

COMPANY INFORMATION

Board of Directors
Asadullah Khawaja
Khalid Jacob
Kirsten Rausing
Markku Juha Pentikainen
Rafi Iqbal Ahmed
Samee-ul-Hasan
Saulat Said
Syed Hyder Ali
Syed Wajid Ali
(Chairman & Chief Executive)
Tariq Iqbal Khan
Mujeeb Rashid
(Alternate to Kirsten Rausing)

Advisor
Syed Babar Ali

Company Secretary
Adi J. Cawasji

Executive Committee
Syed Wajid Ali - Chairman
Rafi Iqbal Ahmed - Member
Saulat Said - Member
Khalid Jacob - Member
Syed Hyder Ali - Member

Audit Committee
Tariq Iqbal Khan - Chairman
(Non-Executive Director)
Asadullah Khawaja - Member
(Non-Executive Director)
Saulat Said - Member
(Director & General Manager)

Adi J. Cawasji - Secretary

Rating Agency: PACRA
Company Rating: AA

Auditors
A.F. Ferguson & Co.
Chartered Accountants

Legal Advisors
Hassan & Hassan - Lahore
Orr, Dignam & Co. - Karachi

Bankers
ABN Amro Bank
Askari Commercial Bank Limited
Bank Al-Habib Limited
Citibank N.A.
Credit Agricole Indosuez
The Global French Bank
Crescent Commercial Bank Limited
Deutsche Bank A.G.
Faysal Bank Limited
Habib Bank Limited
Habib Bank A.G. Zurich
Muslim Commercial Bank Limited

Standard Chartered Bank
Union Bank Limited
United Bank Limited

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

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

Registered Office & Regional Sales Office
1st Floor, Hilal-e-Ahmer House
Khayaban-e-Iqbal, Main Clifton Road
Karachi-75600 Pakistan
PABX : (021) 5833011, 5874047-49
: 5831664, 5831618
Cable : PACKAGES KARACHI
Fax : (021) 5860251

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

Zonal Sales Offices
Room No. 117-118
1st Floor, Metro Plaza, Qasim Road
Multan Cantt. - 60000 Pakistan
Tel. & Fax: (061) 587370

Uzair Enterprises
Teer Chowk Bhuta Road
Sukkur - 65200 Pakistan
Tel. & Fax: (071) 616138

2nd Floor, Sitara Tower, Bilal Chowk,
Civil Lines, Faisalabad - 38000 Pakistan
Tel. & Fax: (041) 629417

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

Web Presence
www.packages.com.pk

DIRECTORS' REVIEW FOR THE QUARTER ENDED MARCH 31, 2004



The Directors of Packages Limited take pleasure in presenting to its shareholders, the quarterly report together with the un-audited accounts of the company for the first quarter ended March 31, 2004.

Operating Results

The comparison of the un-audited results of the quarter ended March 31, 2004 as against March 31, 2003 are as follows:

	March 31, 2004	March 31, 2003
Invoiced sales-Rupees in million	1,704	1,578
Gross profit-Rupees in million	338	344
Operating profit-Rupees in million	207	216
Dividend Income-Rupees in million	205	155
Profit before tax-Rupees in million	376	317
Paper and paperboard produced-tonnes	21,058	20,952
Paper and paperboard converted-tonnes	20,403	19,319
Plastics all sorts converted-tonnes	1,527	1,185

The company registered an increase of 8% in sales during this quarter over the same quarter of previous year, with corresponding increase in conversion of paper and paperboard and a 29% increase in plastic conversion. Operating profit figure however, did not match the trend experienced in sales mainly due to:

- Increase in cost of imported raw materials especially for polyethylene used in flexible packaging and increase in freight charges. This increasing trend of raw material prices and freight is a result of supply and demand situation worldwide.
- Increase in repair and maintenance charges from the corresponding period of last year primarily because of the ongoing activity of overhauling company's power generation plants, which is necessary when due, at specified intervals.

The marginal decline in operating profit has been more than compensated from higher returns on company's investments in the form of dividend and un-realized gain in value of shares of investment available for sale.

Expansion Programme

The management is continuously evaluating the need for expansion in all production areas. As part of an exercise to increase production capacity on conversion side a six-colour sheet fed offset printing press has completed its trial run and shall begin production in April 2004. Trial runs for a laminator machine have been successfully completed in corrugator plant Karachi, to produce multi colour printed corrugated boxes for the customers in the southern region.

Future Outlook

With the expected increase in conversion capacity in the carton business, introduction of a new product line in the corrugator plant Karachi and improvement in economic activity in the country the company is optimistic of meeting its projected targets in sales for the year 2004. However, with local market being sensitive to price increases and imported material costs exhibiting the same trend as in the quarter under review, operating profit would more or less show the same trend as during this quarter.

