

A blank sheet of paper.

White.

Vigorous.

Ready...

What are the possibilities?

In Beethoven's hands, it becomes the repository for the first bars of the majestic 5th Symphony.

In a 4-year-old's, the first bloom of an artistic creation.

In more common custody, a cell phone bill.

Yet each begins the same way
– as a pristine possibility.

In creating a collection of paper and board, we seek out and nurture the possibilities of beauty, practicality and strength inherent in the products we innovate, transform and share with the world.

Innovation drives...

As the science of box making continues to evolve into the art of packaging, innovation helps us “reinvent” ourselves. The process continually change our perceptions of what packaging can do and what Packages can deliver

- for everyone

Packages

Packages Limited was established in 1957 as a joint venture between the Ali Group of Pakistan and Akerlund & Rausing of Sweden, to convert paper and paperboard into packaging for consumer industry. Over the years, Packages has continued to enhance its facilities to meet the growing demand of packaging products.

In 1968, with IFC participation, Packages integrated upstream by establishing a pulp and paper mill with a capacity of 24,000 tons per year based on waste paper and agricultural by-products i.e. wheat straw and river grass. With growing demand the capacity was increased periodically and in January 2003, total capacity was nearly 100,000 tons per year.

In 1981, Packages modified a paper machine to produce tissue paper in response to growing awareness and demand for hygienic and disposable tissues. The "Rose Petal" Brand name was launched with facial tissues and was later expanded to include toilet paper, kitchen roll, and table napkins.

In 1986, the company established a flexible packaging unit to cater to the increasing demand from consumers for sophisticated packaging used primarily in the food industry.

In 1993, a joint venture agreement was signed with Mitsubishi Corporation of Japan for the manufacture of Polypropylene films at the Industrial Estate in Hattar, NWFP. This project, Tri-Pack Films Limited, commenced production in June 1995 with equity

participation by Packages Limited, Mitsubishi Corporation, Altawfeek company for Investment Funds, Saudi Arabia and general public. Packages Limited owns 33% of Tri-Pack Films Limited's equity.

In July, 1994, Coates Lorilleux Pakistan Limited (currently DIC Pakistan Limited) in which Packages Limited has 55% ownership, commenced production and sale of printing inks.

During the same year, the company initiated the capacity expansion of its paper and board mill to 65,000 tons per year and conversion capacity to 56,000 tons per year. At the same time, the company also upgraded the quality of Packages' products and substantially

improved pollution control to meet the World Bank environmental guidelines. The said expansion was completed in 1998 at a cost of PKR 2.7 billion.

In 1996, Packages entered into a joint venture agreement with Printcare (Ceylon) Limited for the production of flexible packaging materials in Sri Lanka. The project Packages Lanka (Private) Limited, which is 79% owned by Packages, commenced production in 1998.

During 1999–2000, Packages successfully completed the expansion of the flexible packaging line by installing a new rotogravure printing machine and enhancing the carton line by putting up a new Lermanic rotogravure inline printing and cutting creasing machine. In addition a new 8 color flexo graphic printing

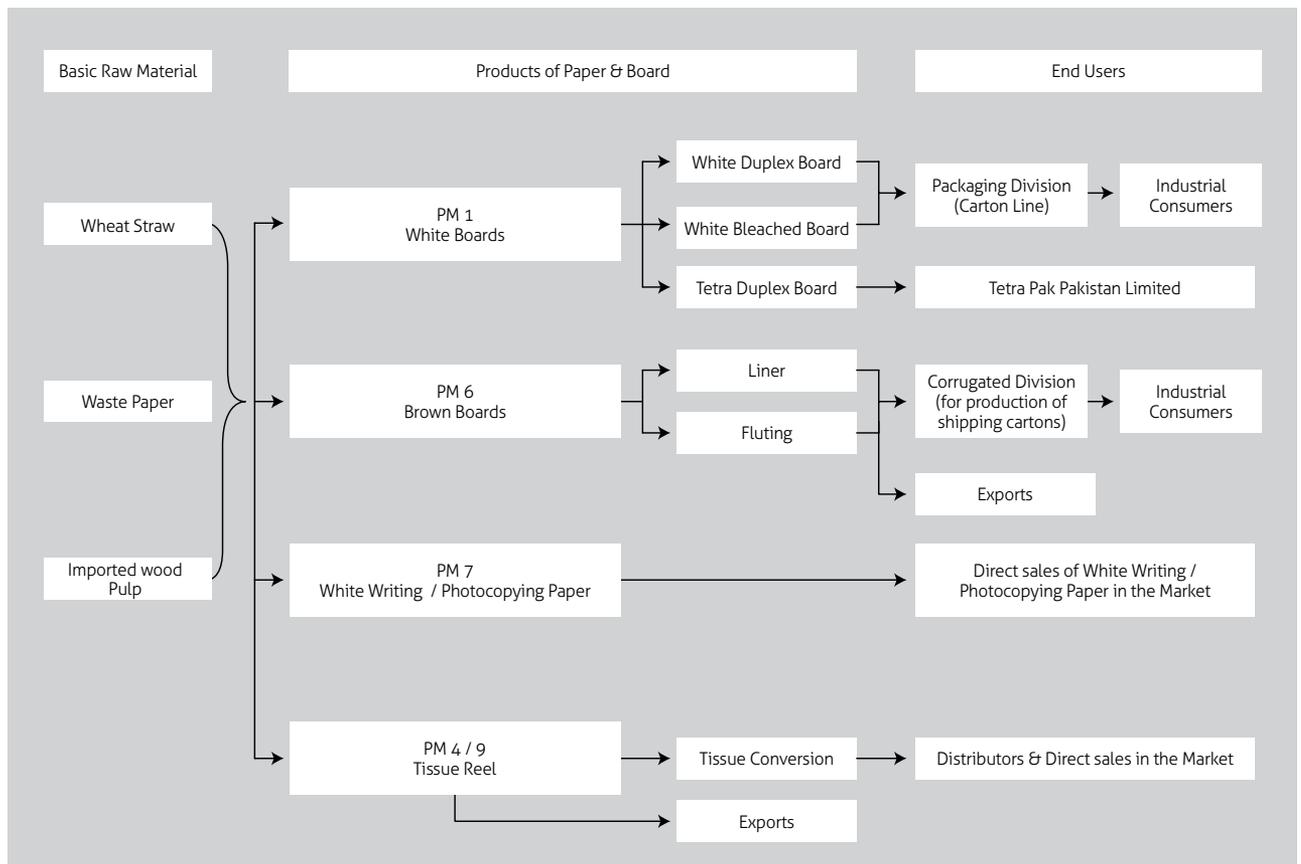
machine was also installed in flexible packaging line in 2001.

Packages started producing corrugated boxes from its plant in Karachi from 2002.

In 2005, the company embarked upon its Paper & Board expansion plan at a new site (Bulleh Shah Paper Mill – Kasur) almost tripling its capacity from the current 100,000 tons per annum to 300,000 tons per annum.

In 2007, the company also invested in a new 35,000 tons tissue paper machine which commenced commercial production in 2008.

Process Flow of Paper & Board Mill, Packaging and Consumer Products Divisions is as follows.



Paper and Board Mill

In 1968, Packages with the help of IFC established a pulp and paper mill having capacity of 24,000 tons per year and also enhanced its converting capacity to 24,000 tons. With further periodic participation by IFC and others such as PICIC, DEG and SWEDFUND, etc., the paper and board production capacity increased to 100,000 tons per year by 2003 and conversion capacity to 70,000 tons per year. In 2005, the company tripled its capacity to 300,000 tons per annum by investing in a state of the art new paper & board mill “Bulleh Shah Paper Mill”.

The paper & board mill specializes in making variety of duplex boards and paper as well as corrugating medium paper and liner board. These products are tested for high performance in terms of strength, stiffness, gloss and machine-ability. Paper quality is determined by the client’s specific

requirements and Packages ensures that this is carried out to the agreed specifications. Further, Packages is among the first companies in the world to use environment friendly process of manufacturing paper & paper board through a mixture of wheat straw, recycled paper and wood pulp.

The different kinds of paper produced at the mill include high gloss writing paper, poster paper, computer paper, fluting paper and liner for shipping cartons. Most common board varieties include Duplex Board, Bleached Board, Food Grade Board and Card Board. A specialized liquid packaging board is also produced to cater to the need of customers who manufacture and supply aseptic packaging for milk, cream, oil, fruit juices and other food products.

Packaging Division

Packages is providing multi dimensional / multi product packaging solutions to its clients involved in manufacturing of consumer products. The Packaging Division uses three kinds of printing techniques, namely offset printing, flexographic printing and rotogravure printing. The latter, although expensive, allows higher production volumes and use of flexible packaging material, and also gives superior quality as compared to offset printing.

The Packaging Division currently consumes about 70% of the output of the board mill and consists of the following packaging lines:

8

Folding Carton Line

Folding carton line caters to the demands of the customer's using rigid packaging material out of duplex/bleach board. The main customer industries include cigarette, cosme-tics, food and pharmaceutical. The carton line has been performing consistently with annual volume growth of 10% in the recent past. There are two types of printing modes being used i.e. rotogravure printing and offset printing.

Rotogravure printing

With seven colour high speed rotogravure printing presses, folding carton line provides top quality packaging materials to be packed on high speed precision machines. The machine prints with inline cutting-creasing-embossing operations. On-line quality control system does 100% inspection of the final product hence ensuring the best quality product to the customers. These machines are being used mainly for tobacco industry.

Offset printing

With a fleet of multicolor offset printing machines; folding carton line serves a wide range of customers through offset line. With the addition of double coater machines, the line is fully capable to meet any packaging material requirement from the customers. Packaging materials are being supplied to tobacco, food, detergents and pharmaceutical industries. Specialized operations e.g. hot foil stamping and cup making provide a major competitive edge in the market.

Every little
step towards
advancement
is but
perfection

Flexible Packaging Line

In 1986, the company established a flexible packaging unit to cater to the increasing demand for sophisticated packaging from customers belonging to the soap, tea, food, dairy, ice-cream, cigarette, and confectionery industries.

The company's flexible packaging line makes high quality packaging films and laminates providing Flexographic and Rotogravure Printing, Lamination, Extrusion, Slitting, Bag & Sleeve making to a broad spectrum of local and multinational customers.

Flexographic line

On flexographic line, up to eight colors flexographic printing can be done on paper, poly-coated paper

and films. Packages has the first ever gear-less press in the country which has the ability to print real life images on materials like Polyethylene, OPP, Special paper and Polyester. With the addition of Video Mounter System, the printing stereos can be mounted with one micron dot accuracy, which virtually eliminates the mis-registration from the print.

Rotogravure Printing

Sophisticated quality packaging with computerized controls, makes rotogravure printing an extremely attractive option. The company's rotogravure printing section also has the latest in-house cylinder making and engraving facilities which is particularly suited to food packaging where colorful package designs and

preservation of food quality are important considerations. Automatic viscosity control system ensures consistent quality.

Lamination

Packages has both solvent base and solvent less laminators. Equipped with Italian technology and computerized control, the company can laminate BOPP, Polyester, Al foil, Met OPP, Met PET, .E. paper as faster as 250 m/min with continuous production due to auto splicing. R&D center at Packages also helps customers develop cost effective laminates to suit their needs.

Extrusion

Packages has its own mono and multi-layer extrusion facility that can extrude polyethylene of different

grades and colors. The Canadian and German technologies with computerized control and monitoring of each layer on 3 and 5 layer extrusion line enables to produce high output to meet customers' demands and new market trends. The facility extrudes a number of specialized films which includes oil, ghee, detergent and food films which are known for their strength and high barrier properties.

Bag & Sleeve making

Bag making is an integral part of the company's flexible line which has the capability to provide a wide variety of bag constructions such as Side Seal, Double Side Seal, Bottom Seal, Three Side Seal, Bottom Gusset Bags Side Gusset Bags, Spout Bags and Zipper Bags.

Corrugated Carton Line

Packages Limited has been manufacturing corrugated cartons since 1974. These cartons, produced in a variety of sizes, are of great value for nationwide distribution of FMCGs, lubricants, tobacco, dairy & food products and for export of fresh fruits, garments, shoes, textile, etc. With the increase in capacity in 2007, and two plants operating at Karachi and Kasur, Packages is not only able to cater to the increased demand of its existing clientele but is also attracting new customers.

