

**COMPANY INFORMATION****Board of Directors**

Chairman  
Chief Executive  
Directors

Haji Bashir Ahmed  
Mr. Muhammad Adrees  
Mr. Javed Iqbal  
Mr. Muhammad Anis  
Mr. Imran Ghafoor  
Mrs. Naziran Begum  
Mrs. Rukhsana Adrees  
Mr. Rashid Zahir  
(Nominee Director of Saudi Pak Industrial and Agricultural  
Investment Co. (Pvt.) Ltd.)

**Company Secretary**

Mr. Mazhar Ali Khan

**Chief Financial Officer**

Mr. Muhammad Yameen

**Audit Committee**

Chairman  
Members

Mr. Muhammad Anis  
Haji Bashir Ahmed  
Mrs. Naziran Begum  
Mr. Muhammad Tariq

Head of Internal Audit and Secretary

**Auditors**

M/s M. Yousuf Adil Saleem & Co.  
Chartered Accountants

**Legal Advisor**

Mr. Sahibzada Muhammad Arif

**Bankers**

Al-Baraka Islamic Bank B.S.C. (E.C.)  
Askari Commercial Bank Limited  
The Bank of Punjab  
Faysal Bank Limited  
Habib Bank Limited  
Meezan Bank Limited  
Muslim Commercial Bank Limited  
Saudi Pak Commercial Bank Limited  
Saudi Pak Industrial and Agricultural  
Investment Co. (Pvt.) Limited  
National Bank of Pakistan  
Union Bank Limited  
United Bank Limited  
Bank Alfalah Limited (Islamic Banking)  
Allied Bank Limited  
Standard Chartered Bank Limited

**Registered Office**

601-602 Business Centre, Mumtaz Hasan Road,  
Karachi-74000

**Factories**

28/32 KM, Faisalabad - Sheikhpura Road,  
Faisalabad.

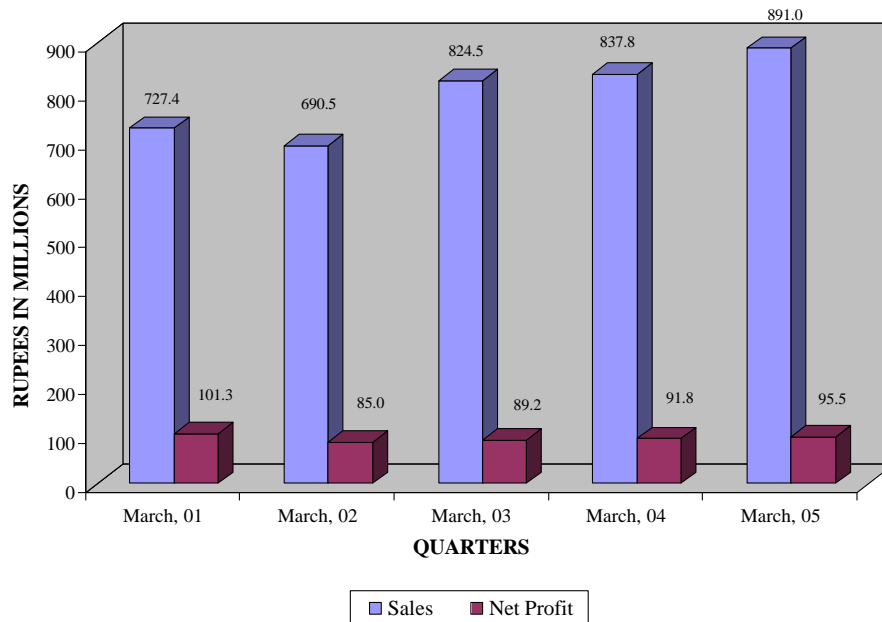


## CHAIRMAN'S REVIEW

I feel lot of pleasure to present before you the quarterly accounts of your company for the period ended March 31, 2005. Sales for the quarter have increased to Rs. 891million from Rs. 838 million of the corresponding quarter of last year. Operating and net profit increased by Rs. 25 million and Rs. 4 million respectively. Contribution from exports of Non-traditional chemical products have further increased, more prominent products being Hydrochloric acid, Bleaching powder and Calcium chloride.