Customers' Support and Staff Relations

We thank our valued customers for their continued patronage and also appreciate the efforts made by the employees of the company.


(Syed Wajid Ali)
Chairman & Chief Executive
Karachi, April 21, 2004

PACKAGES LIMITED
BALANCE SHEET
as at March 31, 2004 (un-audited)

	Note	March 31, 2004 (Rupees in thousand)	December 31, 2003
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital 60,000,000 (2003: 60,000,000) ordinary shares of Rs. 10 each		<u>600,000</u>	<u>600,000</u>
Issued, subscribed and paid up capital 47,537,080 (2003: 47,537,080) ordinary shares of Rs. 10 each		475,371	475,371
Reserves		2,752,625	2,752,625
Unappropriated profit		<u>303,154</u>	<u>662</u>
		3,531,150	3,228,658
Non-participatory Redeemable Capital - Un-secured		850,000	850,000
Long-Term and Deferred Liabilities			
Liabilities against assets subject to finance lease		7,909	1,702
Other payables - secured		-	4,870
Deferred liabilities		<u>545,852</u>	<u>566,681</u>
		553,761	573,253
Current Liabilities			
Current portion of			
Non-participatory redeemable capital - secured		-	50,000
Liabilities against assets subject to finance lease		29,986	35,986
Other payables - secured		9,717	10,238
Finances under mark up arrangements - secured		633,878	499,115
Creditors, accrued and other liabilities		539,796	502,969
Proposed dividend		-	404,065
		<u>1,213,377</u>	<u>1,502,373</u>
Contingencies and Commitments	4	<u>-</u>	<u>-</u>
		<u>6,148,288</u>	<u>6,154,284</u>

	Note	March 31, 2004 (Rupees in thousand)	December 31, 2003
Assets			
Fixed Capital Expenditure			
Operating fixed assets			
Tangible	5	2,692,782	2,782,007
Intangible	6	18,858	28,071
Investment property		14,625	14,842
Assets subject to finance lease		135,717	129,082
Capital work-in-progress		378,013	344,747
		3,239,995	3,298,749
Other Long-Term Assets			
Long-term investments		667,819	643,461
Long-term loans, deposits and other receivables		5,090	3,981
Retirement and other benefits		37,336	37,336
		710,245	684,778
Current Assets			
Stores and spares		342,018	318,880
Stock-in-trade		806,315	844,120
Trade debts		669,925	577,548
Loans, advances, deposits, prepayments and other receivables		293,411	332,043
Cash and bank balances		86,379	98,166
		2,198,048	2,170,757
		<u>6,148,288</u>	<u>6,154,284</u>

The annexed notes form an integral part of these accounts.



Syed Wajid Ali
Chief Executive


Saulat Said
Director

PACKAGES LIMITED
PROFIT AND LOSS ACCOUNT
for the quarter ended March 31, 2004 (un-audited)

	Note	Three Months to March 31, 2004 (Rupees in thousand)	Three Months to March 31, 2003
Sales			
Local sales		1,678,733	1,557,170
Export sales		25,203	20,345
		<hr/>	<hr/>
		1,703,936	1,577,515
Less: Sales tax and excise duty		<hr/>	<hr/>
Commission		223,464	217,760
		2,552	1,797
		<hr/>	<hr/>
		226,016	219,557
		<hr/>	<hr/>
		1,477,920	1,357,958
Less: Cost of goods sold	7	<hr/>	<hr/>
		1,140,189	1,014,433
Gross profit		<hr/>	<hr/>
Selling, administration and general expenses		337,731	343,525
		130,689	127,147
		<hr/>	<hr/>
Operating profit		207,042	216,378
Other income		231,425	166,441
		<hr/>	<hr/>
		438,467	382,819
Financial charges		<hr/>	<hr/>
Other charges		35,834	40,349
		26,141	25,780
		<hr/>	<hr/>
		61,975	66,129
Profit before taxation		<hr/>	<hr/>
Provision for taxation		376,492	316,690
		74,000	69,000
		<hr/>	<hr/>
Profit after taxation		302,492	247,690
Unappropriated profit brought forward		662	214
		<hr/>	<hr/>
Unappropriated profit carried forward		303,154	247,904
Earnings per share	Rupees	<hr/>	<hr/>
		6.36	5.21

The annexed notes form an integral part of these accounts.