Through the inputs of customers, efforts of R&D center and Paper & Board mill, special liner and fluting has been developed to give extra strength properties, especially the

stacking and bursting strength for shipping boxes. Corrugated cartons are of great value to the company's diverse portfolio of customers for secure transportation of their products to local and international markets. Major clientele represents industries like textile, food, dairy, cigarette, electric, soaps, detergents and lubricants.

Consumer Products Division

In 1981, Packages started manufacturing tissue paper as a response to the growing awareness and demand for hygienic tissues. Tissue categories were launched with facial tissues which was later extended to include tissue rolls, table napkins and hand towels. In 2008, the company installed a new tissue paper machine with a capacity of 35,000 tons per annum to improve quality and meet the increasing demand.

Femcare products were added to the range in 1992 with the brand name Feminex. A new plant was installed in 2002 for an improved product. Disposable paper cups and paper plates machines were also added to cater the food business segment and out of home consumption.

Raw- Materials

The raw material requirements of the company can be broadly divided into local and imported raw materials.

Local Raw Materials

Raw materials procured locally by the company include wheat straw and waste paper.

Wheat Straw is the by-product of wheat. Pakistan's annual wheat production amounts to approximately 20 millions tons and an equal amount of wheat straw is also produced in the process. Since wheat straw is a seasonal commodity, the entire annual requirement is purchased by Packages from April to December. Purchases are made at purchase centers spread across the wheat growing areas of the country. The wheat straw purchased at the centers is baled and stored at the centers and transferred to the factory on need basis. The company currently procures around 100,000 tons of wheat straw annually which is approximately 0.5% of the total wheat straw production in the country.

The use of wheat straw not only provides an indigenous source of raw material but also shields the company against adverse exchange rate movements faced by mills based on imported wood pulp technology.

Waste Paper is mostly purchased through registered / approved vendors at the mills and waste purchase center in Karachi according to the company's requirements. With the installation of its 100,000 tons

writing and printing paper machine (PM-7) at Kasur, the company has also started to import waste paper from USA and Middle East.

Imported Raw Materials

Major imported raw materials include wood pulps, polyethylene and packaging films. Packages prefers to procure imported materials directly from renowned manufacturers which have a primary focus on quality and provide strong technical support.

Wood pulp: The use of wood pulp varies on the basis of the final product specifications as high quality writing/printing paper uses a higher proportion of wood pulp as compared to brown paper.

Wood pulp, both bleached and unbleached is the highest value industrial commodity of the company's total import bill. Packages procures Bleached Kraft Pulp from USA which is the largest pulp supplier in the world. The company maintains an excellent business relationship with its wood pulp suppliers over the past 35 years which can be ascertained from the fact that the suppliers work on CAD basis (without the cover of L/C). Further,

in the post expansion scenario, the increased demand of wood pulp is also being met from the supplier's mills situated in Canada.

Unbleached Kraft Pulp is also being imported from USA and purchases are made on monthly rolling forecast basis. Further, supply of wood pulp is adequately distributed among other suppliers in such a way that backup arrangements are always in place in order to meet any unforeseen shortfalls in raw material supply.

Polyethylene is being imported primarily from Qatar and purchases are made based on the company's supply chain management process. Suppliers are provided semi-annual forecasts of the company's requirements and timely supply is ensured for smooth operations of the factory.

Packaging Films such as polyester films and PVC films are imported from suppliers in Thailand and Japan while BOPP Films are either imported or locally procured from Tri-Pack Films Limited, a joint venture company of Packages Limited. Payments are normally made after 30 days credit period.

Marketing

Packaging Division

Packages is primarily engaged in producing packaging material for companies involved in manufacturing of fast moving consumer goods (FMCG) in food, tobacco, pharmaceutical, and other sectors. Almost 75% of Packages' sales are to FMCGs. Packages uses direct selling to market its products to this segment. The company allows credit terms of upto 30 days to packaging customers from the date of invoicing.

Consumer Products Division

This division manufactures and markets tissue paper, disposable paper cups and plates and feminine hygiene products. Packages is the largest supplier in the domestic tissue paper category with brand names Rose Petal, Tulip and Double Horse. Both household and away from home customer segments are catered through an extensive sales and distribution network. Feminine care products are marketed through Feminex brand. Consumer products of Packages are also exported to the region including Afghanistan and Central Asia.

Services

Packages believes that its entire operations has to be in line with the needs of the customer and it is therefore necessary to consistently and timely provide good quality products.

Customer Services Department (“CSD”)

CSD comprehensively monitors processes to ensure timely delivery to the customer and follows the new orders from Pre-Press up to final delivery. CSD also arranges development activities as well as technical support / visits to customers for troubleshooting and ensures proper feedback and management reporting on customers' complaints.

Pre-Press Department

Pre-Press is the nerve center of Packages Limited where concepts and ideas are developed and woven with marketing strategies of customers to attract the end users of the products produced by customers.

The department has been revolutionized over the last 15 years and now has Prepress graphic designers who make the soft copies of the designs. These halftone images and texts are simultaneously directed from computers to:

- Image setters
- Offset plate making devices (CTP)
- Digital System for Flexo (CDI)
- Electro mechanical engraving machines

In the Art Department, Packages has state-of-the-art computer systems where digital files are produced instead of photographic negatives. For achieving high quality in all of printing methods (Roto, Flexo and Offset), Pre-Press Department is equipped with the latest technology in Cylinder, Photo polymer and Plate making equipment which provides support to various Production Departments.

Research & Development

The company's R&D center and production facilities are located at the existing premises at Shahrah-e-Roomi, Lahore. The center is well equipped, both in terms of human resources and equipment, to provide technical support to production and to the external customers. These facilities are used to study the effect of different variables on the process and the product and are also available for comprehensive testing of paperboard and its products.

Competitive Business Strength

Fully Integrated Production Facility

Packages is unique in the sense that it provides complete packaging solutions to its customers. The company is not only backward integrated having its own paper and paperboard mill to supply quality material for its converting departments but also is the only company in the Country providing complete packaging solutions such as offset printed cartons, cigarette H/Ls, shipping cartons, flexible packaging materials etc. under one roof.

In addition, Packages also has technical know-how understandings with renowned international players such as Stora Enso, Sweden in addition to having an extensive Research and Development Department which works hand in hand with marketing and production departments as well as customers and helps provide the best quality packaging material at an affordable price. All these factors combined make Packages the preferred packaging supplier for multi-national and local companies.

Superior Technology and Quality

Packages has always followed its policy to invest into new technology and at the same time upgrade its existing equipment which can be ascertained from the fact that in the past ten years, the company has invested around USD 450 million on acquiring new technology, enhancing

capacity and equipment to safeguard environment. The aforesaid includes investment in a new paper and board mill, a new tissue machine, rotogravure printing machine with online cutting and creasing, computerized pre-press, laser cut dies, 5 layer extruder machines, new fiber line, chemical recovery plant etc. Packages has an in-house state of the art cylinder making and flexographic plates making facility for its high speed printing machines which enables the company to ensure its quality control standards.

Strong Research & Development and Foreign Technical Collaborations

Packages R&D capability is one of the principal reasons of the company's sustained market leadership and strong business relationships with top-notch multinational and local companies in Pakistan. The in-house R&D department conducts meeting with clients to assess their needs and develops new and customized packaging products. In addition, Stora Enso which is one of the foreign shareholders of the company and is in fact the top tier firm in global packaging industry has continuous exchange of information with the company regarding recent developments in the international packaging industry.

Strong Credit Rating

Packages has been assigned a long-term entity rating of 'AA' (Double A) and short-term entity rating of 'A1+' (A One plus) by PACRA reflecting the company's strong financial profile with stable cash flows and sound coverage. The ratings also take into account the company's strong competitive position, which helps in mitigating the various business risk factors, given that the company keeps itself abreast of technological developments in the industry.

Entity Rating of Packages

by The Pakistan Credit Rating Agency (Pvt.) Limited

as on : July 2009

Rating Type	Rating
Long-term	AA (Double A)
Short-term	A1 + (A One Plus)

Company Information

Board of Directors

Towfiq Habib Chinoy
Chairman

Syed Hyder Ali
Chief Executive & Managing Director

Khalid Yacob

Matti Ilmari Naakka

Mujeeb Rashid

Shahid Aziz Siddiqui

Shamim Ahmad Khan

Syed Aslam Mehdi

Syed Shahid Ali

Tariq Iqbal Khan

Advisor

Syed Babar Ali

Company Secretary

Adi. J Cawasji

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

Barclays Bank PLC, Pakistan

Citibank N.A.

Deutsche Bank A.G.

Dubai Islamic Bank Pakistan Limited

Faysal Bank Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

HSBC Bank Middle East 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

Silk Bank Limited

(Formerly Saudi Pak Commercial Bank Limited)

Standard Chartered Bank (Pakistan) Limited

The Bank of Tokyo - Mitsubishi UFJ, Limited

The Royal Bank of Scotland Limited

United Bank Limited

Head Office & Works

Shahrah-e-Roomi,

P.O. Amer Sidhu,

Lahore-54760, Pakistan

PABX : (042) 35811541-46

: (042) 35811191-94

Fax : (042) 35811195

: (042) 35820147

Factories

Kasur Factory

Bulleh Shah Paper Mill (BSPM)
10-km Kasur Kot Radhakishan Road,
District Kasur, Pakistan
Tel. : (049) 2717335 - 43
Fax : (049) 2717220

Karachi Factory

Plot No. 6 & 6/1, Sector 28,
Korangi Industrial Area,
Karachi-74900, Pakistan
Tel. : (021) 35045320, 35045310
Fax : (021) 35045330

Registered Office & Regional Sales Office

Registered Office

4th Floor, The Forum
Suite No. 416 - 422, G-20, Block 9,
Khayaban-e-Jami, Clifton,
Karachi-75600, Pakistan
PABX : (021) 35874047-49
: (021) 35378650-52
: (021) 35831618, 35833011
Fax : (021) 35860251

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) 4504553

2nd Floor, Sitara Tower, Bilal Chowk,
Civil Lines, Faisalabad - 38000, Pakistan
Tel. & Fax : (041) 2629417, 0300-4002685

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

Haq Brothers

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

Shares Registrar

FAMCO Associates (Pvt.) Limited

1st Floor, State Life Building No. 1-A
I. I. Chundrigar Road,
Karachi-74000, Pakistan
PABX : (021) 32420755, 32427012
: (021) 32425467
Fax : (021) 32426752

Web Presence

www.packages.com.pk

Management Committees

Executive Committee

Syed Hyder Ali	Chairman
Syed Aslam Mehdi	Member
Khalid Yacob	Member

Audit Committee

Shamim Ahmad Khan (Non-Executive Director)	Chairman
Tariq Iqbal Khan (Non-Executive Director)	Member
Syed Shahid Ali (Non-Executive Director)	Member
Matti Ilmari Naakka (Non-Executive Director)	Member
Syed Aslam Mehdi (Executive Director)	Member
Adi J. Cawasji	Secretary

Executive committee is involved in day to day operations of the company and is authorized to conduct every business except the businesses to be carried out by Board of Directors as required by section 196 of The Companies Ordinance, 1984. The Executive Committee meets periodically to review operating performance of the company against pre-defined objectives, commercial business decisions and investment and funding requirements.

Terms of reference of Audit Committee have been derived from Code of Corporate Governance applicable to listed companies thereby Audit Committee shall, among other things, be responsible for recommending to the Board of Directors the appointment of external auditors by the company's shareholders and shall consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the company in addition to audit of its financial statements. In the absence of strong grounds to proceed otherwise, the Board of Directors shall act in accordance with the recommendations of the Audit Committee in all these matters.

The terms of reference of the Audit Committee also include the following:

- a. determination of appropriate measures to safeguard the company's assets;
- b. review of preliminary announcements of results prior to publication;
- c. review of quarterly, half-yearly and annual financial statements of the company, prior to their approval by the Board of Directors, focusing on:
 - major judgmental areas;
 - significant adjustments resulting from the audit;
 - the going-concern assumption;
 - any changes in accounting policies and practices;
 - compliance with applicable accounting standards; and
 - compliance with listing regulations and other statutory and regulatory requirements.
- d. facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the

Remuneration and Appointments Committee

Mr. Towfiq Habib Chinoy (Non-Executive Director)	Chairman
Syed Hyder Ali (Executive Director)	Member
Syed Aslam Mehdi (Executive Director)	Member

auditors may wish to highlight (in the absence of management, where necessary);

- e. review of management letter issued by external auditors and management's response thereto;
- f. ensuring coordination between the internal and external auditors of the company;
- g. review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;
- h. consideration of major findings of internal investigations and management's response thereto;
- i. ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;
- j. review of the company's statement on internal control systems prior to endorsement by the Board of Directors;
- k. instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;
- l. determination of compliance with relevant statutory requirements;
- m. monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
- n. consideration of any other issue or matter as may be assigned by the Board of Directors.

