
Asadullah Khawaja  
Chairman

  
Syed Hyder Ali  
Chief Executive & Managing Director

  
Mujeeb Rashid  
Director

## CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

for the three months ended March 31, 2008 (Un-audited)

	Note	Three months ended	
		March 31, 2008 (Rupees in thousand)	March 31, 2007
<b>Cash flow from operating activities:</b>			
Cash (used in) / generated from operations	12	(694,696)	229,974
Finance cost paid		(43,885)	(40,272)
Taxes paid		(55,170)	(40,233)
Payments for accumulating compensated absences		(3,228)	(1,038)
<b>Net cash (used in) / generated from operating activities</b>		<b>(796,979)</b>	148,431
<b>Cash flow from investing activities:</b>			
Purchase of property, plant and equipment		(1,112,857)	(1,421,372)
Net decrease / (increase) in long-term loans and deposits		71,862	(8,672)
Proceeds from sale of property, plant and equipment		4,161	11,369
Dividends received		172,479	48,400
<b>Net cash used in investing activities</b>		<b>(864,355)</b>	(1,370,275)
<b>Cash flow from financing activities:</b>			
Proceeds from long-term finances		-	1,300,000
Repayment of long-term finances		(2,356)	(4,327)
Payment of finance lease liabilities		(107)	(1,018)
Dividend paid		(123)	(317)
Dividend paid to minority shareholders		(41,479)	(41,479)
<b>Net cash (used in) / generated from financing activities</b>		<b>(44,065)</b>	1,252,859
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(1,705,399)</b>	31,015
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	13	<b>(2,279,132)</b>	(1,340,889)

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



Asadullah Khawaja  
Chairman



Syed Hyder Ali  
Chief Executive & Managing Director



Mujeeb Rashid  
Director

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

for the three months ended March 31, 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										
										(	R	u	p	e	e	s	i
<b>Balance as on December 31, 2006</b>	698,795	2,986,953	(31,572)	198,447	3,686,936	6,324,878	13,864,437	123,643	<b>13,988,080</b>								
Final Dividend for the year ended December 31, 2006 Rs. 15.00 per share	-	-	-	-	-	-	-	(41,479)	<b>(41,479)</b>								
Fair value gain during the period	-	-	-	2,325,284	-	-	2,325,284	-	<b>2,325,284</b>								
Profit for the period	-	-	-	-	-	341,680	341,680	10,299	<b>351,979</b>								
Exchange adjustments	-	-	(1,445)	-	-	-	(1,445)	(383)	<b>(1,828)</b>								
<b>Balance as on March 31, 2007</b>	698,795	2,986,953	(33,017)	2,523,731	3,686,936	6,666,558	16,529,956	92,080	<b>16,622,036</b>								
Final Dividend for the year ended December 31, 2006 Rs. 6.00 per share	-	-	-	-	-	(419,277)	(419,277)	-	<b>(419,277)</b>								
Transferred from profit and loss account	-	-	-	-	5,646,600	(5,646,600)	-	-	-								
Issue of 3,493,975 ordinary shares of Rs. 10 each as fully paid bonus shares	34,940	-	-	-	-	(34,940)	-	-	-								
Fair value gain during the period	-	-	-	151,545	-	-	151,545	-	<b>151,545</b>								
Transferred to profit and loss account on disposal of shares of The Resource Group (TRG) Pakistan Limited & Nestle Pakistan Ltd.	-	-	-	(1,885,525)	-	-	(1,885,525)	-	<b>(1,885,525)</b>								
Profit for the period	-	-	-	-	-	4,264,498	4,264,498	37,081	<b>4,301,579</b>								
Exchange adjustments	-	-	768	-	-	-	768	204	<b>972</b>								
<b>Balance as on December 31, 2007</b>	733,735	2,986,953	(32,249)	789,751	9,333,536	4,830,239	18,641,965	129,365	<b>18,771,330</b>								
Final Dividend for the year ended December 31, 2007 Rs. 15.00 per share	-	-	-	-	-	-	-	(41,479)	<b>(41,479)</b>								
Transferred from profit and loss account	-	-	-	-	4,216,737	(4,216,737)	-	-	-								
Issue of 11,006,022 ordinary shares of Rs. 10 each as fully paid bonus shares	110,060	(110,060)	-	-	-	-	-	-	-								
Fair value loss during the period	-	-	-	(766,342)	-	-	(766,342)	-	<b>(766,342)</b>								
Profit for the period	-	-	-	-	-	9,821	9,821	15,533	<b>25,354</b>								
Exchange adjustments	-	-	3,760	-	-	-	3,760	995	<b>4,755</b>								
<b>Balance as on March 31, 2008</b>	<b>843,795</b>	<b>2,876,893</b>	<b>(28,489)</b>	<b>23,409</b>	<b>13,550,273</b>	<b>623,323</b>	<b>17,889,204</b>	<b>104,414</b>	<b>17,993,618</b>								