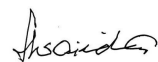

Syed Wajid Ali
Chief Executive


Saulat Said
Director

PACKAGES LIMITED
CASH FLOW STATEMENT
for the quarter ended March 31, 2004 (un-audited)

	Note	Three Months to March 31, 2004 (Rupees in thousand)	Three Months to March 31, 2003
Cash flow from operating activities:			
Cash generated from operations	9	210,393	239,202
Financial charges paid		(37,701)	(48,480)
Taxes recovered / (paid)		10,773	(12,334)
Payments for accumulating compensated absences		(2,361)	(1,336)
Net cash from operating activities		181,104	177,052
Cash flow from investing activities:			
Fixed capital expenditure		(60,161)	(52,609)
Net (increase) / decrease in long-term loans, deposits and other receivables		(1,109)	171
Sale proceeds of fixed assets		7,687	2,624
Dividend received		190,707	155,479
Long-term investments		(10,000)	-
Net cash from investing activities		127,124	105,665
Cash flow from financing activities:			
Proceeds from finance lease		9,008	-
Repayment of redeemable capital, long-term loans and other payables		(55,392)	(50,000)
Payment of finance lease liabilities		(8,800)	(8,800)
Dividend paid		(399,594)	(324,458)
Net cash used in financing activities		(454,778)	(383,258)
Net (decrease) in cash and cash equivalents		(146,550)	(100,541)
Cash and cash equivalents at the beginning of the period		(400,949)	(647,224)
Cash and cash equivalents at the end of the period	10	(547,499)	(747,765)


The annexed notes form an integral part of these accounts.


Syed Wajid Ali
Chief Executive


Saulat Said
Director

PACKAGES LIMITED
STATEMENT OF CHANGES IN EQUITY
for the quarter ended March 31, 2004 (un-audited)

	Share capital	Share premium	General reserve	Un-appro- priated profit	Total
	(R u p e e s i n t h o u s a n d)				
Balance as on December 31, 2002	475,371	203,589	2,140,036	214	2,819,210
Net profit for the period	-	-	-	247,690	247,690
Balance as on March 31, 2003	475,371	203,589	2,140,036	247,904	3,066,900
Net profit for the period	-	-	-	565,823	565,823
Transferred from profit and loss account	-	-	409,000	(409,000)	-
Dividend - Rs. 8.50 per share	-	-	-	(404,065)	(404,065)
Balance as on December 31, 2003	475,371	203,589	2,549,036	662	3,228,658
Net profit for the period	-	-	-	302,492	302,492
Balance as on March 31, 2004	<u>475,371</u>	<u>203,589</u>	<u>2,549,036</u>	<u>303,154</u>	<u>3,531,150</u>


Syed Wajid Ali
Chief Executive


Saulat Said
Director

PACKAGES LIMITED

SELECTED NOTES TO THE ACCOUNTS

for the quarter ended March 31, 2004 (un-audited)

1. These financial statements are un-audited and are being submitted to shareholders, as required by section 245 of the Companies Ordinance, 1984.
2. The accounting policies adopted for the preparation of these three months' accounts are the same as those applied in the preparation of preceding annual published accounts of the company for the year ended December 31, 2003.
3. These financial statements have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34, "Interim Financial Reporting".
4. Contingencies and commitments

4.1 Contingencies

- (i) Guarantees to banks for repayment of loans by employees Rs. 0.064 million (2003: Rs. 0.046 million).
- (ii) Claims against the company not acknowledged as debts Rs. 9.311 million (2003: Rs. 9.117 million).
- (iii) Against a sales tax refund aggregating Rs. 12.827 million determined by the Sales Tax Officer (STO) on the basis of the Orders of the Appellate Assistant Commissioner (AAC) for the assessment years 1977-78 through 1980-81 and recognised in the 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 the 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.
- (iv) For the assessment years 1999-2000 and 2000-2001, the Inspecting Additional Commissioner (IAC) has raised tax demand of Rs. 110.525 million and Rs. 132.025 million respectively under section 12(9A) of the Income Tax Ordinance, 1979 on account of excess revenue reserves. The Income Tax Appellate Tribunal has set aside the Orders of the IAC and remanded the issue back. The departments reference application against the Orders of the ITAT has been rejected by the ITAT and the department has now filed an appeal directly to the High Court against the decision of the ITAT. No provision has been made in these accounts for this demand since in the management's view, there are meritorious grounds that the ultimate decision would be in the company's favour.