Remuneration and Appointments Committee is responsible for:

- (i) Performance review, succession and or appointment to the office and remuneration of the Managing Director and his direct reports, including retirements and remunerations for their offices.
- (ii) The overall system of remuneration and benefits for senior management and functional heads.
- (iii) Succession and career development within the senior management.
- (iv) The size and composition of the Board including the "mix" of Executive and Non-Executive Directors.
- (v) Selection and nomination of Non-Executive Directors to the Board and the terms and conditions, wherever applicable and if any, on which Non-Executive Directors are appointed and or hold office, for the ultimate approval of the shareholders.

Business Strategy Committee

Syed Hyder Ali (Executive Director)	Chairman
Syed Aslam Mehdi (Executive Director)	Member
Khalid Yacob (Executive Director)	Member

System and Technology Committee

Syed Aslam Mehdi (Executive Director)	Chairman
Khalid Yacob (Executive Director)	Member
Suleman Javed	Member

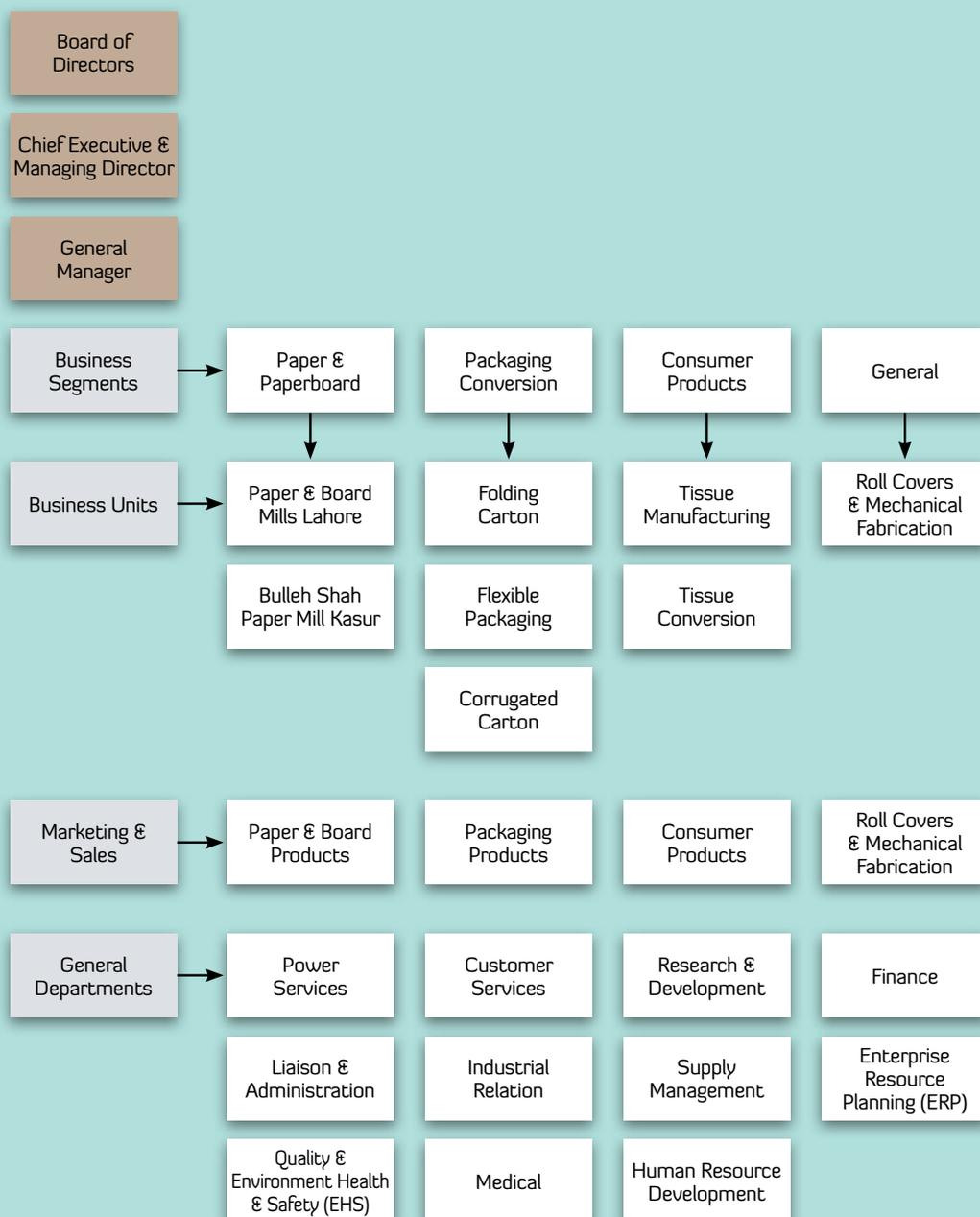
Business Strategy Committee is responsible for:

- Formulation of business strategy, review of risks and their mitigation plan.
- Staying abreast of developments and trends in the industry to assist the Board in planning for future capital intensive investments and growth of the company.
- Evaluation of proposed projects and funding thereof.
- Investment portfolio analysis and strategic business dimension.

System and Technology Committee is responsible for:

- Devising the IT strategy within the Organization to keep all information systems of the company updated in a fast changing environment. This committee is also responsible for evaluating ERP solutions, data archiving solutions to achieve company overall goal towards green office project.
- Reviewing and recommending information technology proposals suggested by Management.
- Promoting awareness of all stakeholders on needs for investment in Technology and related research work.
- Reviewing and assessing company's systems and procedures, recommending proposals on technological innovations including plant up-gradation, technology improvements etc. with relevant cost benefit analysis.

Corporate Structure



Board of Directors

Mr. Towfiq H. Chinoy

Mr. Chinoy, Non Executive Director, has been associated with the company as Chairman of the Board of Directors since 2008. He also holds directorship of New Jubilee Insurance Company Limited, Pakistan Cables Limited, BOC Pakistan Limited, New Jubilee Life Insurance Company Limited, IGI Investment Bank Limited, Pakistan Business Council and HBL Asset Management Limited besides other engagements in several other organizations.

Syed Hyder Ali

Mr. Ali joined Packages Limited in July 1987 and presently holds the position of Managing Director of the company. He holds directorship in several other companies including IGI Insurance Limited, Nestle Pakistan Limited, Packages Lanka (Private) Limited, Sanofi-Aventis Pakistan Limited and Tri-Pack Films Limited.

Mr. Khalid Yacob

Mr. Yacob joined Packages Limited in 1988 and currently holds the position of Director and Finance Manager of the company. He also holds directorship of IGI Investment Bank Limited, Packages Lanka (Private) Limited, Tri-Pack Films Limited and IGI Funds Limited.

Mr. Shamim Ahmad Khan

Mr. Khan is currently associated with the company as Non-executive Director. He also holds directorship of several other companies including Abbott Laboratories Pakistan Limited, BOC Pakistan Limited, IGI Insurance Limited and Royal Bank of Scotland Limited.

Syed Aslam Mehdi

Mr. Mehdi joined the company in 1980 and currently holds the position of Director and General Manager of the company. He also holds the position of Director in DIC Pakistan Limited and Packages Lanka (Private) Limited.

Mr. Matti Ilmari Naaka

Mr. Naaka is associated with the company as Non Executive Director. He also holds senior management position in Stora Enso and possesses immense knowledge and experience in paper industry.

Mr. Mujeeb Rashid

Mr. Rashid is currently associated with the company as Non-executive Director. He retired from active employment of the company in 2009 and is currently serving as Managing Director of Mitchells Fruit Farms Limited.

Mr. Shahid Aziz Siddiqui

Mr. Siddiqui has been associated with the company as Non-executive Director since 2008. He also holds directorship of State life Insurance Corporation of Pakistan, Sui Southern Gas Company Limited, Fauji Fertilizer Company Limited and Alpha Insurance.

Syed Shahid Ali

Mr. Ali is currently associated with the company as Non-executive Director. He also holds directorship of several other companies including Treet Corporation Limited, Treet Power Limited, Loads Limited and IGI Insurance Limited.

Mr. Tariq Iqbal Khan

Mr. Khan is currently associated as Non-Executive Director of the company. He has more than 40 years of experience in the areas of Finance, Accounts, Capital Markets and Corporate Sector, Mr. Khan has a vast and diversified Board Room experience of Banks, Financial sector, Fertilizer, Chemical and Energy sectors, etc.

Ten Year Summary

3 Layer Blown Film Line Co-Extruder
Packaging Division
(2009)

Writing & Printing Paper Machine PM-7
Bulleh Shah Paper Mill
(2009)

Tissue Machine PM-9
Tissue Division
(2008)

Brown Board Machine PM-6
Bulleh Shah Paper Mill
(2007)

New Champlain Lemanic Riviera
Packaging Division
(2007)

Aganati Corrugator Machine
Packaging Division
(2007)

**Roland 700 Double Coater
Printing Machine**
Packaging Division
(2004)

(Rupees in million)	Year to December, 31 2009
ASSETS EMPLOYED:	
Fixed Assets at Cost	26,821
Accumulated Depreciation / Amortization	7,605
Net Fixed Assets	19,217
Capital Work-in-Progress	66
Other Assets	8,347
Current Assets	7,979
Current Liabilities	1,743
Net Current and Other Assets	14,583
Net Assets Employed	33,865
FINANCED BY:	
Paid up Capital	844
Reserves	20,967
Preference shares / convertible stock reserve	1,606
Shareholder's Equity	23,417
Deferred Liabilities	2,478
Long-Term Liabilities	7,971
Long-Term & Deferred Liabilities	10,448
Total Funds Invested	33,865
Invoiced Sales	16,533
Materials Consumed	8,685
Cost of Goods Sold	13,736
Gross Profit	307
Employees Remuneration	1,229
Profit / (Loss) from Operations	* (384)
Profit before Tax	5,770
Profit after Tax	4,064
Cash dividend	274
Cash dividend %	32.50
Stock dividend	-
Stock dividend %	-
Earning per Share - Rupees	48.16
Taxes, duties and levies	3,000
Market Value per Share - KSE 100 Index - Rupees	144.00
Break-up value per share - Rupees	258.49
Ordinary Cash Dividend per share - Rupees	3.25
Preference dividend / return per share - Rupees	8.92
No. of Shares (in thousand)	84,380
KEY RATIOS:	
Long Term Debt : Equity Ratio	25:75
Current Ratio	4.58
Inventory Turnover Ratio	3.54
Gross Profit Ratio (%)	1.86
Profit before Tax Ratio (%)	34.90
Return on Capital Employed (%)	** (0.24)
Interest Cover Ratio	5.51
Total Assets Turnover Ratio	0.46
Price - Earning Ratio	2.99
Debtor Turnover Ratio	9.44
Cash Dividend Yield (%)	2.26

