



United with our greatest strength – DIVERSITY

Highlights of 2010













the art of thinking independently together

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Working the magic with diversity

Company Profile

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.

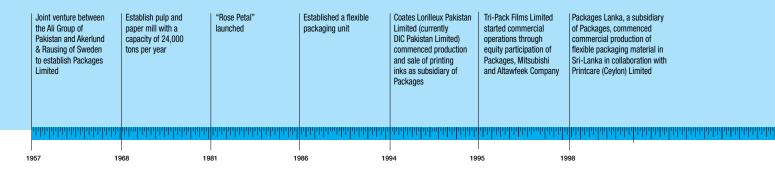
In 1986, the Company established a flexible packaging unit to cater to the increasing demand from consumers for sophisticated packaging used primarily in the food industry.

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.



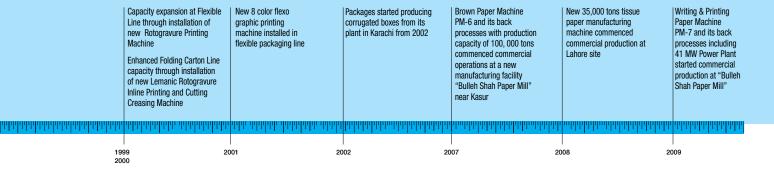
During 1999-2000, Packages successfully completed the expansion of the flexible packaging line by installing a new rotogravure printing machine and enhancing the carton line production capacity by putting up a new Lemanic rotogravure in-line printing and cutting creasing machine. In addition a new 8 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) almost tripling its capacity from 100,000 tons per annum to 300,000 tons per annum. Capacity expansion at Bulleh Shah Paper Mill was completed in two phases. In the first phase, Brown Paper Machine PM-6 along-with high yield straw pulping & OCC plants and its back processes like 11 MW Power House, Gas Turbine and primary Effluent Treatment commenced commercial operations during the year 2007. Second phase comprising of Writing and Printing Paper Machine PM-7, De-inking Pulp Plant, 41MW Power House, Steam Turbine and secondary Effluent Treatment Plant was completed in 2009.

In 2008, the Company embarked upon capacity expansion in its tissue division through installation of a new tissue paper manufacturing machine PM-9 with production capacity of 31,000 tons. With this capacity expansion, the Company is now in a position to take benefit from export potential of tissue products in the international market particularly Middle East.

During 2010, the Company has commenced capacity expansion at its Brown Paper Machine PM-6 to cater for enhanced product demand and to enable production of liquid packaging board at this machine in the coming years.



Process Flow

Photocopy Paper PM-7 (White Paper Machine) Distribution and Direct sales to Local Market Screening and Floating and Dispurging Destarshing Slushing Bleaching cleaning SOP Writing & Printing Distribution and
Direct sales to
Local Market and
Export PM 4 & 9 (Tissue Paper Machine) Wood pulp Converted Tissue Products Slushing Refining Local Market and Export Fluting PM-6 (Brown Paper Machine) Fine Screening Cleaning & Thickening Slushing Coarse Screening 000 Corrugator Division A Liner Screening and Washing Industrial Customers Liquid Packaging Board Cooking Refining Wheat Straw Cleaning PM-1 (White Board Machine Wheat Straw White Bleached Board Local Market Screening & Cleaning Bleaching Cooking & Washing Packaging Division • White Duplex Board Basic Raw Material **Products** Process

Process Flow of Paper & Board and Consumer Product Divisions

The Pakistan Credit Rating Agency (Private) Limited

Rating as on: June 2010

Rating Type	Rating	Comments
Long-Term	AA (Double A)	Very high credit quality. AA ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
Short-Term	A1+ (A One Plus)	Obligations supported by the highest capacity for timely repayment.

Business Divisions

Paper & Paperboard Division

- In 1968, Packages established a pulp and paper mill having capacity of 24,000 tons per year.
- Paper and board production capacity increased to 100,000 tons per year by 2003.
- Company enhanced its capacity to 300,000 tons per annum by investing in a state of the art new paper & board mill "Bulleh Shah Paper Mill" near Kasur in two phases. First Phase was completed in 2007 through installation of Brown Paper Machine PM-6 whereas Second Phase was completed in 2009 with installation of Writing and Printing Paper Machine PM-7.

Key Operations

Paper and Board Division comprises of the following major machines:

- White Board Machine PM-1
- Brown Paper Machine PM-6
- Writing and Printing Paper Machine PM-7.
- Coating Machine
- Core Making Machine

Key Products & Brands

Paper and Board Division produces following products for both internal consumption and external sales:

- Liquid Packaging Board
- Liner and Fluting Paper
- White Duplex Board
- White Bleached Board
- Writing & Printing Paper
- Photocopying Paper

Photocopying Paper is being marketed under the brand names of:

- Copymate
- Copymate Plus.

Copymate is a recycled paper produced out of waste paper while Copymate Plus is a premium quality wood pulp paper.

Key Statistics

Fixed Assets Employed: Rs. 14,662 million

Number of employees: 1,019

Management Structure



Packaging Division

Packages is providing multi-dimensional / multi-product packaging solutions to its clients involved in manufacturing of consumer products. The Packaging Division comprises of three Business Units on the basis of varying packaging material categories namely:

- Folding Cartons
- Flexible Packaging
- Corruwall Products

Folding Cartons

Folding Carton Line was established in 1957 to produce all types of printed / unprinted folding cartons.

Key Products & Operations

Folding Carton Line caters to the demand for duplex board packaging material by using both the rotogravure and offset printing techniques.

Rotogravure Printing

Seven color high speed Rotogravure printing press provides high quality packaging materials to be packed on high-speed packing 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

Offset printing line, equipped with a fleet of multicolor offset printing machines, can provide multiple packaging options for tobacco, food and detergent materials. Specialized operations e.g., hot foil stamping and cup making provide a major competitive edge in the market.

Sectors

Folding Carton Line serves customers in the following sectors:

- Food
- Pharmaceutical
- Tobacco
- Personal care

Key Statistics

Fixed Assets Employed: Rs. 726 million Number of employees: 245

Management Structure



Flexible Packaging

To cater for increasing demand for sophisticated packaging, Company established a Flexible Packaging Unit in 1986 at its Lahore Plant.

Key Products & Operations

Flexible Packaging produces high quality packaging films and laminates providing Flexographic and Rotogravure Printing, Lamination, Extrusion and Bag & Sleeve making.

Flexographic Line

- On flexographic line, up to eight colors flexographic printing can be done on paper, poly-coated paper and films.
- Packages has the ability to print real life images on materials like Polyethylene, OPP, Special paper and Polyester.
- Video Mounter System has eliminated the missregistration from the print.

Rotogravure Printing

- Rotogravure printing section has the latest in-house cylinder making and engraving facilities which are 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

- Business Unit has both solvent base and solvent less laminators that can laminate BOPP, Polyester, Al foil, Met OPP, Met PET and Paper.
- Business Unit also helps customers in developing cost effective laminates to suit their needs.

Extrusion

- Business Unit has its own multi-layer extrusion facility that can extrude polyethylene of different grades and colors.
- Extrusion line 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 flexible line that provides a wide variety of bag constructions such as Side Seal, Double Side Seal, Bottom Seal, Three Side Seal, Bottom Gusset Bags and Side Gusset Bags.

Sectors

Flexible Packaging serves customers in the following sectors:

- Food
- Detergent
- Pharmaceutical
- Soap
- Cigarette
- Cosmetics

Key Statistics

Fixed Assets Employed: Rs. 871 million

Number of employees: 279

Management Structure



Corruwall Products

Packages commenced corrugated cartons manufacturing in 1974. Currently, corrugated cartons are being produced at two production sites i.e. Kasur and Karachi.

Key Products & Operations

Business Unit Corruwall Products involves following manufacturing operations to produce corrugated boxes out of liner and fluting procured from the Company's Paper & Board Division.

Corruwall Sheeting:

 The Corrugator Machine corrugates the fluting paper, applies starch glue and then joins two liner papers using steam heating to produce Corrugated Board. Corrugated Board is then slit, creased and cut into Corruwall Sheets as per dimensions required by the customers.

Printing & Box Making

Corruwall sheets are fed to Flexo Folder Gluer (FFG)
 Machines that print, slot, crease, glue and fold them
 automatically to produce complete Regular Slotted
 Corruwall Containers. In case of stitched corruwall
 containers or die cut trays, only the printing, slotting
 and creasing processes, are performed. Corruwall
 containers produced on FFGs are tied into bundles by
 Auto Strapping Machines.

Sectors

Corrugated cartons, produced in a variety of sizes, are of great value for nationwide distribution of products in following sectors:

- Lubricants
- Tobacco
- Dairy and Food Products
- Textile
- Fruits
- Soap and Detergents
- Electrical and House-hold Appliances

Key Statistics

Fixed Assets Employed: Rs. 461 million

Number of employees: 238

Management Structure



Consumer Products Division

Packages started commercial production of tissue paper in 1981 at Lahore. The Division consists of tissue paper manufacturing and conversion of tissue and paper products. Feminine hygiene products are also produced at this facility.

Operations

- Tissue paper manufacturing is carried out on two machines i.e. PM-4 and PM-9 with production capacities of 26 tons per day and 100 tons per day respectively.
- Conversion consists of making facial box tissue, tissue rolls, napkins, paper cups & plates and sanitary napkins.

Brands

Rose Petal and Tulip are the key brands in our tissue paper business. Sanitary napkins are marketed by the name "Feminex".

Products

Consumer Products Division offers the following product range:

- Facial box tissue
- Toilet roll
- Kitchen towel
- Table napkins
- Tissue paper dispenser
- Paper cups and plates
- Sanitary napkins

Key Statistics

Fixed Assets Employed: Rs 528 million Number of employees: 183

Management Structure

Business Unit Manager
 National Sales Manager
 Senior Brand Manager
 Manager Tissue Conversion
 Manager Tissue Manufacturing

Raw Materials

Based on the broad business segments of Packages Limited- Paper & Board including Tissue and Industrial Packaging, the buying function has been aligned into Fibrous and Non-Fibrous wings respectively which work under the Supply Management function.