4.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs. 31.000 million (2003: Rs. 20.700 million).
- (ii) Letters of credit other than capital expenditure Rs. 209.042 million (2003: Rs. 225.709 million).
- (iii) The amount of future payments of the lease and the period in which these payments will become due are as follows:

Years	(Rupees in thousand)
2004	31,764
2005	4,210
2006	4,919
2007	269

5. Operating fixed assets-Tangible

	March 31, 2004	December 31, 2003
	(Rupees in thousand)	
Opening book value	2,782,007	2,746,361
Add: additions during the period	17,008	448,775
	<u>2,799,015</u>	<u>3,195,136</u>
Less: disposals during the period (at book value)	5,315	9,174
depreciation / amortisation charged during the period	100,918	403,955
	<u>106,233</u>	<u>413,129</u>
	<u>2,692,782</u>	<u>2,782,007</u>

5.1 Following is the detail of additions during the period

Land	-	908
Buildings on freehold land	-	14,870
Plant and machinery	9,985	359,596
Other equipment	2,501	53,902
Furniture and fixtures	8	365
Vehicles	4,514	19,134
	<u>17,008</u>	<u>448,775</u>

6. Operating fixed assets-Intangible

Opening book value	28,071	65,928
Add: additions during the period	-	438
	<u>28,071</u>	<u>66,366</u>
Less: amortisation charged during the period	9,213	38,295
	<u>18,858</u>	<u>28,071</u>

6.1 Following is the detail of additions during the period

	March 31, 2004	December 31, 2003
	(Rupees in thousand)	
Computer software	-	438
	<u>-</u>	<u>438</u>

7. Cost of goods sold

	Three Months to March 31, 2004	Three Months to March 31, 2003
	(Rupees in thousand)	
Opening work-in-process	65,621	57,258
Materials consumed	605,852	510,525
Salaries, wages and amenities	107,122	99,175
Fuel and power	153,760	144,604
Production supplies	49,171	36,899
Excise duty and sales tax	1,118	22,828
Rent, rates and taxes	627	339
Insurance	8,401	10,373
Repairs and maintenance	69,059	47,899
Packing and printing expenses	8,675	5,509
Depreciation / amortisation on fixed assets	93,373	91,093
Amortisation on leased assets	3,215	2,750
Technical fee and royalty	3,441	3,194
Other expenses	17,251	13,593
	<u>1,186,686</u>	<u>1,046,039</u>
Less: Closing work-in-process	69,241	57,762
	<u>1,117,445</u>	<u>988,277</u>
Opening stock of finished goods	274,187	311,441
	<u>1,391,632</u>	<u>1,299,718</u>
Less: Closing stock of finished goods	251,443	285,285
	<u>1,140,189</u>	<u>1,014,433</u>

8. Related party transactions

Purchase of goods and services	121,612	152,362
Sale of goods and services	301,105	298,488
Dividend income	205,303	155,479
Lease income	5,138	4,350

9. Cash generated from operations

	Three Months to March 31, 2004	Three Months to March 31, 2003
	(Rupees in thousand)	
Profit before taxation	376,492	316,690
Adjustments for:		
Depreciation / amortisation on fixed assets	110,131	108,156
Depreciation on investment property	217	217
Amortisation on leased assets	3,252	2,750
Provision for accumulating compensated absences	2,532	1,740
Unrealised profit on investments		
Held to maturity	(257)	(226)
Available for sale	(14,100)	-
Profit on sale of fixed assets	(2,372)	(1,410)
Dividend income	(205,303)	(155,479)
	<hr/>	<hr/>
	270,592	272,438
Financial charges	35,834	40,349
	<hr/>	<hr/>
Profit before working capital changes	306,426	312,787
Effect on cash flow due to working capital changes		
(Increase) in stores and spares	(23,138)	(22,021)
Decrease in stock-in-trade	37,805	63,550
(Increase) in trade debts	(92,377)	(46,917)
(Increase) in loans, advances, deposits, prepayments and other receivables	(52,545)	(45,411)
Increase / (decrease) in creditors, accrued and other liabilities	34,222	(22,786)
	<hr/>	<hr/>
	(96,033)	(73,585)
	<hr/>	<hr/>
	210,393	239,202


10. Cash and cash equivalents

	March 31, 2004	March 31, 2003
	(Rupees in thousand)	
Cash and bank balances	86,379	35,184
Finances under mark up arrangements	(633,878)	(782,949)
	<hr/>	<hr/>
	(547,499)	(747,765)

11. Un-audited consolidated financial statements are annexed.

12. Corresponding figures

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


Syed Wajid Ali
Chief Executive


Saulat Said
Director

Packages Group Consolidated Financial Statements

DIRECTORS' REVIEW ON THE CONSOLIDATED ACCOUNTS FOR THE QUARTER ENDED MARCH 31, 2004



The Directors of Packages Limited take pleasure in presenting to the shareholders, the un-audited consolidated accounts of the Group for the quarter ended March 31, 2004.