* Excluding impairment charged on available for sale investments

** Excluding effect of capital gain and impairment loss, if any for comparison

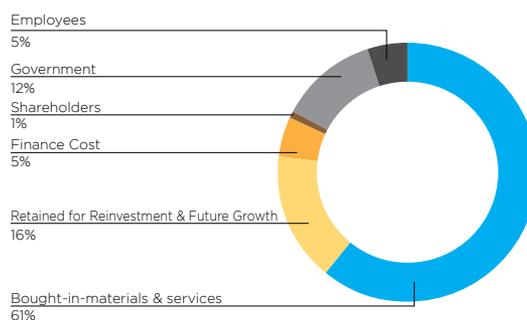
Year to December, 31 2008	Year to December, 31 2007	Year to December, 31 2006	Year to December, 31 2005	Year to December, 31 2004	Year to December, 31 2003	Year to December, 31 2002	Year to December, 31 2001	Six months to December, 31 2000
17,634	15,890	8,074	7,659	7,248	6,882	6,512	5,774	5,361
6,323	5,502	4,984	4,633	4,277	3,928	3,547	3,131	2,749
11,311	10,388	3,090	3,026	2,971	2,954	2,965	2,643	2,612
8,155	7,801	10,143	3,266	330	345	197	445	257
8,645	10,413	6,026	770	749	685	601	536	825
6,923	4,837	3,414	4,559	2,425	2,171	2,187	2,530	2,217
5,617	1,965	2,312	2,336	1,749	1,098	1,700	2,043	2,187
9,952	13,285	7,128	2,993	1,425	1,757	1,088	1,023	856
29,418	31,473	20,361	9,285	4,726	5,056	4,251	4,112	3,725
844	734	699	699	475	475	475	475	453
15,429	17,437	12,974	7,037	3,716	3,157	2,344	2,021	1,833
-	-	-	-	-	-	-	-	-
16,273	18,171	13,673	7,736	4,192	3,633	2,819	2,497	2,286
841	956	688	547	527	567	481	534	548
12,304	12,347	6,000	1,001	6	857	950	1,081	892
13,145	13,302	6,688	1,548	534	1,423	1,431	1,615	1,439
29,418	31,473	20,361	9,285	4,726	5,056	4,251	4,112	3,725
14,301	10,540	9,028	8,163	6,893	6,293	5,361	5,158	2,238
7,639	5,108	4,247	3,521	2,710	2,263	1,926	1,912	858
11,281	7,829	6,552	5,746	4,678	4,242	3,672	3,549	1,575
943	1,199	1,295	1,353	1,309	1,194	950	891	354
1,033	835	758	651	576	551	507	471	218
405	588	758	902	789	718	474	474	222
(308)	4,633	6,348	1,330	1,187	1,037	797	514	242
(196)	4,326	6,101	1,015	958	814	655	425	193
-	-	419	419	404	404	333	214	91
-	-	60.00	60.00	85.00	85.00	70.00	45.00	20.00
-	110	35	-	-	-	-	-	23
-	15.00	5.00	-	-	-	-	-	5.00
(2.32)	58.96	87.30	16.24	19.68	17.11	13.79	8.94	4.07
2,534	2,141	1,926	1,765	1,472	1,426	1,286	1,213	499
81.19	363.80	210.00	202.00	198.85	167.90	88.50	60.50	66.00
192.85	247.65	195.66	110.71	88.18	76.42	59.31	52.52	50.49
-	-	6.00	6.00	8.50	8.50	7.00	4.50	2.00
-	-	-	-	-	-	-	-	-
84,380	73,373	69,880	69,880	47,537	47,537	47,537	47,537	45,273
44:56	40:60	30:70	11:89	00:100	19:81	25:75	30:70	28:72
1.23	2.46	1.48	1.95	1.39	1.98	1.29	1.24	1.01
3.85	4.06	4.69	5.13	4.83	4.93	4.48	5.10	2.68
6.60	11.38	14.34	16.57	18.98	18.97	17.71	17.28	15.83
(2.15)	43.96	70.31	16.29	17.21	16.48	14.87	9.97	10.81
4.80	** 6.25	** 13.81	21.63	27.37	27.90	23.78	19.01	9.01
0.81	13.84	92.93	9.18	9.93	8.03	5.61	2.95	2.97
0.41	0.32	0.40	0.70	1.06	1.02	0.90	0.84	0.38
(34.98)	6.17	2.41	12.44	10.10	9.81	6.42	6.77	16.22
9.39	8.18	10.99	10.40	10.76	10.90	9.87	8.65	9.65
-	-	2.86	2.97	4.27	5.06	7.91	7.44	3.03

Value Added and its Distribution

The statement below shows value added by the operations of the company and its distribution to the stakeholders

	(Rupees in thousands)					
	2009		2008		2007	
Wealth Generated						
Sales	16,533,288		14,300,923		10,539,995	
Dividend Income	313,087		948,879		646,650	
Other Income-net of impairment	7,458,058		336,965		3,888,263	
	24,304,433	100%	15,586,767	100%	15,074,908	100%
Wealth Distributed						
Bought-in-materials & services	14,732,969	61%	10,554,027	68%	7,406,146	49%
To Employees						
Remuneration, benefits and facilities	1,228,876	5%	1,032,834	7%	834,623	6%
To Government						
Income Tax, Sales Tax, Custom & Excise Duties, Workers' Funds, EOBI Contribution, Professional & Local Taxes	3,000,231	12%	2,533,637	16%	2,140,813	14%
To Providers of Capital						
Cash dividend & bonus shares to the shareholders	274,233	1%	-	0%	110,060	1%
Mark-up & finance cost	1,278,433	5%	1,662,094	11%	367,378	2%
Retained for Reinvestment & Future Growth						
For expansion programme & operations transferred to general reserve	3,789,691	16%	(195,825)	-1%	4,215,888	28%
	24,304,433	100%	15,586,767	100%	15,074,908	100%

Value Added and its Distribution 2009



Horizontal & Vertical Analysis

Horizontal Analysis

(Balance Sheet)

	(Rupees in thousand)			Variance%	
	2007	2008	2009	2008 vs 2007	2009 vs 2008
Share capital & reserves					
Issued, subscribed and paid-up capital	733,735	843,795	843,795	15.00	-
Reserves	13,110,240	15,624,602	17,099,138	19.18	9.44
Preference shares / convertible stock	-	-	1,605,875	-	100.00
Unappropriated profit / (loss)	4,326,797	(195,825)	3,868,099	(104.53)	2,075.28
Non-current liabilities					
Long-term finances	12,346,500	12,304,400	7,970,577	(0.34)	(35.22)
Deferred liabilities	955,790	840,788	2,477,852	(12.03)	194.71
Current liabilities					
Current portion of long-term finances	-	550,000	-	100.00	(100.00)
Finances under mark up arrangements - secured	401,019	2,587,819	86,496	545.31	(96.66)
Trade and other payables	1,564,362	1,461,904	1,656,197	(6.55)	13.29
Liabilities directly associated with non-current assets classified as held-for-sale - advance against sale of shares	-	1,017,150	-	100.00	(100.00)
Total	33,438,443	35,034,633	35,608,029	4.77	1.64

29

Vertical Analysis

(Balance Sheet)

	(Rupees in thousand)		Percentage	
	2008	2009	2008	2009
Share capital & reserves				
Issued, subscribed and paid-up capital	843,795	843,795	2.41	2.37
Reserves	15,624,602	17,099,138	44.60	48.02
Preference shares / convertible stock	-	1,605,875	-	4.51
Unappropriated profit / (loss)	(195,825)	3,868,099	(0.56)	10.86
Non-current liabilities				
Long-term finances	12,304,400	7,970,577	35.12	22.38
Deferred liabilities	840,788	2,477,852	2.40	6.96
Current liabilities				
Current portion of long-term finances	550,000	-	1.57	-
Finances under mark up arrangements - secured	2,587,819	86,496	7.39	0.24
Trade and other payables	1,461,904	1,656,197	4.17	4.65
Liabilities directly associated with non-current assets classified as held-for-sale - advance against sale of shares	1,017,150	-	2.90	-
Total	35,034,633	35,608,029	100.00	100.00

Horizontal Analysis

(Balance Sheet)

	(Rupees in thousand)			Variance%	
	2007	2008	2009	2008 vs 2007	2009 vs 2008
ASSETS					
Non-current assets					
Property, plant and equipment	10,361,253	11,285,293	19,161,332	8.92	69.79
Intangible assets	363	241	137	(33.61)	(43.15)
Investment property	26,055	25,294	55,335	(2.92)	118.77
Capital work-in-progress	7,800,683	8,155,239	65,578	4.55	(99.20)
Investments	10,080,259	8,362,485	8,099,401	(17.04)	(3.15)
Long-term loans and deposits	244,166	155,102	139,577	(36.48)	(10.01)
Retirement benefits	88,262	127,518	107,900	44.48	(15.38)
Current assets					
Stores and spares	715,840	841,487	870,951	17.55	3.50
Stock-in-trade	2,206,191	3,652,261	4,102,396	65.55	12.32
Trade debts	1,288,928	1,523,049	1,752,216	18.16	15.05
Loans, advances, deposits, prepayments and other receivables	525,421	692,076	797,486	31.72	15.23
Cash and bank balances	101,022	199,188	455,720	97.17	128.79
Non-current assets classified as held-for-sale - investment in related party	-	15,400	-	100.00	(100.00)
Total	33,438,443	35,034,633	35,608,029	4.77	1.64

Vertical Analysis

(Balance Sheet)

	(Rupees in thousand)		Percentage	
	2008	2009	2008	2009
ASSETS				
Non-current assets				
Property, plant and equipment	11,285,293	19,161,332	32.21	53.81
Intangible assets	241	137	0.00	0.00
Investment property	25,294	55,335	0.07	0.16
Capital work-in-progress	8,155,239	65,578	23.30	0.18
Investments	8,362,485	8,099,401	23.88	22.75
Long-term loans and deposits	155,102	139,577	0.45	0.39
Retirement benefits	127,518	107,900	0.36	0.30
Current assets				
Stores and spares	841,487	870,951	2.40	2.45
Stock-in-trade	3,652,261	4,102,396	10.42	11.52
Trade debts	1,523,049	1,752,216	4.35	4.92
Loans, advances, deposits, prepayments and other receivables	692,076	797,486	1.98	2.24
Cash and bank balances	199,188	455,720	0.57	1.28
Non-current assets classified as held-for-sale - investment in related party	15,400	-	0.04	-
Total	35,034,633	35,608,029	100.00	100.00

Horizontal Analysis (Profit and Loss Account)

	(Rupees in thousand)			Variance%	
	2007	2008	2009	2008 vs 2007	2009 vs 2008
Local sales	10,365,224	13,697,837	15,775,713	32.15	15
Export sales	174,771	603,086	757,575	245.07	26
Gross Sales	10,539,995	14,300,923	16,533,288	35.68	16
Sales tax and excise duty	(1,501,230)	(2,056,475)	(2,466,027)	36.99	20
Commission	(10,130)	(19,669)	(23,428)	94.17	19
Net Sales	9,028,635	12,224,779	14,043,833	35.40	15
Cost of sales	(7,829,362)	(11,281,480)	(13,736,498)	44.09	22
Gross profit	1,199,273	943,299	307,335	(21.34)	(67)
Administrative expenses	(348,064)	(512,189)	(467,582)	47.15	(9)
Distribution and marketing costs	(240,357)	(362,425)	(444,210)	50.79	23
Other operating expenses	(145,439)	(324)	(118,682)	(99.78)	36,530
Other operating income	122,185	336,965	385,299	175.78	14
Impairment charged on available for sale investment	-	-	(1,793,991)	-	100
Profit / (loss) from operations	587,598	405,326	(2,131,831)	(31.02)	(626)
Finance costs	(367,378)	(1,662,094)	(1,278,433)	352.42	(23)
Investment income	4,412,728	948,879	9,179,837	(78.50)	867
Profit / (loss) before tax	4,632,948	(307,889)	5,769,573	(106.65)	(1,974)
Taxation	(307,000)	112,064	(1,705,649)	(136.50)	1,622
Profit / (loss) for the year	4,325,948	(195,825)	4,063,924	(104.53)	2,175
EPS - basic	51.27	(2.32)	48.16	-	-
EPS - diluted	-	-	45.14	-	-

31

Vertical Analysis (Profit and Loss Account)

	(Rupees in thousand)		Percentage	
	2008	2009	2008	2009
Local sales	13,697,837	15,775,713	95.78	95.42
Export sales	603,086	757,575	4.22	4.58
Gross Sales	14,300,923	16,533,288	100	100
Sales tax and excise duty	(2,056,475)	(2,466,027)	(14.38)	(14.92)
Commission	(19,669)	(23,428)	(0.14)	(0.14)
Net Sales	12,224,779	14,043,833	85	85
Cost of sales	(11,281,480)	(13,736,498)	(78.89)	(83.08)
Gross profit	943,299	307,335	6.60	1.86
Administrative expenses	(512,189)	(467,582)	(3.58)	(2.83)
Distribution and marketing costs	(362,425)	(444,210)	(2.53)	(2.69)
Other operating expenses	(324)	(118,682)	(0.00)	(0.72)
Other operating income	336,965	385,299	2.36	2.33
Impairment charged on available for sale investment	-	(1,793,991)	-	(10.85)
Profit / (loss) from operations	405,326	(2,131,831)	2.83	(12.89)
Finance costs	(1,662,094)	(1,278,433)	(11.62)	(7.73)
Investment income	948,879	9,179,837	6.64	55.52
(Loss) / profit before tax	(307,889)	5,769,573	(2.15)	34.90
Taxation	112,064	(1,705,649)	0.78	(10.32)
(Loss) / profit before tax	(195,825)	4,063,924	(1.37)	24.58
EPS - basic	(2.32)	48.16	-	-
EPS - diluted	-	45.14	-	-