Wood Pulps, Wheat Straw, Waste Paper and Chemicals constitute major raw materials for the Paper and Board segment whereas; Polyethylenes, Printing Inks, Packaging Films (BOPP, Polyester film, PVC films) and Solvents constitute major raw materials for the Industrial Packaging segment.

These materials account for approximately 75% of the total buying budget of the Company. Packages prefers to buy materials (both local and Imported) directly from renowned manufacturers with primary focus on quality, delivery and R&D. Being an Environment friendly Company, it is ensured that all of our raw material suppliers also have relevant certifications in Environmental Standards.

The Company buys Soft Wood- Bleached and Unbleached, BCTMP and Hard Wood Pulps from some of the renowned suppliers in the world. Elofhansson Sweden, Domtar, Stora Enso Sweden, Simpson Tacoma and Port Townsend Canada are the mills from where the above variants of Soft Wood Pulp are bought. Hardwood is procured from mills located in Indonesia namely PT-TEL, APP and April whereas main source of BCTMP is Winstone Newzealand and Elofhansson Canada.

On the Packaging side, LDPE, LLDPE and HDPE form the major Polyethylene group materials being procured by Packages Limited. Major suppliers of this group are QAPCO, Dow, Sabic, Exxon Mobil and Petronas. Polyester film, PVC shrink wrap, OPP films constitute the major part of packaging films. Main sources of these supplies are Flex Middle East, Polyplex Thailand and Tri-Pack Films Pakistan. Aluminium foil is mainly procured from Daching, China and Lotte, Korea. A wide range of printing inks like Solvent based, UVA and GPL in a number of different colors are procured on a regular basis from DIC Pakistan. USA, Canada, Middle East, China, and Europe, thus, form the main regions from where Packages procures majority of their raw materials.

Wheat straw is the by product of wheat and is purchased through Company's own purchase centres spread across the wheat growing areas of the country. The wheat straw purchased at the centres is bailed and stored at the centres and transferred to the plant on need basis.

Waste Paper is another major raw material that is being used in the production of recycled paper. Waste Paper is mostly purchased through registered / approved vendors at the waste purchase centres in Karachi and Lahore 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 various countries.

Services

Packages believes that its entire operations have to be in line with the needs of its customers 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 customers' products.

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

- Image setters;
- Plate making devices (CDI, Digital System for Flexo);
- Digital engraving machines.

In the Art and Camera 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 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 processes and the products and are also available for comprehensive testing of paperboard and its products.

There are certain other service departments that are also fueling the operations of the Company and are considered equally important namely:

- Administration
- Industrial Relations
- Human Resource Development
- Finance
- ERP
- Power Services
- Industrial Performance
- Medical Services

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 containers, flexible packaging materials etc. under one roof.

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 make Packages the preferred packaging supplier for multi-national and local companies.

Superior Technology and Quality

Packages has always followed its policy to invest in 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 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 reason 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 meetings 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.

Company Information

Board of Directors

Towfiq Habib Chinoy Chairman

Syed Hyder Ali

Chief Executive & Managing Director

Khalid Yacob

Matti Ilmari Naakka

Muhammad Aurangzeb

Shahid Aziz Siddiqui

Shamim Ahmad Khan

Syed Aslam Mehdi

Syed Shahid Ali

Wazir Ali Khoja

Ali Aslam

Alternate to Matti Ilmari Naakka

Advisor

Syed Babar Ali

Company Secretary

Adi. J Cawasji

Rating Agency

PACRA

Company Rating

Long-Term : AA Short-Term : A1+

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

BankIslami Pakistan 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

Samba Bank Limited

Silk Bank Limited

Standard Chartered Bank (Pakistan) Limited

The Bank of Tokyo - Mitsubishi UFJ, 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

Offices

Registered Office & Regional Sales Office

4th Floor, The Forum,

Suite No. 416 - 422, G-20, Block 9,

Khayaban-e-Jami, Clifton,

Karachi-75600, Pakistan

PABX : (021) 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) 2829411

: (051) 2278632

Fax

Zonal Sales Offices

C-2, Hassan Arcade, Nusrat Road,

Multan Cantt.-60000, Pakistan

Tel. & Fax: (061) 4504553

9th Floor, State Life Building,

: (041) 2540842

2-Liaquat Road,

Tel

Faisalabad, Pakistan

Fax : (041) 2540815

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

: (021) 32427012

: (021) 32425467

FAX. : (021) 32426752

Web Presence

www.packages.com.pk

Board of Directors of the Company



Mr. Towfiq Habib 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, International Industries Limited, International Steels Limited, IGI Investment Bank Limited, Pakistan Centre for Philanthropy 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 has done his Masters in Sciences from Institute of Paper Chemistry and has also served as Mill Manager of Paper and Board operations of the Company. He holds directorship in several other companies including IGI Insurance Limited, Nestle Pakistan Limited, International Steels Limited, Packages Lanka (Private) Limited, Sanofi-Aventis Pakistan Limited and Tri-Pack Films Limited. He is also serving on the Board of certain philanthropic, educational, charitable and business support organizations including Pakistan Centre for Philanthropy, World Wide Fund for Nature, National Management Foundation, Syed Maratib Ali Religious and Charitable Trust and Pakistan Business Council.





Syed Aslam Mehdi

Mr. Mehdi joined the Company in 1980 and currently holds the position of Director and General Manager of the Company. He has a Masters degree in Business Administration from Institute of Business Administration, Karachi and has served Packages Group companies in various capacities over the years. Currently, he also holds directorship of DIC Pakistan Limited and Packages Lanka (Private) 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 is a fellow member of Institute of Chartered Accountants, England & Wales and Institute of Chartered Accountants, Pakistan and has been associated at senior management positions in A.F. Ferguson & Co, Chartered Accountants, Pakistan and Whinney Murray & Co, Chartered Accountants, Riyadh, Saudi Arabia. Mr. Yacob has vast experience in financial planning & budgeting, financial forecasting and analysis, asset investment, taxation, computer services, client development and staff management. He also holds directorship of IGI Investment Bank Limited, IGI Funds Limited, Packages Lanka (Private) Limited and Tri-Pack Films Limited.





Mr. Muhammad Aurangzeb

Mr. Aurangzeb is a Non-Executive Director of the Company and has over 24 years banking experience and has served The Royal Bank of Scotland in various positions including Country Manager Pakistan, CFO Financial Markets Business, Global Head Portfolio Management and Global Head Commercial Client Segment. Currently he is serving as the CEO of J.P. Morgan's Corporate Bank for Asia.



Mr. Wazir Ali Khoja

Mr. Khoja is a NIT nominee Director on Board of Packages Limited. He has over 32 years professional experience in the field of Banking, Finance and Mutual Fund Industry. He is also member on the Boards of other institutions i.e., Bank Al Habib Limited, Fauji Fertilizer Company Limited, Askari Bank Limited, Habib Metropolitan Bank Limited, KSB Pumps Company Limited, Pakistan State Oil, Pak Suzuki Motor Company Limited, Shell Gas LPG (Pakistan) Limited, Sui Northern Gas Pipelines Limited, Sui Southern Gas Company Limited, Pak Telecom Mobile Limited (un-listed) and Sindh Bank Limited.

Syed Shahid Ali

Mr. Ali is 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. He is also actively involved in social and cultural activities and holds senior positions on the governing boards of several hospitals and philanthropic organizations including Gulab Devi Hospital and Liaquat National Hospital.





Mr. Shamim Ahmad Khan

Mr. Khan is associated with the Company as Non-Executive Director. He has served various government organizations in different capacities namely Securities and Exchange Commission of Pakistan and Ministry of Commerce. He has also been engaged with consultancy assignments for Asian Development Bank and other organizations. Mr. Khan also holds directorship of Abbott Laboratories Pakistan Limited and IGI Insurance 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. Shahid Aziz Siddiqui

Mr. Siddiqui is associated with the Company as Non-Executive Director since 2008. He holds a Masters Degree from the Karachi University and a Post Graduate degree in Development Economics from the University of Cambridge UK. He also holds directorship of State Life Insurance Corporation of Pakistan, Sui Southern Gas Company Limited, International Industries Limited, Pakistan Cables Limited, Wyeth Laboratories Limited, Fauji Fertilizer Company Limited and Alpha Insurance. He has also served as Managing Director Rice Export Corporation of Pakistan, Chairman National Highways Authority, Director General Ports and Shipping and Director General Hajj, Embassy of Pakistan,

Management Committees

Executive Committee

Syed Hyder Ali (Executive Director)

Chairman

Syed Aslam Mehdi (Executive Director)

Member

Khalid Yacob (Executive Director)

Member

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.

Audit Committee

Shamim Ahmad Khan (Non-Executive Director)

Chairman

Matti Ilmari Naakka (Non-Executive Director)

Member

Muhammad Aurangzeb (Non-Executive Director)

Member

Syed Shahid Ali (Non-Executive Director)

Member

Wazir Ali Khoja (Non-Executive Director)

Member

Syed Aslam Mehdi (Executive Director)

Member

Adi J. Cawasji (Secretary)

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:

 Determination of appropriate measures to safeguard the Company's assets;

- Review of preliminary announcements of results prior to publication;
- 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.
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the 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;
- 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;
- Consideration of major findings of internal investigations and management's response thereto;
- 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;
- 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;
- Determination of compliance with relevant statutory requirements;
- Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
- Consideration of any other issue or matter as may be assigned by the Board of Directors.

Remuneration and Appointments Committee

Mr.Towfiq Habib Chinoy (Non-Executive Director)

Chairman

Syed Hyder Ali (Executive Director)

Member

Syed Aslam Mehdi (Executive Director)

Member

Asma Javed Secretary

This Committee is responsible for:

- (i) Performance review, succession and 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 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

This 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.
- c) Evaluation of proposed projects and funding thereof.
- d) Investment portfolio analysis and strategic business dimension.