Operating Results of the Group

The comparison of the un-audited results of the quarter ended March 31, 2004 as against March 31, 2003 is presented below:

	March 31, 2004	March 31, 2003
	(Rupees in million)	
Invoiced sales	1,885	1,731
Gross profit	389	380
Operating profit	243	238
Income from Associated Companies	182	201
Profit before tax	381	374

In the quarter under review the Group has increased its invoiced sales by 9% on the corresponding figures of the same period of the previous year. Operating profit has only increased by 2%. The disproportionate increase in operating profit from increase in sales is due to the increased raw material costs and repair and maintenance expenditure incurred by the Parent Company.

Despite the decrease in income from associates, the Group has managed to achieve almost the same profit before tax figure as during the quarter last year due to decrease in financial charges by 14.8%. This reduction has come about due to the repayment of loans and better cash management.

Continuing the previous trend, Coates Lorilleux Pakistan Limited, has again shown an increase in revenue with sales up by 23% on last year's figures and an increase in profit before tax of Rs. 2.3 million. The increase in sales is supported by increase in production capacities with sales volume up by nearly a third on last year's volume of the corresponding period.

Coates has recently set up an automatic ink dispensing system for one of its major customers. This system shall improve quality control, reduce waste and shall also enable the company to better recycle customer returns. Coates has also developed a new ink system for printing on PET (polyester) and OPP (polypropylene) materials.

Efforts are being made for further development of both liquid and offset ink technologies, to enable it to keep pace with the new developments being made in the printing world.

Packages Lanka has also increased its sales by 27% on corresponding figures of the previous year. The company has shown a bottom-line profit for the quarter under review of Pak Rupees 1.8 million for the first time.

The management hopes this trend of constant improvement to carry through the remainder of the year. Indications are that the new government in Sri Lanka will further the peace process which will result in continued stable environment for industrial growth.

(Syed Wajid Ali)
Chairman & Chief Executive
Karachi, April 21, 2004

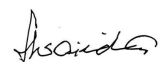
CONSOLIDATED BALANCE SHEET

as at March 31, 2004 (un-audited)

	Note	March 31, 2004	December 31, 2003
(Rupees in thousand)			
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital			
60,000,000 (2003: 60,000,000)			
ordinary shares of Rs. 10 each		600,000	600,000
Issued, subscribed and paid up capital			
47,537,080 (2003: 47,537,080)			
ordinary shares of Rs. 10 each		475,371	475,371
Reserves		2,730,214	2,730,854
Unappropriated profit		964,284	711,113
		<u>4,169,869</u>	<u>3,917,338</u>
Minority Interest		88,796	79,142
Non-participatory Redeemable Capital - Un-secured		850,000	850,000
Long-Term and Deferred Liabilities			
Liabilities against assets subject to finance lease		7,909	1,702
Long-term loans and other payables-secured	4	67,635	78,024
Deferred liabilities		579,317	602,164
		<u>654,861</u>	<u>681,890</u>
Current Liabilities			
Current portion of			
Non-participatory redeemable capital - secured		-	50,000
Liabilities against assets subject to finance lease		29,986	35,986
Long-term loans and other payables - secured	4	30,008	30,653
Finances under mark up arrangements - secured		830,195	641,869
Creditors, accrued and other liabilities		578,308	542,816
Proposed dividend			
Packages Limited		-	404,065
Minority interest		-	23,505
		<u>1,468,497</u>	<u>1,728,894</u>
Contingencies and Commitments	5	-	-
		<u>7,232,023</u>	<u>7,257,264</u>

	Note	March 31, 2004 (Rupees in thousand)	December 31, 2003
Assets			
Fixed Capital Expenditure			
Operating fixed assets			
Tangible	6	2,960,971	3,050,255
Intangible	7	18,858	28,071
Investment property		8,724	8,865
Assets subject to finance lease		135,717	129,082
Capital work-in-progress		412,246	353,868
		<u>3,536,516</u>	<u>3,570,141</u>
 Goodwill		 55,659	 58,310
 Other Long-Term Assets			
Long-term investments	8	1,081,937	1,091,216
Long-term loans, deposits and other receivables		5,470	4,361
Retirement and other benefits		37,336	37,336
		<u>1,124,743</u>	<u>1,132,913</u>
 Current Assets			
Stores and spares		349,009	326,002
Stock-in-trade		1,006,930	1,040,013
Trade debts		742,058	652,640
Loans, advances, deposits, prepayments and other receivables		315,114	358,947
Cash and bank balances		101,994	118,298
		<u>2,515,105</u>	<u>2,495,900</u>
		 <u>7,232,023</u>	 <u>7,257,264</u>

The annexed notes form an integral part of these accounts.