Fourth electrolyzer of your Membrane-III plant also started commercial production by end of February, 2005. This would further increase the capacity to cope with growing demand. Another renovation and capacity enhancement project of 70 metric ton / day capacity is also being actively worked upon targetting completion in a few weeks time. The Honorable Prime Minister of Pakistan formally inaugurated, on completion of, our Membrane-III caustic chlorine plant during this month. The foundation stone laying ceremony, of 60,000 metric ton / year PVC Plant, reported in my last Half yearly review, was also performed by the Honorable Prime Minister.

### QUARTERLY SALES AND NET PROFIT BEFORE TAX



**Haji Bashir Ahmed**  
(Chairman)

Faisalabad: April 20, 2005



**BALANCE SHEET (UN-AUDITED)  
AS AT MARCH 31, 2005**

	Note	March 31, 2005	June 30, 2004
(Rupees in thousands)			
<b>FIXED CAPITAL EXPENDITURE</b>			
Operating assets		1,417,754	1,692,678
Non operating land - at cost		483,493	115,204
Capital work in progress		185,122	54,564
		2,086,369	1,862,446
<b>LONG TERM LOANS &amp; ADVANCES</b>		1,608	1,376
<b>LONG TERM DEPOSITS</b>		21,937	14,497
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		184,882	162,919
Stock in trade		500,438	347,551
Trade debts		327,488	297,977
Loans and advances		404,656	208,092
Investments		23,608	34,259
Deposits and prepayments		3,874	3,554
Other receivables		52,756	2,642
Cash and bank balances		265,946	116,032
		1,763,648	1,173,026
<b>CURRENT LIABILITIES</b>			
Short term financing		344,500	210,000
Current portion of long term liabilities		181,869	194,593
Creditors, accrued and other liabilities		600,831	548,475
Taxation		331,109	189,109
Dividends		49,652	104,719
		1,507,961	1,246,896
<b>WORKING CAPITAL</b>		255,687	(73,870)
<b>TOTAL CAPITAL EMPLOYED</b>		2,365,601	1,804,449
<b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>	5	-	106,394
<b>REDEEMABLE CAPITAL</b>			
Term finance certificates (TFCs)		241,200	241,200
Contribution to takaful reserve by TFC Holders		12,037	8,080
		253,237	249,280
<b>LONG TERM FINANCING - MUSHARIKA FACILITY</b>			
Secured - From banking companies		425,788	-
<b>LIABILITIES AGAINST ASSETS</b>			
<b>SUBJECT TO FINANCE LEASE (IJARA)</b>		38,256	47,573
<b>DEFERRED LIABILITIES</b>			
Taxation		191,666	264,666
Staff retirement gratuity		4,589	5,834
		196,255	270,500
<b>LONG TERM DEPOSITS</b>		13,721	13,632
<b>CONTINGENCIES AND COMMITMENTS</b>	6	-	-
		927,257	687,379
		1,438,344	1,117,070
<b>REPRESENTED BY:</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorised capital</b>			
30,000,000/- Ordinary shares of Rs. 10/- each		300,000	300,000
Issued, subscribed and paid up capital		185,536	185,536
Capital reserves		97,490	97,490
Revenue reserves		1,105,318	744,044
Takaful reserve		50,000	90,000
		1,438,344	1,117,070

The annexed notes from 1 to 14 form an integral part of these financial statements.

**MUHAMMAD ADREES**  
(Chief Executive Officer)

**HAJI BASHIR AHMED**  
(Director)

**PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE 3RD QUARTER ENDED MARCH 31, 2005**

	Note	Quarter Jan - Mar 2005	Nine Months Jul - Mar 2005	Quarter Jan - Mar 2004	Nine Months Jul - Mar 2004
------(Rupees in thousands)-----					
Sales		891,022	2,875,051	837,847	2,540,664
Cost of goods sold		709,617	2,224,947	695,605	2,066,707
Gross profit		181,405	650,104	142,242	473,957
Operating expenses					
Administration		30,576	88,664	24,588	80,691
Selling		16,699	42,948	8,208	26,415
		47,275	131,612	32,796	107,106
Operating profit	8	134,130	518,492	109,446	366,851
Gain/(loss) on disposal of fixed assets - net		1,316	(14,347)	655	(688)
Other income		1,225	7,630	9,414	10,281
		2,541	(6,717)	10,069	9,593
		136,671	511,775	119,515	376,444
Financial and other charges					
Financial		29,797	91,459	22,435	75,492
Others		11,413	39,985	5,236	20,827
		41,210	131,444	27,671	96,319
Net profit for the period before taxation		95,461	380,331	91,844	280,125
Taxation		39,782	137,484	30,908	95,907
Net profit for the period after taxation		55,679	242,847	60,936	184,218
Gain on disposal of assets of textile division - net of taxation		-	18,417	-	-
Net profit for the period		55,679	261,264	60,936	184,218
Unappropriated profit brought forward		289,629	84,044	161,058	37,776
		345,308	345,308	221,994	221,994
Appropriations:					
Interim cash dividend Rs. 2.5/- per share		46,384	46,384	-	-
Unappropriated profit carried forward		298,924	298,924	221,994	221,994
Earning per share-basic (Rupees)		3.00	14.08	3.28	9.93

The annexed notes from 1 to 14 form an integral part of these financial statements.