System and Technology Committee

Syed Aslam Mehdi (Executive Director)

Chairman

Khalid Yacob

Member

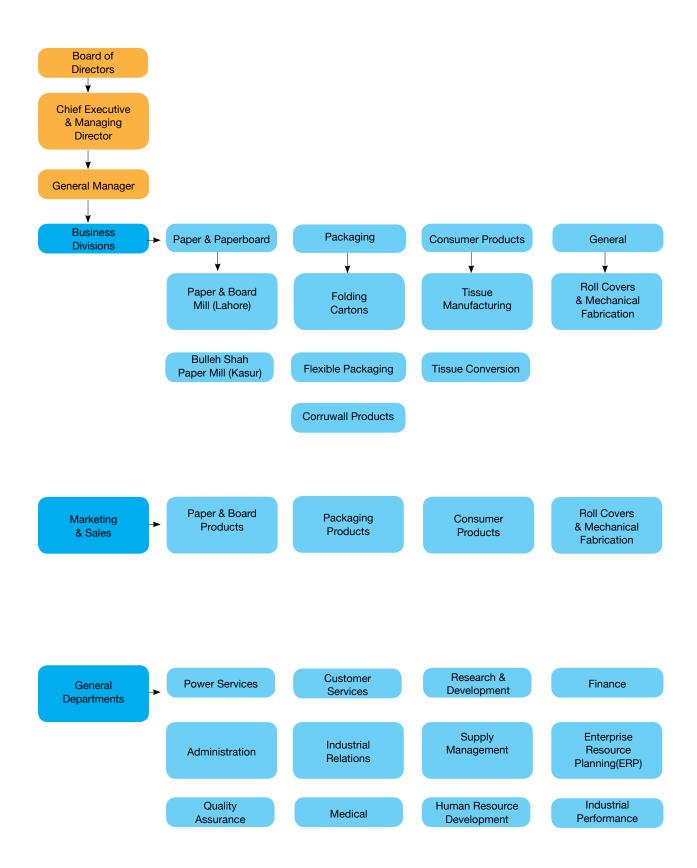
(Executive Director)

Suleman Javed Member

This Committee is responsible for:

- a) Devising the I.T 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 and data archiving solutions to achieve Company's overall goal towards Green Office Project.
- b) Reviewing and recommending information technology proposals suggested by management.
- Promoting awareness of all stakeholders on needs for investment in technology and related research work.
- d) 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



Decade at a Glance

(Rupees in million) Assets Employed:	2010	2009	2008	
Fixed Assets at Cost	26,996	26,821	17,634	
Accumulated Depreciation / Amortization	9,101	7,605	6,323	
Net Fixed Assets	17,895	19,217	11,311	
Capital Work-in-Progress	753	66	8,155	
Other Non-Current Assets	12,442	8,347	8,645	
Current Asset	8,534	7,979	6,923	
Current Liabilities	2,421	1,743	5,617	
Net Current and Other Non-Current Assets	18,555	14,583	9,952	
Net Assets Employed	37,204	33,865	29,418	
Financed By:		,	-, -	
Paid up Capital	844	844	844	
Reserves	24,480	20,967	15,429	
Preference Shares / Convertible Stock Reserve	1,606	1,606	-	
Shareholder's Equity	26,930	23,417	16,273	
Deferred Liabilities	2,317	2,478	841	
Long-Term Finances	7,956	7,971	12,304	
Total Non-Current Liabilities	10,274	10,448	13,145	
Total Funds Invested	37,204	33,865	29,418	
Invoiced Sales	21,837	16,533	14,301	
Materials Consumed	10,211	8,685	7,639	
Cost of Goods Sold	17,740	13,736	11,281	
Gross Profit	795	307	943	
Employees Remuneration	1,502	1,229	1,033	
(Loss) / Profit From Operations	(104)	* (384)	405	
(Loss) / Profit Before Tax	(317)	5,770	(308)	
(Loss) / Profit After Tax	(332)	4,064	(196)	
EBITDA (from operations)	1,242	719	955	
Key Ratios:				
Profitability				
Return on Capital Employed (%)	2.66	** (0.27)	4.80	
Gross Profit Ratio (%)	3.64	1.86	6.60	
Profit Before Tax (%)	(1.45)	34.90	(2.15)	
EBITDA Margin to Sales (%)	5.68	4.34	6.68	
Return on Assets	(0.01)	0.11	(0.01)	
Total Assets Turnover Ratio	0.55	0.46	0.41	
Fixed Assets Turnover Ratio	1.22	0.86	1.26	
Liquidity				
Current Ratio	3.52	4.58	1.23	
Quick Ratio	1.57	1.72	0.43	
Inventory Turnover (Days)	80	103	95	
Debtor Turnover (Days)	27	39	39	
Creditor Turnover (Days)	26	25	31	
Operating Cycle (Days)	81	117	103	
Gearing				
Debt : Equity Ratio	23:77	25:75	44:56	
Return on Equity (%)	(1.23)	(13.05)	(1.20)	
	(1.20)	(10.00)	(1.20)	
Investment	(0.04)	10.10	(0.00)	
Basic EPS (Rs.)	(3.94)	48.16	(2.32)	
Diluted EPS (Rs.)	(3.94)	44.72	(2.32)	
Price - Earning Ratio	(32.65)	2.99	(34.98)	
Interest Cover Ratio	0.74	5.55	0.81	
Dividend Yield (%)	2.53	2.26	-	
Dividend Cover Ratio	(1.21)	14.82	-	
Cash Dividend (%)	32.50	32.50	-	
Stock Dividend (%) Proofs up Value Par Ordinans Share (Pa.)	- 200.10	250.40	100.05	
Break-up Value Per Ordinary Share (Rs.)	300.12	258.49	192.85	
Market Value Per Ordinary Share - Year End (Rs.)	128.61	144.00	81.19	

^{*} Excluding impairment charged on available for sale investments
** Excluding effect of capital gain and impairment loss, if any, for comparison

	2007	2006	2005	2004	2003	2002	2001
15,	 890	8,074	7,659	7,248	6,882	6,512	5,774
	502	4,984	4,633	4,277	3,928	3,547	3,131
10,		3,090	3,026	2,971	2,954	2,965	2,643
7	801	10,143	3,266	330	345	197	445
	413	6,026	770	749	685	601	536
	837	3,414	4,559	2,425	2,171	2,187	2,530
	965	2,312	2,336	1,749	1,098	1,700	2,043
	285	7,128	2,993	1,425	1,757	1,088	1,023
	473	20,361	9,285	4,726	5,056	4,251	4,112
·		,	·	•	·	·	•
	734	699	699	475	475	475	475
17,	437	12,974	7,037	3,716	3,157	2,344	2,021
	-	-	-	-	-	-	-
18,		13,673	7,736	4,192	3,633	2,819	2,497
	956	688	547	527	567	481	534
	347	6,000	1,001	6	857	950	1,081
	302	6,688	1,548	534	1,423	1,431	1,615
	473	20,361	9,285	4,726	5,056	4,251	4,112
	540	9,028	8,163	6,893	6,293	5,361	5,158
	108	4,247	3,521	2,710	2,263	1,926	1,912
	829	6,552	5,746	4,678	4,242	3,672	3,549
	199	1,295	1,353	1,309	1,194	950	891
	835	758	651 902	576	551	507	471
	588 633	758 6,348		789	718 1,037	474 797	474 514
	326		1,330 1,015	1,187 958	814	655	425
	320 167	6,101 1,098	1,217	1,246	1,138	885	900
.,		1,000	.,	1,210	1,100		
** 6	3.25	** 13.81	21.63	27.37	27.90	23.78	19.01
	1.38	14.34	16.57	18.98	18.97	17.71	17.28
	3.96	70.31	16.29	17.21	16.48	14.87	9.97
	1.08	12.17	14.91	18.07	18.09	16.50	17.45
).13	0.27	0.09	0.15	0.13	0.11	0.07
).32	0.40	0.70	1.06	1.02	0.90	0.84
	1.01	2.92	2.70	2.32	2.13	1.81	1.95
		2.02	2.7.0	2.02			1,00
	2.46	1.48	1.95	1.39	1.98	1.29	1.24
().97	0.55	1.30	0.54	0.88	0.59	0.80
	90	78	71	76	74	81	72
	45	33	35	34	33	37	42
	44	37	26	30	30	32	44
	91	74	80	80	77	86	70
Λ):60	30:70	11:89	00:100	19:81	25:75	30:70
	1.39	14.80	13.12	22.84	22.39	23.25	17.02
	1.09	14.00	10.12	22.04	22.59	20.20	17.02
58	3.96	87.30	16.24	19.68	17.11	13.79	8.94
	-	- 2.41	-	- 10.10	- 0.01	- 6.40	- 6.77
	5.17	2.41	12.44	10.10	9.81	6.42	6.77
l C	3.84	92.93	9.18	9.93	8.03	5.61	2.95
	-	2.86	2.97 2.42	4.27 2.37	5.06 2.01	7.91	7.44 1.99
	-	14.55 60.00	60.00	85.00	85.00	1.97 70.00	45.00
-16	5.00	5.00	- 60.00	85.00	85.00	70.00	45.00
	7.65	195.66	110.71	88.18	76.42	59.31	52.52
	3.80	210.00	202.00	198.85	167.90	88.50	60.50
303		210.00	202.00	190.00	107.90	00.00	00.00

Horizontal & Vertical Analysis

Horizontal Analysis

(Balance Sheet)

(Rupees In Million)