Syed Wajid Ali
Chief Executive



Saulat Said
Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the quarter ended March 31, 2004 (un-audited)

	Note	Three Months to March 31, 2004 (Rupees in thousand)	Three Months to March 31, 2003
Sales			
Local sales		1,860,083	1,710,982
Export sales		25,203	20,345
		1,885,286	1,731,327
Less: Sales tax and excise duty		254,975	252,348
Commission and discount		4,311	3,854
		259,286	256,202
Less: Cost of goods sold	9	1,626,000	1,475,125
		1,236,689	1,095,029
Gross profit			
Selling, administration and general expenses		389,311	380,096
		146,489	141,663
Operating profit			
Other income		242,822	238,433
		25,705	10,582
		268,527	249,015
Financial charges		41,682	48,783
Other charges		27,744	27,243
		69,426	76,026
		199,101	172,989
Income from associated companies		181,733	201,085
Profit before taxation		380,834	374,074
Provision for taxation			
Group		79,148	76,282
Associated companies		38,776	37,142
		117,924	113,424
Profit after taxation		262,910	260,650
Minority interest		9,739	5,857
Profit after taxation and minority interest		253,171	254,793
Unappropriated profit brought forward		711,113	601,174
Unappropriated profit carried forward		964,284	855,967
Combined earnings per share	Rupees	5.33	5.36

The annexed notes form an integral part of these accounts.



Syed Wajid Ali
Chief Executive


Saulat Said
Director

CONSOLIDATED CASH FLOW STATEMENT
for the quarter ended March 31, 2004 (un-audited)

	Note	Three Months to March 31, 2004 (Rupees in thousand)	Three Months to March 31, 2003
Cash flow from operating activities:			
Cash generated from operations	11	232,217	309,495
Financial charges paid		(43,498)	(81,971)
Taxes recovered / (paid)		12,337	(17,689)
Payments for accumulating compensated absences		(2,365)	(1,336)
Net cash from operating activities		<u>198,691</u>	<u>208,499</u>
Cash flow from investing activities:			
Fixed capital expenditure		(92,482)	(51,168)
Net (increase) / decrease in long-term loans, deposits and other receivables		(1,109)	171
Sale proceeds of fixed assets		7,687	3,048
Dividend received		162,000	140,000
Long - term investments		4,593	-
Net cash from investing activities		<u>80,689</u>	<u>92,051</u>
Cash flow from financing activities:			
Proceeds from finance lease		9,008	-
Repayment of redeemable capital, long-term loans and other payables		(61,034)	(56,659)
Payment of finance lease liabilities		(8,800)	(8,800)
Dividend paid		(399,594)	(324,459)
Dividend paid to minority shareholders		(23,590)	(12,675)
Net cash used in financing activities		<u>(484,010)</u>	<u>(402,593)</u>
Net (decrease) in cash and cash equivalents		(204,630)	(102,043)
Cash and cash equivalents at the beginning of the period		(523,571)	(782,807)
Cash and cash equivalents at the end of the period	12	<u>(728,201)</u>	<u>(884,850)</u>


The annexed notes form an integral part of these accounts.


Syed Wajid Ali
Chief Executive


Saulat Said
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the quarter ended March 31, 2004 (un-audited)

	Share capital	Share premium	Exchange difference on translation of foreign subsidiary	General reserve	Un-appro- priated profit	Total
	(R u p e e s i n t h o u s a n d)					
Balance as on December 31, 2002	475,371	203,589	(19,710)	2,140,036	601,174	3,400,460
Net profit for the period	-	-	-	-	254,793	254,793
Exchange adjustments	-	-	(1,186)	-	-	(1,186)
Balance as on March 31, 2003	475,371	203,589	(20,896)	2,140,036	855,967	3,654,067
Net profit for the period	-	-	-	-	668,211	668,211
Exchange adjustments	-	-	(875)	-	-	(875)
Transferred from profit and loss account	-	-	-	409,000	(409,000)	-
Dividend - Rs. 8.50 per share	-	-	-	-	(404,065)	(404,065)
Balance as on December 31, 2003	475,371	203,589	(21,771)	2,549,036	711,113	3,917,338
Net profit for the period	-	-	-	-	253,171	253,171
Exchange adjustments	-	-	(640)	-	-	(640)
Balance as on March 31, 2004	475,371	203,589	(22,411)	2,549,036	964,284	4,169,869


Syed Wajid Ali
Chief Executive


Saulat Said
Director

SELECTED NOTES TO THE CONSOLIDATED ACCOUNTS

for the quarter ended March 31, 2004 (un-audited)

1. These financial statements are un-audited and are being submitted to shareholders, as required by section 245 of the Companies Ordinance, 1984.
2. The accounting policies adopted for the preparation of these three months accounts are the same as those applied in the preparation of preceding annual published accounts of the Group for the year ended December 31, 2003.
3. These financial statements have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34, "Interim Financial Reporting".