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



Asadullah Khawaja  
Chairman



Syed Hyder Ali  
Chief Executive & Managing Director



Mujeeb Rashid  
Director

## SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the three months ended March 31, 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. 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.
3. This condensed consolidated interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, "Interim Financial Reporting".
4. Income tax expense of the parent company is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.
5. **Long-term finances - secured**

	<b>March 31, 2008</b>	December 31, 2007
	<b>(Rupees in thousand)</b>	
These are composed of:		
Local currency loans	<b>10,500,000</b>	10,500,000
Foreign currency loans	<b>1,830,989</b>	1,833,345
Exchange loss	<b>67,500</b>	28,500
	<b>12,398,489</b>	12,361,845
Less: Current portion shown under current liabilities	<b>12,989</b>	15,345
Closing balance	<b><u>12,385,500</u></b>	<u>12,346,500</u>

## 6. Contingencies and commitments

### 6.1 Contingencies

- (i) Claims against the group not acknowledged as debts Rs. 13.085 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.



## 6.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs. 693.617 million (December 31, 2007: Rs. 1,124.424 million).
- (ii) Letters of credit other than for capital expenditure Rs. 414.795 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:

	Note	March 31, 2008 (Rupees in thousand)	December 31, 2007
Not later than one year		3,037	1,304
Later than one year and not later than five years		6,821	6,849
Later than five years		1,144	1,412
		<b>11,002</b>	9,565

## 7. Property, plant and equipment

Opening book value		10,636,868	3,324,362
Add: Additions during the period	7.1	19,334	7,917,259
Transfers from leased assets		1,286	1,697
Exchange adjustment on opening cost		11,594	(1,765)
		32,214	7,917,191
		<b>10,669,082</b>	11,241,553
Less: Disposals during the period (at book value)		1,674	16,217
Depreciation charged during the period		213,897	589,417
Exchange adjustment on opening accumulated depreciation		6,522	(949)
		222,093	604,685
		<b>10,446,989</b>	10,636,868

### 7.1 Following is the detail of additions during the period

#### Property, plant and equipment

Freehold land	-	20,087
Building on freehold land	-	1,138,566
Plant and machinery	5,153	6,640,899
Other equipment	10,724	30,185
Furniture and fixtures	174	2,640
Vehicles	3,283	84,882
	<b>19,334</b>	7,917,259

## 8. Capital work-in-progress

	Note	March 31, 2008 (Rupees in thousand)	December 31, 2007
Civil works		100,917	91,505
Plant and machinery [including in transit Rs. 114.877 million (2007: Rs. 155.767 million)]		1,134,706	773,005
Others		868	1,412
Expansion project :			
Civil works		938,425	867,489
Plant and machinery [including in transit Rs. 9.482 million (2007: Rs. 70.789 million)]		5,722,813	5,208,386
Advances		88,847	40,769
Unallocated expenditure		1,045,038	824,412
		7,795,123	6,941,056
		<b>9,031,614</b>	<b>7,806,978</b>

## 9. Investments

These represent the long-term investments in:

Equity instruments of associated companies	9.1	3,922,979	3,909,718
Others	9.3	5,807,035	6,573,377
		<b>9,730,014</b>	<b>10,483,095</b>
<b>9.1 Equity instruments of associated companies</b>			
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		379,346	1,422,974
Before taxation		(128,522)	(377,897)
Provision for taxation		250,824	1,045,077
		4,160,542	5,062,506
Less: Dividends received during the period		237,563	577,745
Disposed off during the period		-	575,043
		237,563	1,152,788
Balance as on	9.2	<b>3,922,979</b>	<b>3,909,718</b>

## 9.2 Equity instruments of associated companies

	March 31, 2008	December 31, 2007
	(Rupees in thousand)	
<b>Quoted</b>		
<b>IGI Insurance Limited</b> 3,389,020 (2007: 3,389,020) fully paid ordinary shares of Rs. 10 each Market value - Rs. 1,084.317 million (2007: Rs. 1,403.224 million)	1,191,462	1,187,667
<b>Tri-Pack Films Limited</b> 10,000,000 (2007: 10,000,000) fully paid ordinary shares of Rs. 10 each Market value - Rs. 2,580.000 million (2006: Rs. 2,033.000 million)	2,160,721	2,177,923
<b>IGI Investment Bank Limited</b> 4,610,915 (2007: 4,610,915) fully paid ordinary shares of Rs. 10 each Market value - Rs. 55.331 million (2007: Rs. 68.011 million)	51,367	47,899
	<b>3,403,550</b>	<b>3,413,489</b>
<b>Unquoted</b>		
<b>Tetra Pak Pakistan Limited</b> 30,800,000 (2007: 30,800,000) fully paid ordinary shares of Rs. 10 each	519,429	496,229
	<b>519,429</b>	<b>496,229</b>
	<b><u>3,922,979</u></b>	<b><u>3,909,718</u></b>