(Hupees III Willion)											
	2010 Rs.	10 vs 09 %	2009 Rs.	09 vs 08 %	2008 Rs.	08 vs 07 %	2007 Rs.	07 vs 06 %	2006 Rs.	06 vs 05 %	2005 Rs.
ASSETS											
NON-CURRENT ASSETS											
Property, plant and equipment	17,861	(6.78)	19,161	69.79	11,285	8.92	10,361	237.38	3,071	2.48	2,997
Intangible assets	2.39	1,645.99	0.14	(43.15)	0.24	(33.61)	0.36	(85.66)	2.53	(52.23)	5.30
Investment property	32	(42.91)	55	118.77	25	(2.92)	26	80.65	14	(6.23)	15
Assets subject to finance lease	-	` -	-	-	-	-	-	(100.00)	2	(77.85)	9
Capital work-in-progress	753	1,048.75	66	(99.20)	8,155	4.55	7,801	(23.09)	10,143	210.62	3,266
Investments	12,219	50.86	8,099	(3.15)	8,362	(17.04)	10,080	74.53	5,776	732.74	694
Long-term loans and deposits	128	(7.99)	140	(10.01)	155	(36.48)	244	35.18	181	1,014.93	16
Retirement benefits	95	(12.37)	108	(15.38)	128	44.48	88	26.44	70	15.78	60
CURRENT ASSETS											
Stores and spares	1,050	20.55	871	3.50	841	17.55	716	47.39	486	19.20	407
Stock-in-trade	3,669	(10.56)	4,102	12.32	3,652	65.55	2,206	33.94	1,647	43.98	1,144
Trade debts	1,643	(6.22)	1,752	15.05	1,523	18.16	1,289	56.96	821	4.65	785
Loans, advances, deposits, prepayments	·	` ,	,		,		,				
and other receivables	1,031	29.34	797	15.23	692	31.72	525	48.63	354	74.43	203
Cash and bank balances	1,140	150.18	456	128.79	199	97.17	101	(5.32)	107	(94.72)	2,020
Non-current assets classified as held-for-sale								(/		, ,	,
- investment in related party	-	-	-	(100.00)	15	100.00	-	-	-	-	-
TOTAL	39,625	11.28	35,608	1.64	35,035	4.77	33,438	47.48	22,673	95.12	11,620

Vertical Analysis

(Balance Sheet)

(Rupees In Million)

(Hupees III Willion)	-	2010	2	2009	2	2008	2	007		2006	2	2005
	Rs.	%										
ASSETS												
NON-CURRENT ASSETS												
Property, plant and equipment	17,861	45.07	19,161	53.81	11,285	32.22	10,361	30.99	3,071	13.55	2,997	25.79
Intangible assets	2.39	0.01	0.14	0.00	0.24	0.00	0.36	0.00	2.53	0.01	5.30	0.05
Investment property	32	0.08	55	0.16	25	0.07	26	0.08	14	0.06	15	0.13
Assets subject to finance lease	-	-	-	-	-	-	-	-	2	0.01	9	0.07
Capital work-in-progress	753	1.90	66	0.18	8,155	23.28	7,801	23.33	10,143	44.74	3,266	28.10
Investments	12,219	30.84	8,099	22.75	8,362	23.87	10,080	30.15	5,776	25.47	694	5.97
Long-term loans and deposits	128	0.32	140	0.39	155	0.44	244	0.73	181	0.80	16	0.14
Retirement benefits	95	0.24	108	0.30	128	0.36	88	0.26	70	0.31	60	0.52
CURRENT ASSETS												
Stores and spares	1,050	2.65	871	2.45	841	2.40	716	2.14	486	2.14	407	3.51
Stock-in-trade	3,669	9.26	4,102	11.52	3,652	10.42	2,206	6.60	1,647	7.26	1,144	9.85
Trade debts	1,643	4.15	1,752	4.92	1,523	4.35	1,289	3.85	821	3.62	785	6.75
Loans, advances, deposits, prepayments												
and other receivables	1,031	2.60	797	2.24	692	1.98	525	1.57	354	1.56	203	1.74
Cash and bank balances	1,140	2.88	456	1.28	199	0.57	101	0.30	107	0.47	2,020	17.38
Non-current assets classified as held-for-sale												
- investment in related party	-	-	-	-	15	0.04	-	-	-	-	-	
TOTAL	39,625	100.00	35,608	100.00	35,035	100.00	33,438	100.00	22,673	100.00	11,620	100.00

Horizontal Analysis

(Balance Sheet)

(Rupees In Million)

(Rupees in Million)											
EQUITY & LIABILITIES	2010 Rs.	10 vs 09 %	2009 Rs.	09 vs 08 %	2008 Rs.	08 vs 07 %	2007 Rs.	07 vs 06 %	2006 Rs.	06 vs 05 %	2005 Rs.
SHARE CAPITAL & RESERVES											
Issued, subscribed and paid up capital	844	-	844	-	844	15.00	734	5.00	699	-	699
Reserves	24,219	41.64	17,099	9.44	15,625	19.18	13,110	90.77	6,872	14.13	6,021
Preference shares / convertible stock	1,606	-	1,606	100.00	-	-	-	-	-	-	-
Unappropriated profit / (loss)	261	(93.24)	3,868	2,075.28	(196)	(104.53)	4,327	(29.09)	6,102	500.46	1,016
NON-CURRENT LIABILITIES											
Long-term finances	7,956	(0.18)	7,971	(35.22)	12,304	(0.34)	12,347	105.78	6,000	500.00	1,000
Liabilities against assets subject											
to finance lease	-				-	-	-		-	(100.00)	1
Deferred liabilities	2,317	(6.48)	2,478	194.71	841	(12.03)	956	38.83	688	25.75	547
CURRENT LIABILITIES											
Current portion of long-term finances	14	100.00	-	(100.00)	550	100.00	-	(100.00)	1	(83.50)	5
Finances under mark up arrangements - secured	141	63.28	86	(96.66)	2,588	545.31	401	(68.69)	1,281	(20.08)	1,603
Derivative foreign currency forward options	-	-	-	-	-	-	-	-	-	(100.00)	91
Trade and other payables	2,266	36.81	1,656	13.29	1,462	(6.55)	1,564	51.80	1,031	66.42	619
Provision for taxation	-	-	-	-	-	-	-	-	-	(100.00)	18
Liabilities directly associated with non-current											
assets classified as held-for-sale											
-advance against sale of shares	-	-	-	(100.00)	1,017	100.00	-	-	-	-	-
TOTAL	39,625	11.28	35,608	1.64	35,035	4.77	33,438	47.48	22,673	95.12	11,620

Vertical Analysis

(Balance Sheet)

(Rupees In Million)

	2	2010	2	2009	2	.008	2	007		2006	2	005
EQUITY & LIABILITIES	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
SHARE CAPITAL & RESERVES												
Issued, subscribed and paid up capital Reserves	844 24,219	2.13 61.11	844 17,099	2.37 48.03	844 15,625	2.41 44.60	734 13,110	2.19 39.21	699 6,872	3.08 30.31	699 6,021	6.01 51.83
Preference shares / convertible stock Unappropriated profit / (loss)	1,606 261	4.05 0.66	1,606 3,868	4.51 10.86	(196)	(0.56)	4,327	12.94	6,102	26.91	1,016	8.74
NON-CURRENT LIABILITIES												
Long-term finances Liabilities against assets subject	7,956	20.08	7,971	22.38	12,304	35.12	12,347	36.92	6,000	26.46	1,000	8.61
to finance lease Deferred liabilities	2,317	5.85	2,478	6.96	841	2.40	956	2.86	688	3.04	1 547	0.01 4.71
CURRENT LIABILITIES												
Current portion of long-term finances Finances under mark up arrangements - secured Derivative foreign currency forward options	14 141 -	0.04 0.36	- 86	0.24	550 2,588	1.57 7.39	- 401 -	1.20	1 1,281	0.00 5.65	5 1,603 91	0.04 13.79 0.78
Trade and other payables Provision for taxation	2,266	5.72	1,656 -	4.65	1,462	4.17	1,564 -	4.68	1,031 -	4.55	619 18	5.33 0.15
Liabilities directly associated with non-current assets classified as held-for-sale -advance against sale of shares	_	-		-	1,017	2.90	-	-	-	-	-	-
TOTAL	39,625	100.00	35,608	100.00	35,035	100.00	33,438	100.00	22,673	100.00	11,620	100.00

Horizontal Analysis

(Profit and Loss Account)

(Rupees In Million)

(Haposo III IIIIII III)											
	2010 Rs.	10 vs 09 %	2009 Rs.	09 vs 08 %	2008 Rs.	08 vs 07 %	2007 Rs.	07 vs 06 %	2006 Rs.	06 vs 05 %	2005 Rs.
Local sales Export sales	20,598 1,239	30.57 63.58	15,776 758	15.17 25.62	13,698 603	32.15 245.07	10,365 175	16.87 10.04	8,869 159	10.01 57.03	8,062 101
Gross sales	21,837	32.08	16,533	15.61	14,301	35.68	10,540	16.75	9,028	10.59	8,163
Sales tax and excise duty Commission	(3,267) (35)	32.46 49.26	(2,466) (23)	19.92 19.11	(2,056) (20)	36.99 94.17	(1,501) (10)	28.04 14.10	(1,172) (9)	11.16 (7.24)	(1,055) (10)
Net sales Cost of sales	18,536 (17,740)	31.99 29.15	14,044 (13,736)	14.88 21.76	12,225 (11,281)	35.40 44.09	9,029 (7,829)	15.06 19.50	7,847 (6,552)	10.53 14.03	7,099 (5,746)
Gross profit	795	158.82	307	(67.42)	943	(21.34)	1,199	(7.36)	1,295	(4.31)	1,353
Administrative expenses Distribution and marketing costs Other operating expenses Other operating income	(521) (566) (15) 202	11.48 27.34 (87.21) (47.48)	(468) (444) (119) 385	(8.71) 22.57 36,530.25 14.34	(512) (362) - 337	47.15 50.79 (99.78) 175.78	(348) (240) (145) 122	(0.53) 6.55 (31.87) (51.51)	(350) (226) (213) 252	0.97 15.50 128.62 36.45	(347) (195) (93) 185
Impairment charged on available for sale investment	_	(100.00)	(1,794)	100.00	_	-	_	-	_	-	-
(Loss) / profit from operations Finance costs	(104) (1,210)	(95.11) (5.33)	(2,132) (1,278)	(625.95) (23.08)	405 (1,662)	(31.02) 352.42	588 (367)	(22.44) 365.57	758 (79)	(16.05) (57.47)	902 (186)
Investment income	997	(89.14)	9,180	867.44	949	(78.50)	4,413	(22.16)	5,669	824.75	613
(Loss) / profit before tax	(317)	(105.50)	5,770	(1,973.91)	(308)	(106.65)	4,633	(27.02)	6,348	377.31	1,330
Taxation	(15)	(99.12)	(1,706)	(1,622.03)	112	(136.50)	(307)	24.26	(247)	(21.46)	(315)
(Loss) / profit for the year	(332)	(108.18)	4,064	(2,175.28)	(196)	(104.53)	4,326	(29.09)	6,101	500.85	1,015
EPS - basic	(3.94)		48.16		(2.32)		51.27		83.15		-
EPS - diluted	(3.94)		44.72		-		-		-		-