Sources and Application of Funds

Over the last six years

	2009	2008	2007	2006	2005	2004
	(Rupees in thousand)					
Cash flows from operating activities						
Cash generated from / (used in) operations	618,112	(708,816)	326,117	774,099	1,110,401	950,098
Finance cost paid	(1,479,667)	(1,800,985)	(1,051,738)	(38,270)	(163,273)	(142,422)
Taxes paid	(285,615)	(220,937)	(139,191)	(194,335)	(334,969)	(9,543)
Payments for accumulating compensated absences	(6,971)	(12,268)	(6,783)	(7,299)	(7,199)	(3,951)
Retirement benefits paid	(44,236)	(35,564)	(30,339)	(27,384)	(27,215)	(25,249)
Net cash (used in) / generated from operating activities	(1,198,377)	(2,778,570)	(901,934)	506,811	577,745	768,933
Cash flows from investing activities						
Fixed capital expenditure	(972,975)	(2,447,617)	(4,841,392)	(7,325,683)	(3,408,463)	(470,598)
Investment	(10,000)	-	(12,903)	(20,504)	-	(49,999)
Advance against disposal of investments	-	1,017,150	-	-	-	-
Net decrease / (increase) in long term loans and deposits	15,525	89,064	(63,548)	(164,418)	(10,360)	(1,859)
Proceeds from disposal of property, plant and equipment	23,543	21,252	48,401	12,493	17,376	19,406
Proceeds from disposal of investments	7,865,000	-	71,428	-	9,360	-
Dividends received	313,087	948,879	646,650	822,990	576,262	535,836
Net cash generated from / (used in) investing activities	7,234,180	(371,272)	(4,151,364)	(6,675,122)	(2,815,825)	32,786
Cash flows from financing activities						
Payment of long-term finances	(7,354,400)	-	-	-	(1,454,870)	(60,238)
Proceeds from long-term finances	-	-	6,346,500	5,000,000	1,600,000	-
Proceeds from issuance of preference shares / convertible stock - net	4,076,452	-	-	-	-	-
Proceeds from Ijarah finance	-	1,061,208	-	-	-	-
Payment of finance lease liabilities	-	-	(851)	(5,159)	(4,801)	(26,877)
Proceeds from issue of ordinary shares	-	-	-	-	3,006,788	-
Dividend paid	-	-	(418,194)	(417,914)	(402,496)	(402,966)
Net cash (used in) / generated from financing activities	(3,277,948)	1,061,208	5,927,455	4,576,927	2,744,621	(490,081)
Net increase / (decrease) in cash and cash equivalents	2,757,855	(2,088,634)	874,157	(1,591,384)	506,541	311,638
Cash and cash equivalents at the beginning of the year	(2,388,631)	(299,997)	(1,174,154)	417,230	(89,311)	(400,949)
Cash and cash equivalents at the end of the year	369,224	(2,388,631)	(299,997)	(1,174,154)	417,230	(89,311)

Corporate Calendar - 2009

Major Events and Meetings	Date
BOD meeting to consider acquisition of non-voting ordinary shares of Tetra Pak Pakistan Limited	3 rd January, 2009
Disposal of Shareholding in Tetra Pak Pakistan Limited (TPPL)	12 th January, 2009
Commencement of Commercial Production of Paper Machine (PM-7)	1 st March, 2009
Partial Prepayment of Syndicate Loan	7 th March, 2009
Audit Committee and BOD meeting to consider annual accounts of the company for the year ended December 31, 2008	16 th March, 2009
BOD meeting to consider issuance of preference shares / convertible stock to International Finance Corporation	20 th March, 2009
Annual General Meeting of shareholders to consider annual accounts of the company for the year ended December 31, 2008	21 st April, 2009
Audit Committee and BOD meeting to consider quarterly accounts of the company for the quarter ended March 31, 2009	21 st April, 2009
Extraordinary General Meeting of shareholders to consider amendments in Memorandum & Articles of Association	26 th May, 2009
Issuance of preference shares / convertible stock to International Finance Corporation	15 th July, 2009
Audit Committee and BOD meeting to consider half yearly accounts of the company for the half year ended June 30, 2009	17 th August, 2009
Audit Committee and BOD meeting to consider nine months accounts of the company for the nine months ended September 30, 2009	24 th October, 2009
Commencement of Commercial Production of New Extrusion Machine	30 th November, 2009
Commencement of Commercial Operations of 41MW Power Plant	1 st December, 2009
BOD meeting to consider investment in cash management mutual funds for short term liquidity management	29 th December, 2009

Vision, Mission & Policies

Mission Statement

To be a leader in the markets we serve by providing quality products and superior service to our customers, while learning from their feedback to set even higher standards for our products. To be a company that continuously enhances its superior technological competence to provide innovative solutions to customer needs. To be a company that attracts and retains outstanding people by creating a culture that fosters openness and innovation, promotes individual growth and rewards initiative and performance. To be a company which combines its people, technology, management systems and market opportunities to achieve profitable growth while providing fair returns to its investors. To be a company that endeavors to set the highest standards in corporate ethics in serving the society.

Vision and Objectives

Position ourselves to be a regional player of quality packaging, paper & paperboard and consumer products. To improve on contemporary measures including cost, quality, service, speed of delivery and mobilization. Keep investing in technology, systems and human resource to effectively meet the challenges every new dawn brings. Develop relationships with all our stakeholders based on sustainable cooperation, upholding ethical values, which the shareholders, management and employees represent and continuously strive for.

Environment, Health and Safety Policy

The management of Packages Limited realizes that we live in a world where resources are finite and the eco-system has a limited capacity to absorb the load mankind is placing on it. That is why it is our belief that we must do everything practically possible to lessen the load we place on the environment and make every effort so that sustainable development becomes a reality. Packages Limited has formulated its environment, health and safety (EHS) policy to address these issues in a more effective way. It is very clear to us that these objectives cannot be realized by the efforts of the management alone. While the general directions are to be provided by the management, the help of all the employees will be required to transform these ambitions into reality. It is expected that all employees will do their best to implement the policy in its true spirit.

Environment, Health and Safety Policy Statement

Packages Limited shall:

1. *Minimize its environmental impact, as is economically and practically possible.*
2. *Save raw materials including energy, water and avoid waste.*
3. *Ensure that all its present and future activities are conducted safely, without endangering the health of its employees, its customers and the public.*
4. *Develop plans and procedures and provide resources to successfully implement this policy and for dealing effectively with any emergency.*
5. *Provide environmental, health and safety training to all employees and other relevant persons to enable them to carry out their duties safely without causing harm to themselves, to other individuals and to the environment.*
6. *Ensure that all its activities comply with national environmental, health and safety regulations.*

This policy shall be reviewed as and when required for the betterment of the same.

Statement of Ethical Practices

It is the basic principle of Packages Limited to obey the law of the land and comply with its legal system. Accordingly every director and employee of the company shall obey the law. Any director and employee guilty of violation will be liable to disciplinary consequences because of the violation of his / her duties.

Employees must avoid conflicts of interest between their private financial activities and conduct of company business.

All business transactions on behalf of Packages Limited must be reflected accordingly in the accounts of the company. The image and reputation of Packages Limited is determined by the way each and every one of us acts and conducts himself / herself at all times.

We are an equal opportunity employer. Our employees are entitled to a safe and healthy workplace.

Every manager and supervisor shall be responsible to see that there is no violation of laws within his / her area of responsibility which proper supervision could have prevented. The manager and supervisor shall still be responsible if he / she delegates particular tasks.

Quality Policy

We at Packages Limited are committed to produce quality products which conform to our customers requirements and strengthen our position as a quality managed company. Our pledge is to provide the market with the best quality products at competitive prices through a customer driven and service oriented, dynamic management team. To meet this obligation, the company will continue updating of employee skills by training, acquisition of new technology and regular reevaluation of its quality control and assurance systems. Appropriate resources of the company will be directed towards achieving the quality goals through employees participation.

Corporate Social Responsibility

We work with Government and other organizations to meet our legal and civic obligations and contribute towards the development of country's economy. We strive to be a good corporate citizen by being an active member of society and through our contribution towards society in various roles.

Wheat Straw and Waste Paper are the basic raw materials for the production of Paper and Boards manufactured by us. We collect almost 100,000 metric tons of wheat straw annually and the expansion in production capacity will increase this requirement by three folds in the foreseeable future. The wheat straw collection through a network of procurement and collection centers located in towns and villages near the growers' fields helps them in selling the straw

conveniently. Such arrangement directly benefits hundreds of farmers by providing them with an additional source of income from a by product of wheat crop that would otherwise have been wasted. Our Paper and Board Mill recycles around 45,000 metric tons of Waste Paper annually, the major proportion of which is procured locally, thereby contributing towards the environmental cleanliness and also supporting the low income masses in earning their livelihood.

We have also expanded our activities at a completely new site near Kasur. The new plant is offering not only employment to about 700 people but is also contributing towards economic progress of the

surrounding area. To maintain clean environment for the people living in surrounding areas of our Kasur Mill, Packages Limited has invested approximately Rs. 476 million for installation of Effluent Treatment Plant. Being an environment friendly corporate, we have also subscribed to Green Office Project of "World Wide Fund for Nature"

The Company supports sports and health related activities. We regularly support Gulab Devi Hospital, Liaquat National Hospital and Shalimar Hospital. Besides this, the Company regularly renders financial support to social causes and related activities through sponsorships and advertisements. In the year 2009 company has also donated

Expanding our concept of what it means to be human...

towards rehabilitation of Mentally and Emotionally handicapped children and Internally Displaced Persons (IDPs) of Swat. Company has also invested for well-being of community living around Bulleh Shah Paper Mill through reconditioning of area's school buildings during the year 2009.

Packages Limited is one of the platinum rated training providers for 'Association of Chartered Certified Accountants (ACCA), UK'. Such training is a mandatory experience requirement for this qualification, and our support to this program is aimed at producing high quality human resource for the country. We are also providing necessary apprenticeship to industrial diploma holders to nurture their technical skill set.

Packages Limited regularly organizes Jaffer Memorial Hockey Tournament to promote this National Sport of Pakistan. This tournament is organized annually at the school level with the participation of around 50 teams from various schools.

We annually organize a Rose Festival at the head office where hundreds of varieties of roses are on display. More than 10,000 people visit our Rose Garden every year. We also donate rose plants to institutions, who desire to grow them and beautify their premises. The Company also sponsors Annual Chrysanthemum and Spring Flowers shows in Lahore organized by The Horticultural Society of Pakistan. The Company also organizes a Women and Children Mela for the local community every year.

For better health care of employees Company has setup a Gymnasium with state of the art fitness equipment under supervision of qualified trainers. Company has also set up Sports facility which caters for various indoor games such as Badminton, Squash, Table tennis etc. and outdoor games such as Cricket, Football and Hockey etc.

Company is looking forward for further initiatives in its Corporate Social Responsibility Program in the near term.

Notice of Annual General Meeting

Notice is hereby given that the 55th Annual General Meeting of Packages Limited will be held at the Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi on Tuesday, April 20, 2010 at 10.30 a.m. to transact the following ordinary business :-

1. To confirm the minutes of the Extraordinary General Meeting held on May 26, 2009.
2. To receive, consider and adopt the audited financial statements of the company together with the Directors' and Auditors' Reports thereon for the year ended December 31, 2009.
3. To provide/declare a dividend for the year ended December 31, 2009 as recommended by the Board of Directors :-
 - a) to the preference shareholder (International Finance Corporation) at the pro-rata rate of approximately Rs. 8.92 per preference share/convertible stock of Rs. 190 each in terms of the Subscription Agreement between Packages Limited and International Finance Corporation; and
 - b) to the ordinary shareholders at the rate of Rs. 3.25 per ordinary share of Rs. 10 each.
4. To appoint Auditors for the year 2010 and to fix their remuneration.

(Messrs A. F. Ferguson & Co., Chartered Accountants, retire and have offered themselves for re-appointment).

