

Pakistan Papersack Corporation Limited

DIRECTORS' REVIEW ON THE CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS FOR THE PERIOD ENDED MARCH 31, 2006

The Directors have pleasure in presenting the unaudited consolidated financial statements of the Group for the nine months and quarter ended March 31, 2006.

FINANCIAL PERFORMANCE OF THE GROUP

During the year under review, the Group sales & profitability have increased as depicted by the figures given below:

	For the 9 months		For the quarter	
	Jul – Mar 2006	Jul –Mar 2005	Jan – Mar 2006	Jan–Mar 2005
Net Sales	805,002	661,027	263,234	226,692
Operating Profit	50,187	39,624	18,428	8,337
Profit before taxation	109,645	80,218	40,812	21,013

Total Group Sales during the year under review have increased by 21.78% over preceding year. Operating Profit has shown an increase of 26.7% & profit before taxation has grown by 36.7%.

MERGER UPDATE

Following the approval of the Scheme of Arrangement dated 20 February 2006 for the Amalgamation of Pakistan Papersack Corporation Limited (PPCL), Khyber Papers (Private) Limited (KPPL) with Thal Limited (TL) by the respective Boards of Directors of PPCL, KPPL and TL, a petition has been jointly filed in the High Court of Sindh at Karachi on 25 March 2006 by PPCL, KPPL and TL in accordance with the provisions of sections 284 and 288 of the Companies Ordinance 1984. Notices with regard to the filing of this Petition and other related applications have already been advertised in the newspapers.

Subject to the order and directions to be given by the High Court of Sindh, an Extraordinary General Meeting of the Members of each of PPCL, KPPL and TL will be convened for the purpose of considering and approving, adopting and agreeing to the Scheme of Arrangement. Notices for the convening of such Extraordinary General Meetings shall be sent to the respective Members of each of PPCL, KPPL and TL in due course.

On behalf of the
Board of Directors

Mazhar Valjee
Chief Executive Officer

Karachi: April 14, 2006