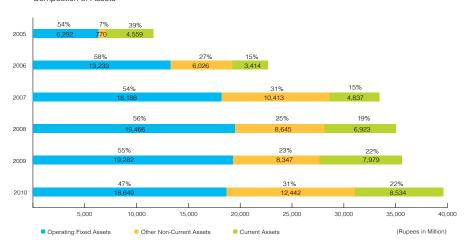
Vertical Analysis

(Profit and Loss Account)

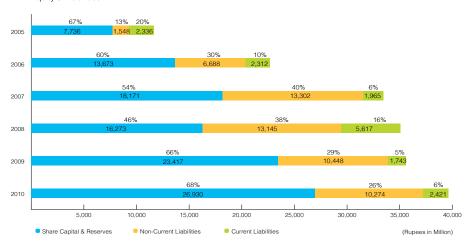
(Rupees In Million)

	2	010	2	2009	2	2008	2	007	:	2006	2	005
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Local sales	20,598	94.33	15,776	95.42	13,698	95.78	10,365	98.34	8,869	98.24	8,062	98.76
Export sales	1,239	5.67	758	4.58	603	4.22	175	1.66	159	1.76	101	1.24
Gross sales	21,837	100.00	16,533	100.00	14,301	100.00	10,540	100.00	9,028	100.00	8,163	100.00
Sales tax and excise duty	(3,267)	(14.96)	(2,466)	(14.92)	(2,056)	(14.38)	(1,501)	(14.24)	(1,172)	(12.99)	(1,055)	(12.92)
Commission	(35)	(0.16)	(23)	(0.14)	(20)	(0.14)	(10)	(0.10)	(9)	(0.10)	(10)	(0.12)
Net sales	18,536	84.88	14,044	84.94	12,225	85.48	9,029	85.66	7,847	86.91	7,099	86.96
Cost of sales	(17,740)	(81.24)	(13,736)	(83.08)	(11,281)	(78.89)	(7,829)	(74.28)	(6,552)	(72.57)	(5,746)	(70.39)
Gross profit	795	3.64	307	1.86	943	6.60	1,199	11.38	1,295	14.34	1,353	16.57
Administrative expenses	(521)	(2.39)	(468)	(2.83)	(512)	(3.58)	(348)	(3.30)	(350)	(3.88)	(347)	(4.25)
Distribution and marketing costs	(566)	(2.59)	(444)	(2.69)	(362)	(2.53)	(240)	(2.28)	(226)	(2.50)	(195)	(2.39)
Other operating expenses	(15)	(0.07)	(119)	(0.72)	(0)	(0.00)	(145)	(1.38)	(213)	(2.36)	(93)	(1.14)
Other operating income	202	0.93	385	2.33	337	2.36	122	1.16	252	2.79	185	2.26
Impairment charged on available for												
sale investment	-	-	(1,794)	(10.85)	-	-	-	-	-	-	-	-
(Loss) / profit from operations	(104)	(0.48)	(2,132)	(12.89)	405	2.83	588	5.57	758	8.39	902	11.05
Finance costs	(1,210)	(5.54)	(1,278)	(7.73)	(1,662)	(11.62)	(367)	(3.49)	(79)	(0.87)	(186)	(2.27)
Investment income	997	4.57	9,180	55.52	949	6.64	4,413	41.87	5,669	62.80	613	7.51
(Loss) / profit before tax	(317)	(1.45)	5,770	34.90	(308)	(2.15)	4,633	43.96	6,348	70.31	1,330	16.29
Taxation	(15)	(0.07)	(1,706)	(10.32)	112	0.78	(307)	(2.91)	(247)	(2.74)	(315)	(3.85)
(Loss) / profit for the year	(332)	(1.52)	4,064	24.58	(196)	(1.37)	4,326	41.04	6,101	67.58	1,015	12.44
EPS - basic	(3.94)		48.16		(2.32)		51.27		83.15		16.24	
EPS - diluted	(3.94)		44.72		-		-		-		-	

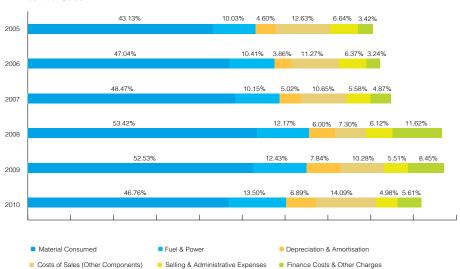
Compostion of Assets



Equity & Liabilities



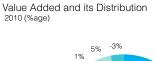
Profit & Loss - Breakup of Major Expenses as % of Sales

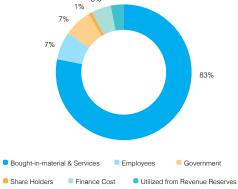


Value Added and its Distribution

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

(Rupees in thousand)	2010		2009		2008	
Wealth Generated						
Sales Dividend Income Other Income - net of Impairment	21,837,433 946,292 253,336		16,533,288 313,087 7,458,058		14,300,923 948,879 336,965	
	23,037,061	100%	24,304,433	100%	15,586,767	100%
Wealth Distributed						
Bought-in-materials & Services	19,014,938	83%	16,547,104	68%	12,390,665	79%
To Employees						
Remuneration, benefits and facilities	1,502,465	7%	1,228,876	5%	1,032,834	7%
To Government						
Income Tax, Sales Tax, Custom & Excise Duties, Workers' Funds, EOBI & Social Security Contribution, Professional & Local Taxes	1,641,760	7%	1,186,096	5%	696,999	4%
To Providers of Capital						
Cash dividend to the ordinary shareholders Finance costs	274,233 1,210,323	1% 5%	274,233 1,278,433	1% 5%	- 1,662,094	- 11%
(Utilized) / Retained for Reinvestment & Future Growth						
(Utilized from) / Transferred to revenue reserves	(606,658)	-3%	3,789,691	16%	(195,825)	-1%
	23,037,061	100%	24,304,433	100%	15,586,767	100%





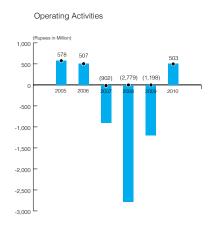
Annual Report of Packages Limited 2010

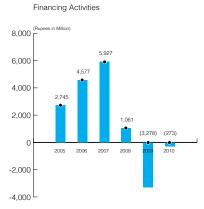
Sources and Application of Funds

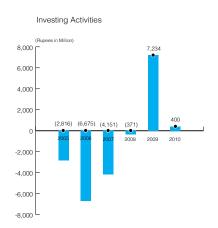
Over the last six years

-			
(Rupe	es in	thous	sand

(Rupees in thousand)						
	2010	2009	2008	2007	2006	2005
Cash flow from operating activities						
Cash generated from / (used in) operations	2,048,790	618,112	(708,816)	326,117	774,099	1,110,401
Finance cost paid	(988,292)	(1,479,667)	(1,800,985)	(1,051,738)	(38,270)	(163,273)
Taxes paid	(490,263)	(285,615)	(220,937)	(139,191)	(194,335)	(334,969)
Payments for accumulating compensated absences	(16,805)	(6,971)	(12,268)	(6,783)	(7,299)	(7,199)
Retirement benefits paid	(50,488)	(44,236)	(35,564)	(30,339)	(27,384)	(27,215)
Net cash generated from / (used in) operating activities	502,942	(1,198,377)	(2,778,570)	(901,934)	506,811	577,745
Cash flow from investing activities						
Fixed capital expenditure	(633,758)	(972,975)	(2,447,617)	(4,841,392)	(7,325,683)	(3,408,463)
Investment	50,968	(10,000)	-	(12,903)	(20,504)	
Advance against disposal of investments	-	-	1,017,150	-	-	-
Net decrease / (increase) in long-term loans and deposits	11,148	15,525	89,064	(63,548)	(164,418)	(10,360)
Proceeds from disposal of property, plant and equipment	25,034	23,543	21,252	48,401	12,493	17,376
Proceeds from disposal of investments	-	7,865,000	-	71,428	-	9,360
Dividends received	946,292	313,087	948,879	646,650	822,990	576,262
Net cash generated from / (used in) investing activities	399,684	7,234,180	(371,272)	(4,151,364)	(6,675,122)	(2,815,825)
Cash flow from financing activities						
Payment of long-term finances	-	(7,354,400)	-	-	-	(1,454,870)
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)
Proceeds from issuance of ordinary shares	-	-	=	-	-	3,006,788
Dividend paid	(272,938)	-	-	(418,194)	(417,914)	(402,496)
Net cash (used in) / generated from financing activities	(272,938)	(3,277,948)	1,061,208	5,927,455	4,576,927	2,744,621
Net increase / (decrease) in cash and cash equivalents	629,688	2,757,855	(2,088,634)	874,157	(1,591,384)	506,541
Cash and cash equivalents at the beginning of the year	369,224	(2,388,631)	(299,997)	(1,174,154)	417,230	(89,311)
Cash and cash equivalents at the end of the year	998,912	369,224	(2,388,631)	(299,997)	(1,174,154)	417,230









Vision, Mission and Policies

Vision

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.

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 feed back 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 endeavours to set the highest standards in corporate ethics in serving the society.