By Order of the Board

Karachi
February 16, 2010

Adi J. Cawasji
Company Secretary

Notes :

1. The Share Transfer Books of the company will remain closed from April 12, 2010 to April 20, 2010 (both days inclusive). Transfers received in order by our Shares Registrar, FAMCO Associates (Pvt.) Limited, 1st Floor, State Life Building No. 1-A, I. I. Chundrigar Road, Karachi-74000 by the close of business on April 9, 2010 will be considered in time for entitlement of dividend on the ordinary shares.
2. A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on the member's behalf.
3. Duly completed forms of proxy must be deposited with the Company Secretary at the Registered Office of the company at 4th Floor, The Forum, Suite # 416-422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi-75600 not later than 48 hours before the time appointed for the meeting.
4. Shareholders are requested to notify any change in their addresses immediately.
5. Members who have not yet submitted photocopy of their valid computerized national identity cards to the company are requested to send the same at the earliest.
6. CDC account holders will further have to follow the guidelines as laid down in Circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
7. Form of proxy is attached in the Annual Report.

Enhancing what it is to
advance towards what
it will be

- our collective success

'Copymate' and
'Copymate Plus'

Directors' Report to the Shareholders

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

The Board of Directors are pleased to submit their Annual Report along with the audited financial statements of the company for the year ended December 31, 2009.

Performance Outlook

Economic Overview

During the last fiscal year, stress on macroeconomic stability mainly emanated from power and gas shortages, trade deficit, balance of payment, inter-corporate circular debt and food and non-food inflation resulting in a perceptible slowdown in the overall economic activity. However, steps taken by the Government and the State Bank of Pakistan have alleviated the stress considerably, although much has still to be achieved.

Financial Performance

	2009 (Rupees in million)	2008
Invoiced Sales-Gross	16,533	14,300
Invoiced Sales-Net	14,044	12,225
EBITDA (from operations)	719	954
Depreciation and amortization	(1,323)	(886)
Finance cost	(1,278)	(1,662)
Investment income	9,180	949
Other operating expenses/ Income (net)	220	337
Impairment loss-net	(1,748)	-
Profit / (loss) before tax	5,770	(308)
Profit / (loss) after tax	4,064	(196)
Basic Earnings per share - rupees	48.16	(2.32)

This has been a challenging year for your company as it marched towards operational optimization of its enhanced production capacity at the new site. In spite of adverse economic factors, your company has registered the highest ever gross sales of Rs. 16.5 billion representing 15% increase as compared to last year. On the export front, company's sales have reached Rs. 757 million (2008: 603 million) which is indicative of its internationally competitive product quality. The lower EBITDA is due to startup of the writing/printing paper production and the 41MW power plant.

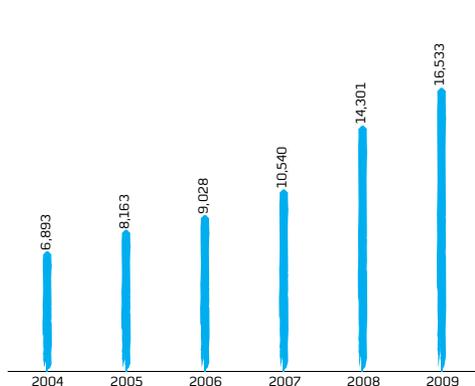
Operational Performance

Packages Limited has maintained vertical integration across various business segments namely Paper and Paperboard Mills, Packaging and Consumer Products. A review of its operations across different business units is as follows:

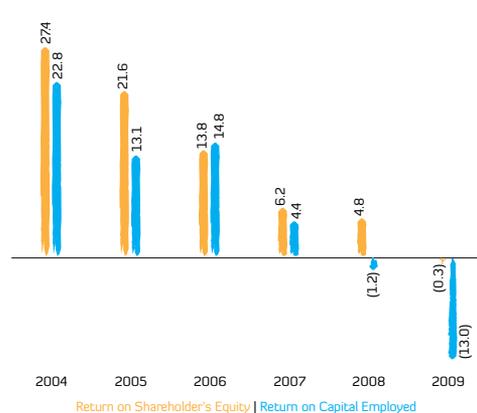
Paper & Board Operations

Paper & Board Operations - Lahore has registered a top line growth of 4.8% with an increase in EBITDA by 2.62 times as compared to 2008 values, achieved through product cost rationalization. During the current year, the company has successfully completed its second phase of expansion at Buleh Shah Paper Mill (BSPM) comprising Paper Machine (PM-7) for writing/printing paper, Deinking Pulp Plant, 41 MW Power House, Steam Turbine, and Secondary Effluent Treatment at a cost of Rs. 8.681 billion. With this capitalization, combined paper & paper board production capacity has increased to 308,950 tons

Invoiced Sales
(Rs. in Million)



Return on Capital Employed and Shareholder's Equity
(Percentage)



per annum. The company is taking a number of initiatives for creating customer awareness of the products of its new Paper Machine (PM-7) including establishment of distribution networks, institutional marketing and brand awareness campaigns. Paper Machine (PM-7) is currently producing various variants of writing and printing paper including photocopy paper, publishing paper, note pads and exercise note books. The company has launched its photocopy paper under the brand names of 'Copymate' and 'Copymate Plus' during the year that is expected to expand its market share in the coming years. During the first year of its operation, due to machine optimization in progress, the margins have been adversely affected. The management is working towards optimization of PM-7 and its back processes.

We are pleased to report that Paper Machine (PM-6) at Bulleh Shah Paper Mill (BSPM) has started operating at its name plate capacity during the year 2009. Consequently, EBITDA of the machine has increased by 6 times over 2008 values.

The medium term business strategy of the company in this segment is profitable growth coupled with aggressive capacity utilization to take maximum advantage of the economies of scale. Management is also focusing on product range diversification, operating cost rationalization and aggressive product sales & distribution to improve profitability position.

Packaging Business

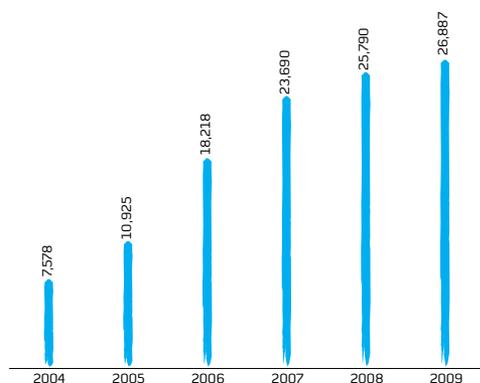
Packaging Business comprises folding cartons, flexible packaging and corrugated cartons. Packaging business has achieved sales growth of 8% despite liquidity and energy constraints and has maintained its margins through

optimization of product range, reduction of operating costs including process waste and overhead costs during the year 2009. Focus on efficient inventory management has also yielded better results as prices of imported raw material remained volatile throughout the year. In consideration of rising demand, the company has also installed a new extrusion machine in its flexible packaging operations in October 2009 with production capacity of 4,800 tons per annum. Moving forward, Packaging business is planning to improve margins through increase in customer base, enhancing its business share with existing customers, new product developments and further cost optimization.

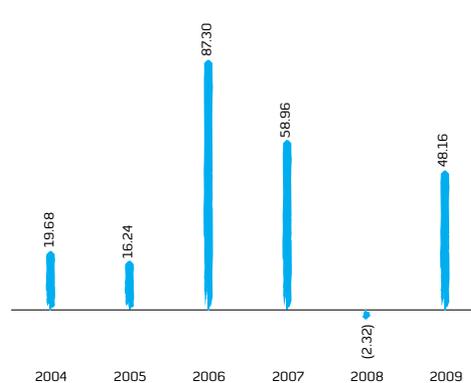
Consumer Products Division

Consumer Products Division has achieved sales growth of 37% during the 2009 over the corresponding period with export values three times more than the 2008 values despite gas shortages resulting in higher cost of production thus affecting the export business. This growth is mainly attributable to enhanced production capacity available to the company through installation of new tissue paper manufacturing machine with production capacity of 33,000 tons in September 2008 (total production capacity 41,000 tons per annum) that has enabled the company to exploit opportunities available in international market particularly Middle East. During the year, your company has also registered 22% sales growth in the local market through focused Sales & Distribution activities, customer focused product developments and effective marketing and trade promotion techniques. Moving forward, the management is working hard to further capitalize on the opportunities of business expansion.

Fixed Assets and Capital Work in Progress at Cost
(Rs. in Million)



Earnings Per Share
(Rupees)



Financial Management

Cash flow Management

The company has an effective Cash Flow Management System in place whereby cash inflows and outflows are projected on regular basis. Working capital requirements are planned to be financed through internal cash generations and short-term borrowings from external sources where necessary.

In March 2009, your company eased its local currency debt burden through partial prepayment of long-term loans and short-term working capital lines out of sale proceeds of USD 115 million realized from disposal of its entire shareholding in Tetra Pak Pakistan Limited.

In July 2009, your company issued a 10% local currency cumulative convertible preference shares/convertible stock at the rate of PKR 190/share amounting to USD 50M including conversion of its existing USD 30M foreign currency loan to IFC.

The investment portfolio of the company is fairly diversified as reflected by equity participation in Nestle Pakistan Limited, Tri-Pack Films Limited, DIC Pakistan Limited and Packages Lanka (Private) Limited. These investments are aimed at tapping the positive developments in the FMCG sector. During the year 2009, Packages Limited reviewed the carrying amount of its investment portfolio to assess whether there was any indication of possible impairment in their carrying values as per treatments laid down in IAS 36 and 39. In view of the erosion in the value of equity securities, the carrying amount of "Available for Sale Investment" in Nestle Pakistan Limited was assessed to be higher than its recoverable amount. Consequently, an impairment loss of Rs. 1,794 million has been recognized by the company in its Profit and Loss account on its

shareholding in Nestle Pakistan Limited that is considered as other than temporary. The company also has reversed impairment loss of Rs.46.371 million in respect of its investment in a foreign subsidiary operating in Sri Lanka namely "Packages Lanka (Private) Limited" in consideration of the improving profitability position of the said company emanating from operational growth and restructuring.

The Board is satisfied that there are no short or long-term financial constraints including accessibility to credit and a strong balance sheet with December 2009 long-term debt: equity ratio at 25:75.

Risk Mitigation

Credit Risk

All financial assets of the company, except cash in hand, are subject to credit risk. The company believes that it is not exposed to major concentration of credit risk. Exposure is managed through application of credit limits to its customers secured by and diversification of investment portfolio placed with 'A' ranked banks and financial institutions.

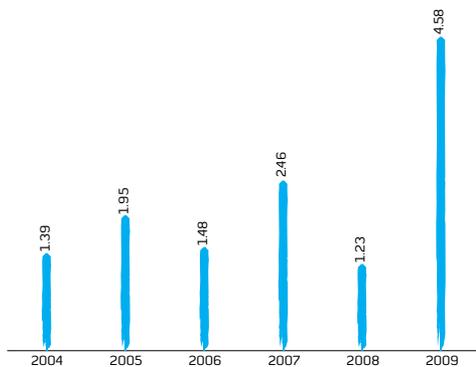
Liquidity Risk

Prudent liquidity risk management ensures availability of sufficient funds for meeting contractual commitments. The company's fund management strategy aims at managing liquidity risk through internal cash generation and committed credit lines with financial institutions.

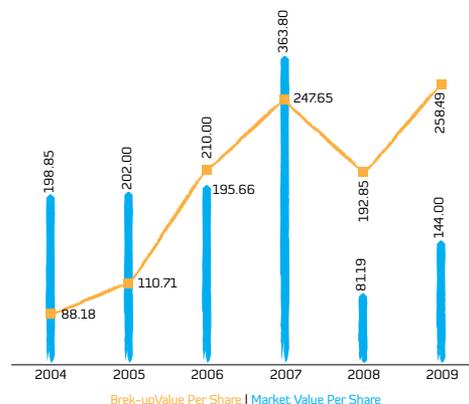
Interest Rate Risk

Variable rate long-term financing is hedged against interest rate risk by holding "prepayment option", which can be exercised upon any adverse movement in the underlying interest rates.

Current Ratio



Market Price Per Share and Break-up Value Per Share



Foreign Exchange Risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. The company is mainly exposed to short-term USD/ PKR parity on its import of raw materials and plant and machinery.

Capital Management

The company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. There were no changes to the company's approach to capital management during the year and the company is not subject to externally imposed capital requirements.

Production Facilities

Performance of our production facilities was excellent with unprecedented levels of output.