4. Long-term loans and other payables - secured

	Currency	Currency balance December 31, 2003	Repayment during the period	Currency balance March 31, 2004	Rupee balance March 31, 2004	Rupee balance December 31, 2003
	(I n t h o u s a n d)					
Foreign currency loan	SLR	151,800	-	151,800	87,926	93,569
Other payables	PKR	15,108	5,391	9,717	9,717	15,108
					97,643	108,677
Less: Current portion shown under current liabilities						
Foreign currency loan					20,291	20,415
Other payables					9,717	10,238
					30,008	30,653
					67,635	78,024

5. Contingencies and commitments

5.1 Contingencies

- (i) Guarantees to banks for repayment of loans by employees Rs. 0.064 million (2003: Rs. 0.046 million).
- (ii) Guarantees to the Director General of Customs amounting to Rs. 2.740 million (2003: Rs. 3.680 million).
- (iii) Claims against the Group not acknowledged as debts Rs. 9.311 million (2003: Rs. 9.117 million).

- (iv) 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 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 the 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.
- (v) For the assessment years 1999-2000 and 2000-2001, the Inspecting Additional Commissioner (IAC) has raised tax demand of Rs. 110.525 million and Rs. 132.025 million respectively under section 12(9A) of the Income Tax Ordinance, 1979 on account of excess revenue reserves. The Income Tax Appellate Tribunal has set aside the Orders of the IAC and remanded the issue back. The departments reference application against the Orders of the ITAT has been rejected by the ITAT and the department has now filed an appeal directly to the High Court against the decision of the ITAT. No provision has been made in these accounts for this demand since in the management's view, there are meritorious grounds that the ultimate decision would be in the Group's favour.

5.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs. 42.260 million (2003: Rs. 42.616 million).
- (ii) Letters of credit other than for capital expenditure Rs. 250.802 million (2003: Rs. 265.785 million).
- (iii) The amount of future payments of the lease and the period in which these payments will become due are as follows:

Years	(Rupees in thousand)
2004	31,764
2005	4,210
2006	4,919
2007	269

6. Operating fixed assets-Tangible

	March 31, 2004	December 31, 2003
	(Rupees in thousand)	
Opening book value	3,050,255	3,029,743
Add: additions during the period	25,583	470,377
exchange adjustment on opening cost	(2,149)	(7,044)
	23,434	463,333
	3,073,689	3,493,076
Less: disposals during the period (at book value)	5,315	9,288
depreciation / amortisation charged during the period	108,212	435,852
exchange adjustment on opening accumulated depreciation / amortisation	(809)	(2,319)
	112,718	442,821
	<u>2,960,971</u>	<u>3,050,255</u>

6.1 Following is the detail of additions during the period

	March 31, 2004	December 31, 2003
	(Rupees in thousand)	
Land	-	908
Buildings on freehold land	-	16,993
Plant and machinery	14,312	369,754
Other equipment	6,462	60,496
Furniture and fixtures	295	1,533
Vehicles	4,514	20,693
	<u>25,583</u>	<u>470,377</u>
7. Operating fixed assets-Intangible		
Opening book value	28,071	65,928
Add: additions during the period	-note 7.1 -	438
	<u>28,071</u>	<u>66,366</u>
Less: amortisation charged during the period	9,213	38,295
	<u>18,858</u>	<u>28,071</u>

7.1 Following is the detail of additions during the period

Computer software	-	438
	<u>-</u>	<u>438</u>

8. Long-term investments

In equity instruments of associated companies

Cost	192,474	192,474
Additions	10,000	-
	<u>202,474</u>	<u>192,474</u>
Post acquisition profits brought forward	859,334	728,802
	<u>1,061,808</u>	<u>921,276</u>
Profit for the period		
Before taxation	181,733	690,549
Provision for taxation	(38,776)	(134,830)
	<u>142,957</u>	<u>555,719</u>
	1,204,765	1,476,995
Less: dividends received during the period	176,596	425,189
	<u>1,028,169</u>	<u>1,051,806</u>
	-note 8.1	
Others	53,768	39,410
	<u>1,081,937</u>	<u>1,091,216</u>