## 9.3 Others

<b>Quoted</b>		
<b>Nestle Pakistan Limited</b> 3,649,248 (2007: 3,649,248) fully paid ordinary shares of Rs. 10 each	5,802,304	6,568,646
<b>Unquoted</b>		
<b>Pakistan Tourism Development Corporation Limited</b> 2,500 (2007: 2,500) fully paid ordinary shares of Rs. 10 each	25	25
<b>Orient Match Company Limited</b> 1,900 (2007: 1,900) fully paid ordinary shares of Rs. 100 each	-	-
<b>Coca-Cola Beverages Pakistan Limited</b> 500,000 (2007: 500,000) fully paid ordinary shares of Rs. 10 each	4,706	4,706
	<b><u>5,807,035</u></b>	<b><u>6,573,377</u></b>

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 group does not have a significant influence over their operations.

## 10. Cost of sales

	Three months ended	
	March 31, 2008	March 31, 2007
	(Rupees in thousand)	
Opening work-in-process	169,391	140,257
Materials consumed	1,765,628	1,244,190
Salaries, wages and amenities	188,550	142,530
Fuel and power	474,175	238,925
Production supplies	77,692	55,135
Excise duty and sales tax	131	169
Rent, rates and taxes	909	1,206
Insurance	13,538	7,600
Repairs and maintenance	103,699	59,491
Packing expenses	20,573	11,285
Depreciation on property, plant and equipment	205,759	86,541
Amortisation on intangible assets	60	624
Depreciation on assets subject to finance lease	-	15
Technical fee and royalty	8,985	7,383
Travelling and conveyance	445	390
Other expenses	44,946	24,277
	<b>3,074,481</b>	<b>2,020,018</b>
Less: Closing work-in-process	172,608	143,020
Cost of goods produced	<b>2,901,873</b>	<b>1,876,998</b>
Opening stock of finished goods	662,771	551,765
	<b>3,564,644</b>	<b>2,428,763</b>
Less: Closing stock of finished goods	544,029	513,102
	<b>3,020,615</b>	<b>1,915,661</b>

## 11. Transactions with related parties

### Associated undertakings

Purchase of goods and services	115,534	43,414
Sale of goods and services	707,096	539,981
Dividend income	274,056	98,400
Rental income	6,628	5,507
Insurance claims	48,193	6,161

### Other related parties

Purchase of goods and services	71,398	36,218
Sale of goods and services	17,582	223,500
Rental payment	347	975

### Post employment benefit plans

Funds contribution	13,445	12,285
Mark up on temporary loans	1,090	-

### Key management personnel

Salaries and other employee benefits	15,252	10,950
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All transactions with related parties have been carried out on commercial terms and conditions.

**Period-end balances**

	<b>March 31, 2008 (Rupees in thousand)</b>	December 31, 2007
Receivable from related parties	<b>233,011</b>	421,177
Payable to related parties	<b>15,989</b>	28,297

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

**12. Cash (used in) / generated from operations**

	<b>Three months ended</b>	
	<b>March 31, 2008 (Rupees in thousand)</b>	March 31, 2007
Profit before taxation	<b>220,316</b>	470,105
Adjustments for:		
Depreciation on property, plant and equipment	<b>213,897</b>	93,942
Amortisation on intangible assets	<b>116</b>	683
Depreciation on investment property	<b>149</b>	149
Depreciation on assets subject to finance lease	-	145
Amortisation of goodwill	-	2,650
Provision for accumulating compensated absences and staff gratuity	<b>4,047</b>	3,333
Exchange adjustments	<b>9,827</b>	130
Net profit on disposal of property, plant and equipment	<b>(2,489)</b>	(2,878)
Finance cost	<b>234,989</b>	36,987
Dividend income from other investments	<b>(36,492)</b>	-
Income from associated companies	<b>(379,346)</b>	(256,775)
<b>Profit before working capital changes</b>	<b>265,014</b>	348,471
<b>Effect on cash flow due to working capital changes</b>		
Increase in trade debts	<b>(109,708)</b>	(196,561)
Increase in stores and spares	<b>(67,169)</b>	(7,858)
Increase / (decrease) in stock-in-trade	<b>(604,912)</b>	67,540
Increase in loans, advances, deposits, prepayments and other receivables	<b>(327,191)</b>	(74,634)
Increase in creditors, accrued and other liabilities	<b>149,270</b>	93,016
	<b>(959,710)</b>	(118,497)
	<b>(694,696)</b>	229,974

### 13. Cash and cash equivalents

	March 31, 2008 (Rupees in thousand)	March 31, 2007
Cash and bank balances	233,545	71,597
Finances under mark up arrangements	(2,512,677)	(1,412,486)
	<u>(2,279,132)</u>	<u>(1,340,889)</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  
Chief Executive & Managing Director

  
Mujeeb Rashid  
Director