Our team continued to improve efficiencies through harmonized efforts, eliminating wastage and avoidance of shutdowns on numerous occasions. The company is determined to continue its focus on maximum capacity utilization for sustained profitability and to maintain its position as the leading paper and board manufacturer in the Country.

Environmental Standards

The company is fully committed towards environmental safety and has obtained re-certification of ISO 14001 during the year. Your company has invested approximately Rs. 476 million for installation of Effluent Treatment Plant in its Bulleh Shah Paper Mill. Through installation of De-inking Plant, your company has achieved the capability of

producing writing & printing paper out of recycled paper that reduces pressure on forestry. The company is also subscribing to Green Office Project of 'World Wide Fund for Nature'. This would enable us to be recognized as an environmental friendly company. This has potential for future business development as well.

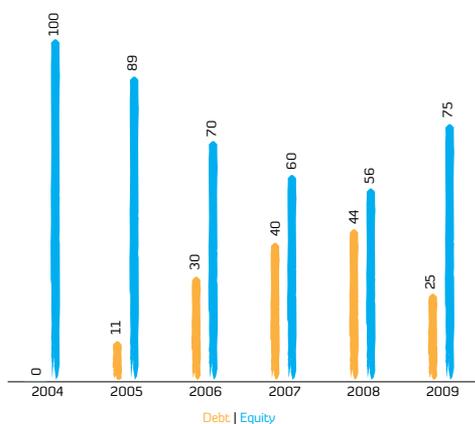
Quality Management

During the year, your company has undergone successful surveillance audit of its Quality Management System ISO 9001:2000 and HACCP re-certification of its carton and flexible packaging businesses. The company has also taken initiative to reduce production losses and improve machine efficiency by starting the implementation of Total Productive Maintenance (TPM) across production functions which is expected to complete by the end of 2011 with the help of foreign consultants.

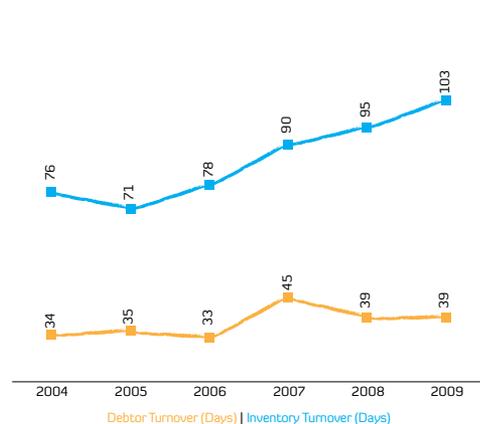
Future Outlook

A review of the paper and paperboard market indicates that Pakistan's consumption pattern is around 6 kg per capita which is 1/10th of the world average. It is for this reason that the company, taking a long-term view, decided to establish a new paper & board production site with the requisite infrastructure in Kasur. The Bulleh Shah Paper Mill, which has a potential capacity of more than 500,000 tons per annum, shall satisfy the long-term demand ensuing from increasing urbanization, population growth, changing lifestyles of the rural population in the country and shifting trends from non-packaged to packed products. Your company, as a premier paper and board supplier, is well equipped to take advantage of this growth potential provided the macroeconomic indicators of the country move in the positive direction.

Long-Term Debt Equity Ratio



Inventory and Debtor Turnover in Days



Appropriation

As mentioned above that company's Earnings before Interest, Tax, Depreciation and amortisation (EBITDA) from operations remained under pressure during the year 2009 because of start-up of writing & printing paper machine (PM-7) and 41MW power plant. Moreover, increased finance costs and depreciation charges resulting from capitalization have offset substantial increase in sales and dividend income during the year. However, company has recognized a capital gain of Rs. 8,867 million on disposal of its investment in Tetra Pak Pakistan Limited as partially offset against impairment loss of Rs.1,794 million on its available for sale investments during the year.

In consideration of continuous support of shareholders during the period of large investment in Bulleh Shah Paper Mill (BSPM) for the long-term sustainable future of the company, Directors recommend cash dividend of 32.5 percent (i.e. Rs. 3.25 per share) on ordinary share capital of the company.

Accordingly following appropriations have been made:

(Rupees in thousand)	
Profit after tax for the year 2009	
after appropriation of preference	
dividend/ return of Rs. 193.4M	4,063,924
Un-appropriated profit/ (loss) as at	
December 31, 2008	(195,825)
Available for appropriation	3,868,099
Cash Dividend	274, 233
Transfer to General Reserve	3,000,000
To be carried forward to 2010	593,866

Auditors

The present auditors M/s A.F Ferguson & Co., Chartered Accountants retire and offer themselves for reappointment. As suggested by the Audit Committee, the Board of Directors has recommended their reappointment as Auditors of the company for the year ending December 31, 2010, at a fee to be mutually agreed.

Compliance with the Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by the Karachi, Lahore and Islamabad Stock Exchanges in their Listing Regulations, relevant for the year ended December 31, 2009 have been adopted by the company and have been duly complied with. A Statement to this effect is annexed to the Report.

Material Changes

There have been no material changes since December 31, 2009 and the company has not entered into any commitment, which would affect its financial position at the date except for those mentioned in the audited financial statements of the company for the year ended December 31, 2009.

Meetings of Board of Directors

There is no change in the composition of Board of Directors of the company during 2009 as compared to previous year. During the year 2009, Seven Board meetings were held and the number of meetings attended by each Director is given hereunder:-

S.No.	Name of Director	No. of Meetings Attended
1.	Mr. Towfiq Habib Chinoy (Chairman)	6
2.	Syed Hyder Ali (Chief Executive and Managing Director)	6
3.	Mr. Khalid Yacob	4
4.	Mr. Matti Ilmari Naakka	-
5.	Mr. Mujeeb Rashid	2
6.	Mr. Shahid Aziz Siddiqui (Nominee of State Life Insurance Corporation of Pakistan)	5
7.	Mr. Shamim Ahmad Khan	5
8.	Syed Aslam Mehdi	7
9.	Syed Shahid Ali	4
10.	Mr. Tariq Iqbal Khan (Nominee of National Investment Trust Limited)	4

Leave of absence was granted to the Directors who could not attend the Board meetings.

Audit Committee

An Audit Committee of the Board has been in existence since the enforcement of the Code of Corporate Governance, which now comprises of four Non-Executive Directors (including its Chairman) and one Executive Director. During the year, four meetings of the Audit Committee were held. The Audit Committee has its terms of reference which were determined by the Board of Directors in accordance with the guidelines provided in the Listing Regulations.

Corporate and Financial Reporting Framework

- The financial statements together with the notes thereon have been drawn up by the management in conformity with the Companies Ordinance, 1984. These Statements present fairly the company's state of affairs, the results of its operations, cash flow and changes in equity.
- Proper books of account have been maintained by the company.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored and is being continuously reviewed by the internal audit function.
- There are no doubts upon the company's ability to continue as a going concern.
- There has been no material departure from the Best Practices of Corporate Governance, as detailed in the Listing Regulations.
- The key operating and financial data for the last ten years is annexed.

- The value of investments of provident, gratuity and pension funds based on their audited accounts as on December 31, 2009 were the following:

Provident Fund	Rs. 693.771 million
Gratuity Fund	Rs. 300.980 million
Pension Fund	Rs. 606.854 million

The value of investment includes accrued interest. Trading of Shares by Chief Executive, Directors, Chief Financial Officer, Company Secretary, their spouses and minor children:

<u>Purchase / Transmission of Shares :</u>	<u>No. of shares</u>
Chief Executive Officer	Nil
Directors - Mr.Towfiq Habib Chinoy	10,000
- Syed Shahid Ali (shares transmitted from (Late) Syed Wajid Ali's shareholding - father)	152,826
Chief Financial Officer	Nil
Company Secretary	Nil
Spouses	Nil
Sale of Shares	Nil

Pattern of Shareholding

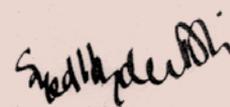
A statement of the pattern of shareholding of certain class of shareholders as at December 31, 2009, whose disclosure is required under the reporting framework, is included in the annexed shareholders' information.

The Directors, CEO, CFO, Company Secretary and their spouses or minor children did not carry out any trade in the shares of the company during the year, except as noted above.



Towfiq Habib Chinoy
Chairman

Karachi, February 16, 2010



Syed Hyder Ali
Chief Executive & Managing Director

Karachi, February 16, 2010

Shareholders' Information

Registered Office

4th Floor, The Forum
Suite # 416-422, G-20, Block 9
Khayaban-e-Jami, Clifton
Karachi-75600
Tel # 92 21 35831618, 35831664
92 21 35833011, 35874047-49
Fax # 92 21 35860251

Shares Registrar

FAMCO Associates (Pvt.) Ltd
1st Floor, State Life Building No.1-A
I. I. Chundrigar Road
Karachi-74000
Tel. # 92 21 32425467, 32427012
92 21 32426597, 32475606
92 21 32420755
Fax # 92 21 32426752

Listing on Stock Exchanges

Packages ordinary equity shares are listed on Karachi, Lahore and Islamabad Stock Exchanges.

Shares Registrar

Packages' shares department is operated by FAMCO Associates (Pvt.) Ltd and services about 4,427 shareholders. It is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function.

The Shares Registrar has online connectivity with Central Depository Company of Pakistan Limited. It undertakes activities pertaining to dematerialization of shares, share transfers, transmissions, issue of duplicate/re-validated dividend warrants, issue of duplicate/ replaced share certificates, change of address and other related matters.

For assistance, shareholders may contact either the Registered Office or the Shares Registrar.

Statutory Compliance

During the year the company has complied with all applicable provisions, filed all returns/ forms and furnished all the relevant particulars as required under the Companies Ordinance, 1984 and allied rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the listing requirements.

Dematerialization of Shares

The equity shares of the company are under the dematerialization category. As of date 71.60% of the equity shares of the company have been dematerialized by the shareholders.

Dividend Announcement

The Board of Directors of the company has recommended for the financial year ended December 31, 2009 cash dividend as follows -

Service Standards

Packages has always endeavored to provide investors with prompt services. Listed below are various investor services and the maximum time limits set for their execution:

	For requests received through post	Over the counter
Transfer of shares	30 days after receipt	30 days after receipt
Transmission of shares	30 days after receipt	30 days after receipt
Issue of duplicate share certificates	30 days after receipt	30 days after receipt
Issue of duplicate dividend warrants	5 days after receipt	5 days after receipt
Issue of revalidated dividend warrants	5 days after receipt	5 days after receipt
Change of address	2 days after receipt	15 minutes

Well qualified personnel of the Shares Registrar have been entrusted with the responsibility of ensuring that services are rendered within the set time limits.

Listing Fees

The annual listing fee for the financial year 2009-10 has been paid to all the three stock exchanges within the prescribed time limit.

Stock Code

The stock code for dealing in equity shares of Packages at KSE, LSE and ISE is PKGS.

Contact persons:

Mr. Rafique Khatri
Tel # 92 21 35831618, 35831664
92 21 35833011
Fax # 92 21 35860251

Mr. Ovais Khan
Tel. # 92 21 32425467, 32427012
92 21 32426597, 32475606
92 21 32420755
Fax # 92 21 32426752

- a) provision of preference dividend / return as at December 31, 2009 to the preference shareholder (International Finance Corporation) at the pro-rata rate of approximately 4.69% (approximately Rs. 8.92 per preference share/convertible stock of Rs. 190 each) in terms of the Subscription Agreement between Packages Limited and International Finance Corporation (2008: Not applicable).

- b) payment of ordinary dividend to the ordinary shareholders at the rate of 32.5% (Rs. 3.25 per ordinary share of Rs. 10 each) subject to approval by the ordinary shareholders of the company at the Annual General Meeting (2008: Nil).

Book Closure Dates

The Register of Members and Share Transfer Books of the company will remain closed from April 12, 2010 to April 20, 2010 both days inclusive.

Dividend Remittance

Preference dividend / return will be paid to the preference shareholder prior to payment of ordinary dividend to the ordinary shareholders.

Ordinary dividend declared and approved at the Annual General Meeting will be paid well before the statutory time limit of 30 days:

- (i) **For shares held in physical form:** to shareholders whose names appear in the Register of Members of the company after entertaining all requests for transfer of shares lodged with the company on or before the book closure date.
- (ii) **For shares held in electronic form:** to shareholders whose names appear in the statement of beneficial ownership furnished by CDC as at end of business on book closure date.