**MUHAMMAD ADREES**  
(Chief Executive Officer)

**HAJI BASHIR AHMED**  
(Director)

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE 3RD QUARTER ENDED MARCH 31, 2005**

	Share Capital	Capital Reserves	Revenue Reserves			(Rupees in thousands)	
			General Reserves	Unappropriated Profit	Total	Takaful Reserve	Total
Balance as at April 01, 2003	185,536	97,490	360,000	169,364	529,364	75,000	887,390
Effect of changes in accounting policies	-	-	-	105,702	105,702	-	105,702
	185,536	97,490	360,000	275,066	635,066	75,000	993,092
Profit for the quarter ended June 30, 2003	-	-	-	55,119	55,119	-	55,119
Incremental depreciation on revalued assets for the year - net of deferred tax	-	-	-	10,721	10,721	-	10,721
Transferred to general reserve	-	-	200,000	(200,000)	-	-	-
Transferred to takaful reserve	-	-	-	(15,000)	(15,000)	15,000	-
Dividend Rs. 4.75/- per share	-	-	-	(88,130)	(88,130)	-	(88,130)
Balance as at June 30, 2003	185,536	97,490	560,000	37,776	597,776	90,000	970,802
Profit for the nine month ended March 31, 2004	-	-	-	184,218	184,218	-	184,218
Incremental depreciation on revalued assets for the nine months - net of deferred tax	-	-	-	9,361	9,361	-	9,361
Balance as at March 31, 2004	185,536	97,490	560,000	231,355	791,355	90,000	1,164,381
Profit for the quarter ended June 30, 2004	-	-	-	54,406	54,406	-	54,406
Incremental depreciation on revalued assets for the quarter - net of deferred tax	-	-	-	328	328	-	328
Transferred to general reserve	-	-	140,000	(140,000)	-	-	-
Dividend Rs. 5.50/- per share	-	-	-	(102,045)	(102,045)	-	(102,045)
Balance as at June 30, 2004	185,536	97,490	700,000	44,044	744,044	90,000	1,117,070
Profit for the nine month ended March 31, 2005	-	-	-	261,264	261,264	-	261,264
Transferred to Unappropriated profit	-	-	-	40,000	40,000	(40,000)	-
Surplus on revaluation of fixed assets realised on disposal of revalued assets	-	-	-	106,394	106,394	-	106,394
Dividend Rs. 2.50/- per share	-	-	-	(46,384)	(46,384)	-	(46,384)
Balance as at March 31, 2005	<b>185,536</b>	<b>97,490</b>	<b>700,000</b>	<b>405,318</b>	<b>1,105,318</b>	<b>50,000</b>	<b>1,438,344</b>

The annexed notes from 1 to 14 form an integral part of these financial statements.

