

Pakistan Papersack Corporation Limited

DIRECTORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS FOR THE YEAR ENDED JUNE 30, 2005

The Directors have pleasure in presenting the consolidated audited financial statements of the Group for the year ended June 30, 2005.

FINANCIAL PERFORMANCE OF THE GROUP

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

	2005	2004
	_____ Rs. in '000	_____
Net Sales	946,638	871,148
Operating Profit	59,900	61,586
Profit before Taxation	141,467	152,581
Provision for Taxation	<u>51,315</u>	<u>49,754</u>
Profit after Taxation	90,152	102,827

Total Group Sales during the year under review have increased by 8.6% over preceding year. Operating Profit has shown a decrease of 2.7% due to increase in raw material prices and the depressed selling prices due to intense competition.

EARNING PER SHARE

Earning per share after taxation is Rs. 6.53 (2004: Rs. 7.45)

PATTERN OF SHAREHOLDING

The Pattern of Shareholdings of PPCL and NCSL are annexed to this report.

SUBSEQUENT EVENTS

There have been no material changes since June 30, 2005 other than plans for the merger of the holding Company. The Group has not entered into any commitment, which would affect its financial position at that date.

On behalf of the
Board of Directors

S. Z. Kazmi
Chief Executive

Karachi : September 20, 2005