Withholding of Tax & Zakat on Ordinary Dividend

As per the provisions of the Income Tax Ordinance, 2001, Income Tax is deductible at source by the company at the rate of 10% wherever applicable.

Zakat is also deductible at source from the ordinary dividend at the rate of 2.5% of the face value of the share, other than corporate holders or individuals who have provided an undertaking for non-deduction.

Dividend Warrants

Cash Dividends are paid through dividend warrants addressed to the ordinary shareholders whose names appear in the Register of Shareholders at the date of book closure. Ordinary shareholders are requested to deposit those warrants into their bank accounts, at their earliest, thus helping the company to clear the unclaimed dividend account.

Investors' Grievances

To date none of the investors or shareholders has filed any letter of complaint against any service provided by the company to its shareholders.

Legal Proceedings

No case has ever been filed by shareholders against the company for non-receipt of shares/refund.

General Meetings & Voting Rights

Pursuant to section 158 of the Companies Ordinance, 1984, Packages holds a General Meeting of ordinary shareholders at least once a year. Every ordinary shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the ordinary shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having circulation in Karachi, Lahore and Islamabad.

Ordinary shareholders having holding of at least 10% of voting rights may also apply to the board of directors to call for meeting of ordinary shareholders, and if board does not take action on such application within 21 days, the ordinary shareholders may themselves call the meeting.

All ordinary shares issued by the company carry equal voting rights. Generally, matters at the general meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the

principle of "One Member-One Vote". If majority of shareholders raise their hands in favor of a particular resolution, it is taken as passed, unless a poll is demanded.

Since the fundamental voting principle in a company is "One Share-One Vote", voting takes place by a poll, if demanded. On a poll being taken, the decision arrived by poll is final, overruling any decision taken on a show of hands.

Proxies

Pursuant to Section 161 of the Companies Ordinance, 1984 and according to the Memorandum and Articles of Association of the company, every shareholder of the company who is entitled to attend and vote at a general meeting of the company can appoint another person as his / her proxy to attend and vote instead of him / her. Every notice calling a general meeting of the company contains a statement that a shareholder entitled to attend and vote is entitled to appoint a proxy, who ought to be a member of the company.

The instrument appointing a proxy (duly signed by the shareholder appointing that proxy) should be deposited at the registered office of the company not less than forty-eight hours before the meeting.

Web Presence

Updated information regarding the company can be accessed at Packages website, www.packages.com.pk. The website contains the latest financial results of the company together with company's profile, the corporate philosophy and major products.

Shareholding Pattern

The shareholding pattern of the equity share capital of the company as at December 31, 2009 is as follows:

From	Shareholding To	Number of shareholders	Total shares held	From	Shareholding To	Number of shareholders	Total shares held	
1	- 100	1,983	47,496	210,001	- 215,000	1	211,480	
101	- 500	892	261,902	220,001	- 225,000	1	221,210	
501	- 1,000	442	347,407	225,001	- 230,000	1	230,000	
1,001	- 5,000	652	1,530,511	260,001	- 265,000	2	525,251	
5,001	- 10,000	147	1,050,018	275,001	- 280,000	2	555,824	
10,001	- 15,000	74	914,402	295,001	- 300,000	1	300,000	
15,001	- 20,000	34	600,513	300,001	- 305,000	1	304,718	
20,001	- 25,000	34	773,999	305,001	- 310,000	1	307,820	
25,001	- 30,000	18	496,043	360,001	- 365,000	1	363,120	
30,001	- 35,000	12	387,731	420,001	- 425,000	1	423,745	
35,001	- 40,000	9	336,280	435,001	- 440,000	1	439,743	
40,001	- 45,000	6	258,433	440,001	- 445,000	1	440,806	
45,001	- 50,000	12	567,649	450,001	- 455,000	1	451,856	
50,001	- 55,000	7	369,548	505,001	- 510,000	1	509,000	
55,001	- 60,000	4	225,086	510,001	- 515,000	1	513,300	
60,001	- 65,000	5	315,828	530,001	- 535,000	1	533,853	
65,001	- 70,000	6	399,122	600,001	- 605,000	1	600,100	
70,001	- 75,000	2	142,047	645,001	- 650,000	1	648,058	
75,001	- 80,000	3	227,948	710,001	- 715,000	1	711,117	
80,001	- 85,000	2	164,261	810,001	- 815,000	1	814,214	
85,001	- 90,000	1	86,900	830,001	- 835,000	1	831,887	
90,001	- 95,000	4	365,315	835,001	- 840,000	1	837,704	
95,001	- 100,000	2	194,417	990,001	- 995,000	1	990,641	
100,001	- 105,000	2	205,559	1,005,001	- 1,010,000	1	1,008,607	
105,001	- 110,000	1	109,391	1,055,001	- 1,060,000	1	1,057,810	
110,001	- 115,000	3	340,926	1,105,001	- 1,110,000	1	1,108,696	
115,001	- 120,000	2	239,436	1,115,001	- 1,120,000	1	1,116,424	
120,001	- 125,000	1	120,330	1,140,001	- 1,145,000	1	1,140,890	
125,001	- 130,000	2	253,834	1,190,001	- 1,195,000	1	1,193,010	
130,001	- 135,000	1	133,417	1,195,001	- 1,200,000	1	1,198,668	
140,001	- 145,000	1	144,638	1,200,001	- 1,205,000	1	1,202,119	
145,001	- 150,000	2	299,866	1,220,001	- 1,225,000	1	1,224,254	
150,001	- 155,000	4	606,561	1,790,001	- 1,795,000	1	1,791,159	
155,001	- 160,000	2	318,098	2,185,001	- 2,190,000	1	2,186,572	
165,001	- 170,000	1	167,355	3,095,001	- 3,100,000	1	3,097,030	
170,001	- 175,000	1	174,774	3,255,001	- 3,260,000	1	3,256,676	
175,001	- 180,000	2	352,486	3,915,001	- 3,920,000	1	3,917,505	
180,001	- 185,000	2	364,218	4,540,001	- 4,545,000	1	4,541,255	
190,001	- 195,000	1	191,757	4,575,001	- 4,580,000	1	4,578,528	
195,001	- 200,000	2	395,999	4,885,001	- 4,890,000	1	4,887,650	
200,001	- 205,000	1	202,303	19,005,001	- 19,010,000	1	19,007,860	
205,001	- 210,000	2	415,540					
				TOTAL			4,427	84,379,504

Information as required under the Code of Corporate Governance

Shareholders' category	Number of shareholders	Number of shares held
Associated Companies, Undertakings and Related Parties		
GURMANI FOUNDATION	1	1,198,668
PACKAGES LIMITED EMPLOYEES GRATUITY FUND	2	104,494
PACKAGES LIMITED MANAGEMENT STAFF PENSION FUND	2	660,036
TRUSTEES PACKAGES LIMITED EMPLOYEES PROVIDENT FUND	2	2,067,893
M/S BABAR ALI FOUNDATION	1	3,097,030
IGI INSURANCE LIMITED	1	19,007,860
TREET CORPORATION LIMITED	3	380,080
NIT and ICP		
INVESTMENT CORPORATION OF PAKISTAN	1	2,108
NATIONAL BANK OF PAKISTAN, TRUSTEE DEPTT.	2	9,119,783
Directors		
SYED HYDER ALI	2	2,187,175
SYED SHAHID ALI SHAH	2	1,293,716
MR. KHALID YACOB	1	1,023
MR. TOWFIQ HABIB CHINOY	1	20,000
MR. MUJEEB RASHID	1	70,638
SYED ASLAM MEHDI	1	4,781
MR. SHAMIM AHMAD KHAN	1	603
Directors spouses and minor children	NIL	NIL
CEO's spouse and minor children	NIL	NIL
Executives	10	4,802,900
Public Sector Companies and Corporations	5	4,750,873
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modaraba and Mutual Funds	71	14,683,953
Shareholders holding 10% or more voting interest		
IGI INSURANCE LIMITED	1	19,007,860
NATIONAL BANK OF PAKISTAN,TRUSTEE DEPTT.	2	9,119,783

49

S.No.	Shareholders' category	Number of shareholders	Number of shares	Percentage
1	Associated Companies, Undertakings and Related Parties	12	26,516,062	31.43
2	NIT and ICP	3	9,121,891	10.81
3	Directors, CEO and their Spouses	9	3,577,936	4.24
4	Executives	10	4,802,900	5.69
5	Public Sector Companies and Corporations	5	4,750,873	5.63
6	Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modaraba and Mutual Funds	71	14,683,953	17.40
7	Others	139	8,420,599	9.98
8	Individuals	4,178	12,505,290	14.82
		4,427	84,379,504	100.00

Share Price / Volume

The monthly high and low prices and the volume of shares traded on the Karachi Stock Exchange during the financial year 2009 are as under:

Month	Share price on the KSE (Rupees)		Volume of shares traded
	Highest	Lowest	
January	116.69	85.07	3,073,800
February	124.27	108.86	1,575,300
March	193.04	119.77	3,014,000
April	182.62	145.37	6,377,200
May	161.87	139.91	1,888,100
June	166.07	153.04	2,127,200
July	171.67	154.21	3,337,099
August	177.20	151.01	2,220,588
September	169.76	156.53	1,754,488
October	175.89	152.90	3,401,590
November	152.17	143.40	990,116
December	147.14	140.00	2,143,435

Statement of Compliance

with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Karachi, Lahore and Islamabad stock exchanges for the purpose of establishing a framework of good governance.

The company has applied the principles contained in the Code in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes seven independent non-executive directors and none representing minority interests as no minority shareholder offered himself / herself for election.
2. The directors of the company have confirmed that none of them is serving as a director in more than ten listed companies, including this company, except for Mr. Tariq Iqbal Khan who has been specifically exempted by the Securities and Exchange Commission of Pakistan for holding directorship in more than ten listed companies.
3. All the directors have given declaration that they are aware of their duties and powers under the relevant laws and the company's Memorandum and Articles of Association and the listing regulations of the stock exchanges of Pakistan.
4. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
5. Mr. Khalid Yacob is an Executive Director of Packages Limited and he also holds the position of Director in IGI Investment Bank Limited which is the holding company of IGI Finex Securities Limited, a company engaged in the business of stock brokerage. However, Mr. Khalid Yacob undertakes that neither he nor his spouse is personally engaged in the business of stock brokerage.
6. No casual vacancy occurred during the year.
7. The company has issued a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the company.

8. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
9. All the powers of the Board have been duly exercised and decisions on material transactions have been taken by the Board including appointment, determination of remuneration and terms and conditions of employment of Executive Directors.
10. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter during the year. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
11. The company intends to nominate its Executive Directors, one by one, to the Board Development Series Certificate Program of Pakistan Institute of Corporate Governance ("PICG") that will become mandatory effective June 2011.
12. The Board ensures arrangement of orientation courses for its directors to apprise them of their duties and responsibilities and to keep them informed of the enforcement of new laws, rules and regulations and amendments thereof.
13. All material information as required under the relevant rules has been provided to the stock exchanges and to the Securities and Exchange Commission of Pakistan within the prescribed time limit.
14. There were no new appointments of Head of Internal Audit, CFO or Company Secretary during the year. However, all such appointments including their remuneration and terms and conditions of employment are approved by the Board.
15. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
16. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.
17. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
18. The company has complied with all the corporate and financial reporting requirements of the Code.
19. The Board has formed an Audit Committee. It comprises of five members, of whom four are non-executive directors, including the chairman of the committee, and one executive director.
20. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company as required by the code. The terms of reference of the committee have been formed and advised to the committee for compliance.
21. The Board has set-up an effective internal audit function manned by suitably qualified and experienced personnel who are conversant with the policies and procedures of the company and are involved in the Internal Audit function on a full time basis.
22. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
23. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
24. We confirm that all other material principles contained in the code have been complied with.



Towfiq Habib Chinoy
Chairman
Karachi, February 16, 2010

Review Report to the Members

on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Packages Limited ('the company') to comply with the Listing Regulation No. 35, 35 and 36 of the Karachi, Lahore and Islamabad Stock Exchanges, respectively, where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the company personnel and review of various documents prepared by the company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii a) of Listing Regulations 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the company to place before the Board of Directors for their consideration and approval related

party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee.

We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended December 31, 2009.



A.F. Ferguson & Co.
Chartered Accountants
Lahore: February 16, 2010

Engagement Partner: Mr. Muhammad Masood