**MUHAMMAD ADREES**  
(Chief Executive Officer)

**HAJI BASHIR AHMED**  
(Director)

**CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE 3ND QUARTER ENDED MARCH 31, 2005**

	March 31, 2005	March 31, 2004
	(Rupees in thousand)	
<b>a) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	<b>366,156</b>	365,071
Financial charges paid	<b>(76,910)</b>	(67,793)
Taxes paid	<b>(129,966)</b>	(24,058)
Gratuity paid	<b>(6,687)</b>	(1,080)
Net cash from operating activities	<u><b>152,593</b></u>	<u>272,140</u>
<b>b) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	<b>(708,437)</b>	(167,544)
Proceeds from disposal of fixed assets	<b>264,668</b>	3,430
Long term loans and advances	<b>(232)</b>	(5,220)
Long term deposits	<b>(7,440)</b>	(1,188)
Profit on deposits	<b>21</b>	97
Dividends	<b>2,334</b>	2,838
Net cash used in investing activities	<u><b>(449,086)</b></u>	<u>(167,587)</u>
<b>c) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term financing obtained	<b>470,873</b>	-
Finance lease (Ijara)	-	62,000
Repayment of:		
Musharika term finance certificates	<b>(50,000)</b>	(50,000)
Liabilities against assets subject to finance lease (Ijara)	<b>(7,915)</b>	(2,510)
Long term deposits	<b>89</b>	4,344
Payment of dividends	<b>(101,451)</b>	(87,463)
Increase in short term financing	<b>134,500</b>	17,000
Net cash from / (used in) financing activities	<u><b>446,096</b></u>	<u>(56,629)</u>
Net increase in cash and bank balances (a+b+c)	<b>149,603</b>	47,924
Cash and bank balances as previously reported	<b>116,032</b>	76,846
Exchange difference	<b>311</b>	21
Cash and bank balances at the end of the period	<u><b>265,946</b></u>	<u>124,791</u>

The annexed notes from 1 to 14 form an integral part of these financial statements.

**MUHAMMAD ADREES**  
(Chief Executive Officer)

**HAJI BASHIR AHMED**  
(Director)

**NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE 3RD QUARTER ENDED MARCH 31, 2005**

- 1 . The Company is limited by shares, incorporated in Pakistan and quoted at all stock exchanges in Pakistan. The business of the Company is operation of a Chlor Alkali Plant with caustic soda being the main product and a number of by-products at the Chemical Division and manufacture and sale of yarn at the Textile Division.

The Company has disposed off its operating assets of Textile Division - Spinning Unit II comprising 18,240 spindles. The disposal is consistent with the Company's long term strategy to focus on its core business activities i.e., Chemical Division, develop additional capacity and improve existing production facilities. Uptil its disposal Spinning Unit II earned revenue of Rs. 283.306 million, incurred expenses of Rs. 254.775 million and earned a pre-tax net profit of Rs. 28.531 million with related tax expense of Rs. 9.603 million. During the period , cash flows of Spinning Unit II were as follows:

	<b>Rupees (Million)</b>
Cash used in operating activities	(152.425)
Cash from investing activities	115.990
Cash from financing activities	116.590

- 2 . The financial statements have been prepared under "historical cost convention" except that staff retirement benefits - gratuity has been carried at present value and are in compliance with the requirements of the International Accounting Standard (IAS) 34 " Interim Financial Reporting " and section 245 to the Companies Ordinance, 1984.
- 3 . The accounting policies and methods of computation followed in the preparation of these quarterly financial statements are the same as those of the published annual financial statements for the year ended June 30, 2004.
- 4 . There are no other significant activities since June 30, 2004 affecting the financial statements, other than disclosed in these financial statements.

	<b>March 31, 2005</b>	June 30, 2004
	(Rupees in thousand)	
<b>5 . SURPLUS ON REVALUATION OF FIXED ASSETS</b>		
Opening balance	<b>106,394</b>	116,083
Transferred to unappropriated profit in respect of incremental depreciation on revalued assets for the period	-	(9,689)
Transferred to unappropriated profit in respect of surplus realised on disposal of revalued assets	<u><b>(106,394)</b></u>	<u>-</u>
	<u>-</u>	<u>106,394</u>



March 31,  
2005

June 30,  
2004

(Rupees in thousand)

## 6 . CONTINGENCIES AND COMMITMENTS

### Contingencies

Sales tax demand not acknowledged in view of pending appeals	<b>3,398</b>	3,398
Suppliers' claim not acknowledged in view of pending case in Civil Court	<b>890</b>	890
Guarantees issued by banks and outstanding	<b>22,254</b>	14,460

### Commitments

Outstanding letters of credit for:		
Raw material and spares	<b>64,428</b>	43,754
Plant and machinery	<b>99,733</b>	107,638
Contracts for capital expenditure	<b>2,607</b>	10,848

## 7 . ACQUISITION AND DISPOSAL OF FIXED ASSETS (AT COST)

	Chemical Division		Textile Division		Total	
	Acquisition	Disposal	Acquisition	Disposal	Acquisition	Disposal
Freehold land	-	-	-	-	-	-
Building on freehold land	6,914	1,296	8,608	-	15,522	1,296
Plant and machinery	123,258	-	58,074	42,399	181,332	42,399
Grid station and electric installation	718	-	1,872	350	2,590	350
Factory equipments	1,114	-	-	70	1,114	70
Laboratory equipments	-	-	-	-	-	-
Construction equipments	-	-	-	-	-	-
Electric appliances	56	-	4	-	60	-
Office equipments	2,735	-	340	-	3,075	-
Furniture and fixtures	1,244	-	6	-	1,250	-
Vehicles	2,820	-	1,827	995	4,647	995
Rupees	138,859	1,296	70,731	43,814	209,590	45,110
March, 2004 Rupees	74,161	2,066	26,609	6,173	100,770	8,239