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.
- Conserve raw materials including energy, water and avoid waste.
- Ensure that all its present and future activities are conducted safely, without endangering health of its employees, its customers and the public.
- Develop plans and procedures and provide resources to successfully implement this policy and for dealing effectively with any emergency.
- 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 evaluation 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

Corporate social responsibility is now part of the business process. Companies manage the business processes to produce an overall positive impact on society. We at Packages believe in building strong relationships with multiple stakeholders and the communities in which we operate. Many initiatives have been taken to impact positively to the environment and social welfare of the country.

Economy

The Company makes valuable contribution towards the development of rural and national economy by utilizing agricultural by-products in production process, distributing its products in the international market, offering employment opportunities and contributing duties and taxes to the country's taxation system as enumerated below:

- We procure wheat straw that is being used as raw
 material for paper and board manufacturing from
 farmers thus giving them utility of their agricultural byproduct. Wheat straw procurement is being conducted
 through a network of purchase centres located across
 the country in wheat growing areas. Currently, we
 procure approximately 80,000 tons of wheat straw
 annually.
- The Company also produces writing and printing paper using waste paper as raw material thus reducing

not only pressure on forestry but also contributing to environmental cleanliness and providing income source to low income masses. With increased production capacity, we have an annual local waste paper requirement of 90,000 tons that is also being collected through purchase centres.

- The Company is also increasing its presence in the international market and has registered exports of Rs. 1,239 million during the year ended December 31, 2010 thus contributing positively to the national exchequer.
- During the financial year 2010, the Company has contributed Rs. 1,641.76 million towards the national exchequer on account of taxes, duties and levies.
- With respect to employment opportunities, there are 2,999 employees who are directly serving the Company and earning the livelihood of their families.

Social Services

We are committed to extending a helping hand to distressed communities of society, whenever needed. During the current year, our country suffered a flood of catastrophic magnitude that claimed many human lives across the country. Considering its social responsibility towards the nation, the Company and its employees have collectively

donated approximately Rs. 5.39 million for immediate relief and rehabilitation of the affected persons. Moreover, corrugated boxes were also donated to various organizations for easy and safe transport of the relief goods to the affected areas.

The Company has also established a Maternity & Child Health Care Centre near its new manufacturing facility "Bulleh Shah Paper Mill"- Kasur to provide health care benefits to the women and children of surrounding areas.

Safety and Health

One of the Corporate Objectives of the Company is to provide safe and healthy work place to its employees and other stakeholders. The Company commenced its formal safety program in 2006 in which safety risk assessments were conducted for all the departments as a first step. The main safety procedures and forms for all the major manufacturing facilities have been developed; these include Risk assessment procedures, Confined spaces, Permit to work procedures, Working at height, Special jobs, Personnel protective equipment, Emergency response procedures, Incident investigation procedures etc. We also maintain loss time incident and loss time accident reports based on OHSAS and IFC guidelines.

Packages has its own ticketing system for behavioral based safety and safety audit plan for both its sites. It carries both external and internal trainings regarding occupational health and safety. We hosted the safety conference 2009 in Lahore in which members from various multinationals, sister concerns and safety intensive industries were invited. We plan to get certified on OHSAS 18001:2007 by the end of 2011 both for Lahore and Kasur Plants.

Employee Welfare

To ensure efficient and healthy working environment, the Company invests in providing various benefits to its employees including the following:

Medical Services

In 1965, a medical centre was established to provide comprehensive medical coverage to the executive employees of the Company and their families where a team of senior doctors including a lady doctor are available to provide medical care to the patients. Medical centre also offers a mini operation theatre, pathology laboratory and a pharmacy.

Trainings

Packages Limited has an adequate training program in place for its employees revolving around both international and local trainings. Under the programme, employee training needs are periodically reviewed and various in-house and customized training programmes are arranged for production, marketing, human resource, supply management and finance people. During the current year, Company has spent approximately Rs. 13.01 million on training of its employees.

Packages Limited is also recognized as a training organization as it is one of the platinum rated training providers for 'Association of Chartered Certified Accountants (ACCA),UK. We also provide necessary apprenticeship to industrial diploma holders in production departments of the Company.

Fair Price Shop

The Company offers fair price shop facility to its employees to ensure availability of basic food and related items at affordable prices. The shop operates on a "No Profit" basis while certain products including pulses are available to workers at subsidized prices.

Scholarships

We are playing our part in securing the nation's future by offering merit scholarships to the children of its employees to compensate for increasing educational expenditure. These scholarships are monetary reimbursements that vary with the level of education thus guaranteeing that students deserving of attaining higher education are not deprived due to financial restraints.

Sports and Festivals

The Company also invests in employee health and has a Sports Complex in place for indoor games like Badminton, Squash and Table Tennis etc and a Gymnasium with state of the art fitness equipment.

The Company also organizes a Women and Children Mela for the local community every year. We have also sponsored various cultural, philanthropic, educational and sports events during the year with annual spending of Rs. 7.19 million to promote these activities in the country. Packages Limited also invests in promotion of our National Sport 'Hockey' by organizing Jaffer Memorial Hockey Tournament on annual basis at school level.

Environment

With respect to environment, Packages Limited's objective is to minimize impact of operations on the environment through technological innovation and process efficiencies. The Company has taken a number of initiatives over the years to achieve top position as environment friendly Paper and Board Mill. Significant initiatives include:

- Having latest industrial waste management technology through installation of Effluent Treatment Plant worth
 Rs. 476 million at its new manufacturing facility i.e.
 "Bulleh Shah Paper Mill" thus offering clean environment to the people of surrounding areas.
- Producing writing and printing paper out of waste paper through De-inking Plant thus reducing pressure on forestry.
- Subscribing to Green Office Project of World Wide Fund for Nature and being the first Company in Pakistan to be awarded Green Office Diploma in manufacturing sector. Green Office aims at reducing office waste including paper consumption and electricity usage.
- Using agriculture by-product 'wheat straw' as raw material for paper and board manufacturing thus contributing to greener earth.

Moving forward, the Company will keep on exemplifying its organizational values in a range of corporate initiatives designed to integrate social and environmental concerns into a business model.

Employee Wellness Barometer

		Ma	anagers	Exec	utives	Unioni	zed Staff	Contract	Employees	Gran	d Total
Parameter	Specification	Nos	%age	Nos	%age	Nos	%age	Nos	%age	Nos	%age
Residence	Rented	6	5%	239	25%	255	18%	80	16%	580	19%
	Owned	112	95%	716	75%	1,187	82%	436	84%	2,451	81%
Gas & Electricity	Gas	-	-	4	0%	17	1%	3	1%	24	1%
	Electricity	-	-	149	16%	477	33%	186	36%	812	27%
	Gas & Electricity	118	100%	802	84%	948	66%	327	63%	2,195	72%
Telephone											
(Fixed Line)	Yes	118	100%	674	71%	623	43%	340	66%	1,755	58%
	No	-	-	281	29%	819	57%	176	34%	1,276	42%
Conveyance	Motor Car	118	100%	259	27%	24	2%	64	12%	465	15%
•	Motor Cycle	-	-	430	45%	587	41%	160	31%	1,177	39%
	Others	-	-	266	28%	831	57%	292	57%	1,389	46%
Computer	Yes	118	100%	475	50%	253	18%	174	34%	1,020	34%
•	No	-	-	480	50%	1,189	82%	342	66%	2,011	66%

Based on 2010 statistics

Notice of Annual General Meeting

Notice is hereby given that the 56th Annual General Meeting of Packages Limited will be held at the Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi on Wednesday, April 20, 2011 at 10.30 a.m. to transact the following ordinary business:

- 1. To confirm the minutes of the previous Annual General Meeting of the Company held on April 20, 2010.
- 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, 2010.
- To consider and approve the payment of cash dividend for the year ended December 31, 2010 as recommended by the Board of Directors:
 - a) to the preference share/convertible stock holder (International Finance Corporation) at the rate of Rs. 19 (10%) per preference share / convertible stock of Rs. 190 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 (32.5%) per ordinary share of Rs. 10.
- To appoint Auditors for the year 2011 and to fix their remuneration.

By Order of the Board

Karachi February 18, 2011 Adi J. Cawasji Company Secretary

Notes:

- The Share Transfer Books of the Company will remain closed from April 12, 2011 to April 20, 2011 (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 11, 2011 will be considered in time for the entitlement of dividend on the ordinary shares.
- 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.
- 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. Any individual beneficial owner of the Central Depository Company, entitled to vote at this meeting, must bring his / her Computerized National Identity Card (CNIC) with him / her to prove his / her identity, and in case of proxy must enclose an attested copy of his / her CNIC. The representatives of corporate bodies should bring attested copy of Board of Directors' resolution / power of attorney and / or all such documents required under Circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan for the purpose.
- Shareholders are requested to notify any change in their addresses immediately to the aforestated Shares Registrar of the Company.
- 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.
- 7. Form of proxy is attached in the Annual Report.



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, 2010.

Performance Outlook

Economic Overview

The prospects of returning to macroeconomic stability improved in initial months of financial year 2010 with most key indicators continuing the positive trend that began in closing months of financial year 2009. Business confidence was also helped by signs of recovery in global economy. However, second half of the year witnessed the worst ever floods in the country's history that negatively impacted the GDP growth as development spending was curtailed to provide the resources for reconstruction and rehabilitation of the flood affected areas.

The worsening energy crises is adding to difficulties of the country by hampering the growth of every sector of the economy specially the manufacturing sector and needs urgent attention. Other concrete steps are also needed to return to macroeconomic stability like improving security situation, public sector entities reforms and implementation of an export led growth strategy.

Financial Performance

	Rupees in million		
	2010	2009	
Invoiced Sales - Gross	21,837	16,533	
Invoiced Sales - Net	18,536	14,044	
EBITDA (from operations)	1,242	719	
Depreciation and Amortization	(1,533)	(1,323)	
Finance Cost	(1,210)	(1,278)	
Investment Income	997	9,180	
Other Operating Expenses / Income (Net)	187	220	
Impairment Loss - Net	-	(1,748)	
(Loss) / Profit Before Tax	(317)	5,770	

Despite the devastating floods that began in August and the worsening gas non-availability scenario prevailing throughout the year, your Company was able to register the highest ever gross sales of Rs. 21.8 billion representing 32% top line growth over last year. Global acceptability of Company's products led to a considerable export revenue growth of 64% with total exports of Rs. 1,239 million. A corresponding improvement of 73% in EBITDA is evident of the fact that earnings have emanated both from increase in revenues and reduction in production costs.