8.1 In equity instruments of associated companies

	March 31, 2004	December 31, 2003
	(Rupees in thousand)	
Quoted		
Nestlé Milkpak Limited 3,649,248 (2003: 3,649,248) fully paid ordinary shares of Rs. 10 each	103,072	98,192
International General Insurance Company of Pakistan Limited 1,303,470 (2003: 1,303,470) fully paid ordinary shares of Rs. 10 each	85,702	81,199
First International Investment Bank Limited 3,644,993 (2003: 2,644,995) fully paid ordinary shares of Rs. 10 each	44,762	33,987
Tri-Pack Films Limited 10,000,000 (2003: 10,000,000) fully paid ordinary shares of Rs. 10 each	289,397	306,362
	522,933	519,740
Unquoted		
Coca-Cola Beverages Pakistan Limited 500,000 (2003: 500,000) fully paid ordinary shares of Rs. 10 each	4,005	4,100
Tetra Pak Pakistan Limited 26,400,000 (2003: 26,400,000) fully paid ordinary shares of Rs. 10 each	501,231	527,966
	505,236	532,066
	<u>1,028,169</u>	<u>1,051,806</u>

9. Cost of goods sold

	Three Months to March 31, 2004	Three Months to March 31, 2003
	(Rupees in thousand)	
Opening work-in-process	90,333	81,419
Materials consumed	678,809	556,498
Salaries, wages and amenities	114,612	106,087
Fuel and power	159,628	150,354
Production supplies	50,112	38,542
Excise duty and sales tax	1,118	22,828
Rent, rates and taxes	955	654
Insurance	8,770	10,665
Repairs and maintenance	72,032	51,874
Packing and printing expenses	11,732	8,125
Depreciation / amortisation on fixed assets	99,649	99,134
Amortisation on leased assets	3,215	2,750
Technical fee and royalty	6,891	6,966
Other expenses	18,250	14,385
	1,316,106	1,150,281
Less: Closing work-in-process	96,904	79,437
	1,219,202	1,070,844
Opening stock of finished goods	300,591	337,070
	1,519,793	1,407,914
Less: Closing stock of finished goods	283,104	312,885
	1,236,689	1,095,029

10. Related party transactions	Three Months to March 31, 2004	Three Months to March 31, 2003
	(Rupees in thousand)	
Purchase of goods and services	46,505	30,837
Sale of goods and services	299,562	296,791
Lease income	4,198	4,198
Royalty and technical fee	3,416	2,723
11. Cash generated from operations		
Profit before taxation	380,834	374,074
Adjustments for:		
Depreciation / amortisation on fixed assets	117,425	117,162
Amortisation on leased assets	3,226	2,750
Depreciation on investment property	141	142
Amortisation on goodwill	2,651	2,358
Provision for accumulating compensated absences & gratuity	2,538	1,665
Exchange adjustments	(640)	(1,721)
Profit on sale of fixed assets	(2,372)	(1,410)
Share of profit from associated companies	(181,733)	(201,085)
Unrealised profit on investment		
Held to maturity	(257)	(225)
Available for sale	(14,100)	-
	<hr/>	<hr/>
	307,713	293,710
Financial charges	41,682	48,783
	<hr/>	<hr/>
Profit before working capital changes	349,395	342,493
Effect on cash flow due to working capital changes		
	<div style="border: 1px solid black; padding: 2px;">(23,007)</div>	<div style="border: 1px solid black; padding: 2px;">(20,608)</div>
(Increase) in stores and spares	<div style="border: 1px solid black; padding: 2px;">33,083</div>	<div style="border: 1px solid black; padding: 2px;">84,690</div>
Decrease in stock-in-trade	<div style="border: 1px solid black; padding: 2px;">(89,418)</div>	<div style="border: 1px solid black; padding: 2px;">(46,031)</div>
(Increase) in trade debts	<div style="border: 1px solid black; padding: 2px;">(70,652)</div>	<div style="border: 1px solid black; padding: 2px;">(50,590)</div>
(Increase) in loans, advances, deposits, prepayments and other receivables	<div style="border: 1px solid black; padding: 2px;">32,816</div>	<div style="border: 1px solid black; padding: 2px;">(459)</div>
Increase / (decrease) in creditors, accrued and other liabilities	<div style="border: 1px solid black; padding: 2px;">(117,178)</div>	<div style="border: 1px solid black; padding: 2px;">(32,998)</div>
	<hr/>	<hr/>
	232,217	309,495
	<hr/>	<hr/>

12. Cash and cash equivalents


	March 31, 2004	March 31, 2003
	(Rupees in thousand)	
Cash and bank balances	101,994	49,959
Finances under mark up arrangements	(830,195)	(934,809)
	<u>(728,201)</u>	<u>(884,850)</u>

13. Detail of subsidiaries

Name of the subsidiaries	Accounting year end	Percentage of holding	Country of incorporation
Packages Lanka (Private) Limited	December 31	79.07%	Sri lanka
Coates Lorilleux Pakistan Limited	December 31	54.98%	Pakistan

14. Corresponding figures

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


Syed Wajid Ali
Chief Executive


Saulat Said
Director