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 divisions is as follows:

Packaging Division

The Packaging Division comprises folding cartons, flexible packaging and corruwall products. It has achieved sales of Rs. 9,901 million showing a sales growth of 26% over last year which coupled with product range and process optimization has actualized into operating profit of Rs. 1,112 million.

In order to have sustainable growth and to increase the market share, the Company is focusing on expansion of customer base, operational efficiencies expected from process improvements and support services to the customers.

Consumer Products Division

Consumer Products Division has achieved sales growth of 10% over the corresponding period with an operating profit of Rs. 81 million. In this segment, Company has continued its focus on sales & distribution activities, customer focused product developments and effective marketing and trade promotion techniques during the year. Moving forward, the management is striving hard to further capitalize on the opportunities of business expansion available both locally and internationally.

Paper & Board Division

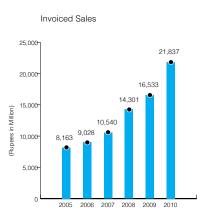
During the year, external sales of Paper & Board Division have registered an increase of 51% over the last year including export sales of Rs. 1,114 million representing a growth of 2.45 times as compared to year 2009. Despite the gas and power shortages prevailing throughout the year along with an increase in local raw material prices, EBITDA has shown an improvement of Rs. 88 million over last year.

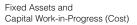
During the year the brown paper machine (PM-6) has produced 105,000 tons of paper representing a growth of 23% over the last year. In anticipation of increasing demand of customers, PM-6 rebuild project has been initiated which will increase the production capacity of the machine to 135,000 tons and at the same time will enable the production of high value added liquid packaging board and bleached board. Commercial production of the machine after the rebuild is expected to start during the second quarter of 2011 and is expected to have a positive impact on the profitability.

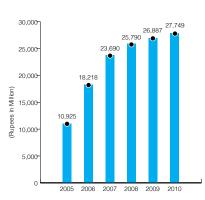
After the start of commercial production of white paper in year 2009, the writing and printing paper machine (PM-7) has been able to produce quality paper with brand names of "Copymate" and "Copymate Plus". However, wood pulp based white paper products are facing unfair competition by way of dumping of imported paper at less than fair international prices and clearance of such imports at under invoiced values. These unfair practices have adversely

affected the profit margins of the product. The Company is taking number of measures to counter such unfair practices including legal recourse of filing of application for imposition of anti-dumping and regulatory duties on the paper being imported.

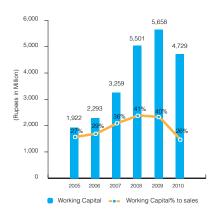
The medium-term business strategy of the Company in this segment is profitable growth coupled with aggressive capacity utilization to take maximum advantage of the economies of scale. The management is also focusing on product range diversification, operating cost rationalization and aggressive product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



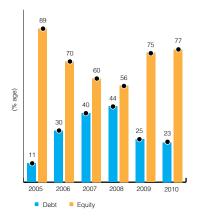




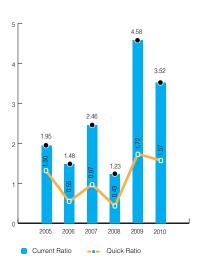
Working Capital and Working Capital / Sales (%age)



Debt Equity Ratio



Current & Quick Ratios



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 efficient management of trade receivable, payables and inventory levels. Business unit managers are assigned working capital targets which are being regularly monitored.

During the current year, the Company has exercised stringent controls over working capital which has resulted in decrease in trade receivable outstanding from 39 to 28 days. Such efficient controls have generated a net working capital cash inflow of Rs. 498 million.

The investment portfolio of the Company is fairly diversified, as reflected by equity participation in Nestle Pakistan Limited, Tri-Pack Films Limited, Tetra Pak Pakistan Limited, DIC Pakistan Limited and Packages Lanka (Private) Limited. The Board is satisfied that there are no short or long term financial constraints including access to credit and a strong balance sheet with December 2010 long term debt: equity ratio at 23:77.

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.

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.

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.

Environmental Standards

Being a socially responsible corporate, the Company is fully committed towards environmental safety. With ISO 14001 certification and installation of Effluent Treatment Plant at the Bulleh Shah Paper Mill at Kasur, international environmental benchmarks are being complied with.

During the year, your Company has been awarded Green Office certification by 'World Wide Fund for Nature'. This recognition should have positive implication for business development.

Quality Management

The Company has joined the ranks of TPM champions with TPM kick off meeting held on March 17, 2010. Preceded by an extensive instructor's course conducted by JIPM (Japan Institute of Plant Maintenance) and various successive facilitators' workshops by in-house trainers, the Company has embarked on achieving manufacturing excellence through improvement in quality, productivity and services. TPM implementation will improve supply chain with reductions in losses and defects, waste and lead times. The customer on the other hand will benefit through more accurate deliveries, consistent quality products and faster services.

Corporate Awards

During the current year, the Annual Report of your Company for the year ended December 31, 2009 has been awarded third position in its category by the joint committee of Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP) in "Best Corporate Reports Award 2009".

Corporate Social Responsibility

In August 2010, our country suffered a flood of catastrophic magnitude that claimed many human lives across the country. Considering its social responsibility towards the nation, your Company and its employees have collectively donated approximately Rs. 5.39 million for immediate relief and rehabilitation of the affected persons.

Future Outlook

Your Company, as a premier packaging and paper and board supplier, is well equipped to take advantage of the industry growth potential provided the economic indicators of the country move in the positive direction. It is expected that changing life styles, increased urbanization and a growing middle class will continue to fuel the growth from unpackaged to packed products and we expect the trend of double digit growth in this sector, to continue in the future years.

Company's Staff and Customers

We wish to record our appreciation of continued patronage of our customers and commitment of our employees to the Company.

Appropriation

As mentioned above that Company's Earnings before Interest, Tax and Depreciation (EBITDA) from operations remained under pressure during the year because of energy crisis and unfair competition in writing and printing paper market. Moreover, finance costs and depreciation charge have neutralised substantial increase in sales and dividend income during the year.

The Directors recommend cash dividend of 32.5 percent (i.e. Rs. 3.25 per share) Accordingly following appropriations have been made:

	(Rupees in thousand)
Loss after tax for the year 2010	
after appropriation of preference	
dividend/ return of Rs. 412.050 M	(332,425)
Un-appropriated profit brought forward	593,866
	261,441
Transfer from General Reserve	500,000
Available for appropriation	761,441
Cash Dividend	(274,233)
To be carried forward to 2011	487,208

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 re-appointment as Auditors of the Company for the year ending December 31, 2011, 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, 2010 have been adopted by the Company and have been duly complied with. A Statement to this effect is annexed to the Report.

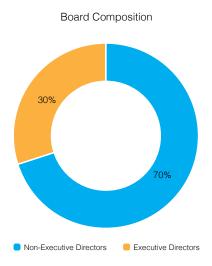
Material Changes

There have been no material changes since December 31, 2010 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, 2010.

Changes in composition of Board of Directors

During the year 2010, there were two casual vacancies created on the Board of Directors of the Company which were duly filled in by the Board as follows:

- Mr. Tariq Iqbal Khan, nominee of National Investment Trust Limited, resigned from the Board of Directors of the Company on July 19, 2010 and Mr. Wazir Ali Khoja was nominated by National Investment Trust Limited on the Board of Directors of the Company in his place.
- Mr. Mujeeb Rashid resigned from the Board of Directors of the Company on October 22, 2010 and the Board resolved to appoint Mr. Muhammad Aurangzeb in his place.



The Board wishes to place on record its profound appreciation of the services rendered by Mr. Tariq lqbal Khan and Mr. Mujeeb Rashid during the tenure of their office and welcomes Mr. Wazir Ali Khoja and Mr. Muhammad Aurangzeb who will hold office for the remainder of the term of Mr. Tariq lqbal Khan and Mr. Mujeeb Rashid respectively.

The Board has also appointed Mr. Wazir Ali Khoja and Mr. Muhammad Aurangzeb as non-executive members on the Audit Committee.

Meetings of Board of Directors

During the year 2010, four Board meetings were held and the number of meetings attended by each Director is given hereunder:

Sr. No.	Name of Director	No. of Meetings attended
1.	Mr. Towfiq Habib Chinoy (Chairman)	4
2.	Mr. Shamim Ahmad Khan	4
3.	Mr. Tariq Iqbal Khan (Resigned on July 29, 2010 - Nominee of National Investment Trust Limited)	2
4.	Mr. Wazir Ali Khoja (Appointed on July 29, 2010 - Nominee of National Investment Trust Limited)	2
5.	Mr. Shahid Aziz Siddiqui (Nominee of State Life Insurance Corporati	4 on of Pakistan)
6.	Mr. Matti Ilmari Naakka	Nil
7.	Syed Shahid Ali	2
8.	Syed Hyder Ali (Chief Executive)	4
9.	Mr. Mujeeb Rashid (Resigned on October 22, 2010)	Nil
10.	Syed Aslam Mehdi	3
11.	Mr. Khalid Yacob	4
12.	Mr. Muhammad Aurangzeb (Appointed on October 22, 2010)	1
13.	Mr. Ali Aslam (Alternate to Matti Ilmari Naakka)	2

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

Mr. Towfiq Habib Chinoy Mr. Shamin Ahmad Khan Mr. Tariq Iqbal Khan Mr. Wazir Ali Khoja Mr. Shahid Aziz Siddiqui Mr. Matti Ilmari Naaka Syed Shahid Ali Syed Hyder Ali Mr. Mujeeb Rashid Syed Aslam Mehdi Mr. Khalid Yacob Mr. Muhammad Aurangzeb Mr. Ali Aslam 0 1 2 3 4

Attendence at 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 five Non-Executive Directors (including its Chairman) and one Executive Director. During the year, 4 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, 2010 were the following:

Provident Fund	Rs. 712.950 million
Gratuity Fund	Rs. 300.387 million
Pension Fund	Rs. 672.010 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:

Purchase / Transmission of Shares:	No. of shares
Chief Executive Officer	Nil
Directors - Mr. Muhammad Aurangzeb	500
 Syed Shahid Ali (shares transmitted from Late Syed Wajid Ali's 	70.045
shareholding – father)	78,845
Chief Financial Officer	Nil
Company Secretary	Nil
Spouses	Nil
Sale of Shares:	
Director - Syed Shahid Ali	232,561

Pattern of Shareholding

A statement of the pattern of shareholding of certain class of shareholders as at December 31, 2010, 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

Lahore, February 18, 2011

Shall pleulon

(Syed Hyder Ali) Chief Executive & Managing Director Lahore, February 18, 2011

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, 32475604 92 21 32420755

Fax # 92 21 32426752

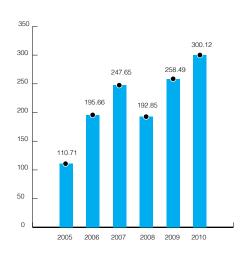
Listing on Stock Exchanges

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

Listing Fees

The annual listing fee for the financial year 2010-11 has been paid to all the three stock exchanges within the prescribed time limit.

Break Up Value Per Ordinary Share (Rupees)



Stock Code

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

Shares Registrar

Packages' shares department is operated by FAMCO Associates (Pvt.) Ltd and serves about 4,407 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.

Contact persons:

Mr. Rafique Khatri

Tel. # 92 21 35831618, 35831664, 35833011

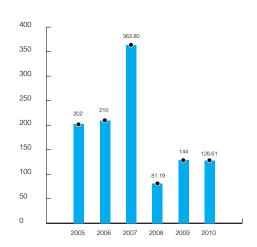
Fax # 92 21 35860251

Mr. Ovais Khan

Tel. # 92 21 32425467, 32427012, 32426597 92 21 32475604, 32420755

Fax # 92 21 32426752

Market Value Per Ordinary Share (Rupees)



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.

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

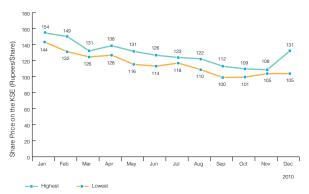
The equity shares of the Company are under the dematerialization category. As of date 71.96% of the equity shares of the Company have been dematerialized by the shareholders.

Dividend Announcement

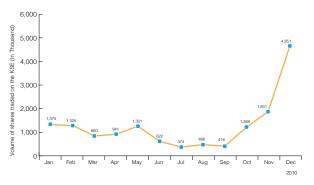
The Board of Directors of the Company has recommended for the financial year ended December 31, 2010 payment of cash dividend as follows:

- to the preference share/convertible stock holder (International Finance Corporation) at the rate of Rs.
 19.00 (10%) per preference share/convertible stock of Rs. 190.00 in terms of the Subscription Agreement between Packages Limited and International Finance Corporation (2009: at the pro-rata rate of approximately 4.69% or Rs. 8.92 per preference share/convertible stock of Rs. 190.00).
- to the ordinary shareholders at the rate of 32.5%
 (Rs. 3.25 per ordinary share of Rs. 10.00) subject
 to approval by the ordinary shareholders of the
 Company at the Annual General Meeting (2009: cash
 dividend 32.5%).





Trading Volumes



Book Closure Dates

The Register of Members and Share Transfer Books of the Company will remain closed from April 12, 2011 to April 20, 2011 both days inclusive.

Dividend Remittance

Preference dividend / return will be paid to the preference share / convertible stock holder 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 shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the 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.

Shareholders having holding of at least 10% of voting rights may also apply to the Board of Directors to call for meeting of shareholders, and if board does not take action on such application within 21 days, the 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. A proxy need not be a member of the Company.

The instrument appointing a proxy (duly signed by the shareholder appointing that proxy) should be deposited at the office of the Company not less then 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.

Pattern of Shareholding As At December 31, 2010

Share	eholding	Numbers of	Total shares	Sha	Shareholding		of Total shares	
From	То	Shareholders	held	From	То	Shareholders	held	
1	100	2,014	43,335	225,001	230,000	1	230,000	
101	500	877	251,362	240,001	245,000	1	241,443	
501	1,000	445	355,251	250,001	255,000	1	250,783	
1,001	5,000	621	1,460,418	275,001	280,000	2	555,824	
5,001	10,000	156	1,143,817	295,001	300,000	3	895,535	
10,001	15,000	68	842,850	300,001	305,000	1	304,718	
15,001	20,000	25	447,429	305,001	310,000	1	307,820	
20,001	25,000	25	576,821	340,001	345,000	1	343,095	
25,001	30,000	18	505,087	395,001	400,000	1	400,000	
30,001	35,000	12	394,839	410,001	415,000	1	414,989	
35,001	40,000	13	488,834	420,001	425,000	1	423,745	
40,001	45,000	9	390,781	440,001	445,000	1	440,806	
45,001	50,000	13	612,509	445,001	450,000	1	446,356	
50,001	55,000	6	318,348	505,001	510,000	1	509,000	
55,001	60,000	5	284,129	510,001	515,000	1	513,300	
60,001	65,000	5	314,745	530,001	535,000	1	533,853	
65,001	70,000	4	270,708	585,001	590,000	1	588,011	
70,001	75,000	3	217,047	740,001	745,000	1	742,489	
75,001	80,000	1	76,413	820,001	825,000	1	821,714	
80,001	85,000	2	163,757	830,001	835,000	1	831,887	
85,001	90,000	2	174,956	845,001	850,000	1	848,704	
90,001	95,000	4	366,957	990,001	995,000	1	990,641	
95,001	100,000	2	194,417	1,105,001	1,110,000	1	1,108,696	
100,001	105,000	1	103,349	1,135,001	1,140,000	1	1,140,000	
105,001	110,000	1	109,391	1,145,001	1,150,000	1	1,148,683	
110,001	115,000	5	564,957	1,190,001	1,195,000	1	1,193,010	
115,001	120,000	1	117,853	1,195,001	1,200,000	1	1,198,668	
125,001	130,000	3	383,570	1,215,001	1,220,000	1	1,217,451	
130,001	135,000	2	265,407	1,270,001	1,275,000	1	1,274,359	
140,001	145,000	2	286,188	1,275,001	1,280,000	1	1,276,440	
145,001	150,000	2	299,916	1,510,001	1,515,000	1	1,513,100	
150,001	155,000	3	453,735	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	
170,001	175,000	1	174,774	2,665,001	2,670,000	1	2,666,286	
175,001	180,000	1	179,039	3,095,001	3,100,000	1	3,097,030	
180,001	185,000	3	548,473	3,255,001	3,260,000	1	3,256,676	
195,001	200,000	2	392,742	3,915,001	3,920,000	1	3,917,505	
200,001	205,000	1	200,959	4,575,001	4,580,000	1	4,578,528	
205,001	210,000	2	415,540	4,885,001	4,890,000	1	4,887,650	
210,001	215,000	1	211,480	20,150,001	20,155,000	1	20,151,487	
220,001	225,000	1	221,210					
				TOTAL		4,407	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
Packages Limited Employees Provident Fund	2	2,067,893
Babar Ali Foundation	1	3,097,030
IGI Insurance Limited	1	20,151,487
New Jubilee Life Insurance Company Limited	1	99,401
NIT and ICP		
National Bank of Pakistan - Trustee Department NI(U)T Fund	1	4,578,528
Directors		
Syed Hyder Ali	2	2,187,175
Mr. Khalid Yacob	1	1,023
Mr. Muhammad Aurangzeb	1	500
Mr. Towfiq Habib Chinoy	1	20,000
Syed Shahid Ali	1	1,140,000
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	11	5,031,205
Public Sector Companies and Corporations	4	4,750,873
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance		
Companies, Modaraba and Mutual Funds Shareholders holding 10% or more voting interest:	61	16,315,696
IGI Insurance Limited	1	20,151,487

Shareholders' category	Number of shareholders	Number of shares held	Percentage
Associated Companies, Undertakings and Related Parties	10	27,379,009	32.45
NIT and ICP	1	4,578,528	5.43
Directors, CEO and their Spouses	8	3,354,082	3.97
Executives	11	5,031,205	5.96
Public Sector Companies and Corporations	4	4,750,873	5.63
Banks, Development Finance Institutions, Non-Banking			
Finance Institutions, Insurance Companies,			
Modaraba and Mutual Funds	61	16,315,696	19.34
Others	139	10,519,030	12.47
Individuals	4,173	12,451,081	14.75
TOTAL	4,407	84,379,504	100.00

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:

- 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.
- 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 Mr. Wazir Ali Khoja who has been specifically exempted by the Securities and Exchange Commission of Pakistan for holding directorship in more than ten listed companies.
- 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 a NBFI or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- 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.
- Two casual vacancies occurred on the board on July 29, 2010 and October 22, 2010 which were filled up by the Directors on the same days respectively.
- 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.

- 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.
- All the powers of the Board have been duly exercised and decisions on material transactions have been taken by the Board.
- 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. Mr. Shahid Aziz Siddiqui, a member of the Board has completed the Board Development Series Certificate Program conducted by the Pakistan Institute of Corporate Governance (PICG). Another member of the Board, Mr. Towfiq Habib Chinoy has completed the Board Leadership and Corporate Governance Certificate Program conducted by the Institute of Directors. The Company also intends to nominate its executive directors, one by one, to the Board Development Series Certificate Program in the future.
- 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.
- 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 six members, of whom five are nonexecutive 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

Lahore: February 18, 2011

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 of the Karachi, Lahore and Islamabad Stock Exchanges, 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, 2010.

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A.F. Ferguson & Co. Chartered Accountants Lahore: February 18, 2011

Engagement Partner: Shahzad Hussain