## 8 . OPERATING RESULTS

(Rupees in thousands)

	CHEMICAL DIVISION				TEXTILE DIVISION				TOTAL			
	Quarter	Nine Months	Quarter	Nine Months	Quarter	Nine Months	Quarter	Nine Months	Quarter	Nine Months	Quarter	Nine Months
	Jan - Mar	Jul - Mar	Jan - Mar	Jul - Mar	Jan - Mar	Jul - Mar	Jan - Mar	Jul - Mar	Jan - Mar	Jul - Mar	Jan - Mar	Jul - Mar
2005	2005	2004	2004	2005	2005	2004	2004	2005	2005	2004	2004	
Sales	702,401	2,103,187	637,220	1,879,224	207,719	829,924	216,020	708,242	910,120	2,933,111	853,240	2,587,466
Commission and discount	(18,652)	(56,906)	(15,090)	(45,052)	(446)	(1,154)	(303)	(1,750)	(19,098)	(58,060)	(15,393)	(46,802)
	683,749	2,046,281	622,130	1,834,172	207,273	828,770	215,717	706,492	891,022	2,875,051	837,847	2,540,664
Cost of goods sold (9)	528,536	1,531,630	488,543	1,400,259	181,081	693,317	207,062	666,448	709,617	2,224,947	695,605	2,066,707
Operating expenses												
Administration	26,724	69,930	17,979	58,475	3,852	18,734	6,609	22,216	30,576	88,664	24,588	80,691
Selling	16,369	41,600	7,844	24,593	330	1,348	364	1,822	16,699	42,948	8,208	26,415
	571,629	1,643,160	514,366	1,483,327	185,263	713,399	214,035	690,486	756,892	2,356,559	728,401	2,173,813
Operating profit	112,120	403,121	107,764	350,845	22,010	115,371	1,682	16,006	134,130	518,492	109,446	366,851

## 9 . Cost of goods sold

Finished goods - opening stock	18,647	22,662	34,926	50,999	203,650	116,324	89,530	41,451	222,297	138,986	124,456	92,450
Cost of goods manufactured (9.1)	534,828	1,533,907	481,752	1,377,395	124,537	724,099	235,987	743,452	659,365	2,258,006	717,739	2,120,847
	553,475	1,556,569	516,678	1,428,394	328,187	840,423	325,517	784,903	881,662	2,396,992	842,195	2,213,297
Finished goods - closing stock	(24,939)	(24,939)	(28,135)	(28,135)	(147,106)	(147,106)	(118,455)	(118,455)	(172,045)	(172,045)	(146,590)	(146,590)
	528,536	1,531,630	488,543	1,400,259	181,081	693,317	207,062	666,448	709,617	2,224,947	695,605	2,066,707

## 9.1 Cost of goods manufactured

Raw material consumed	82,343	232,271	68,968	205,528	93,375	566,189	167,547	525,512	175,718	798,460	236,515	731,040
Fuel and power	355,041	1,040,148	331,763	945,373	15,347	73,428	27,135	89,577	370,388	1,113,576	358,898	1,034,950
Salaries, wages and benefits	20,113	59,990	18,702	53,788	8,358	38,564	13,415	41,787	28,471	98,554	32,117	95,575
Overheads												
Stores and spares	35,535	82,644	21,276	55,306	(3)	26,221	8,802	27,470	35,532	108,865	30,078	82,776
Repairs and maintenance	8,674	22,022	6,373	16,986	54	345	128	1,142	8,728	22,367	6,501	18,128
Vehicle running & maintenance	1,965	5,757	1,560	4,115	47	290	70	318	2,012	6,047	1,630	4,433
Travelling and conveyance	1,319	3,774	720	2,850	2	39	10	109	1,321	3,813	730	2,959
Insurance	1,745	5,235	1,739	5,230	493	1,637	852	2,481	2,238	6,872	2,591	7,711
Depreciation	27,172	79,155	30,124	85,291	6,262	18,744	18,845	54,451	33,434	97,899	48,969	139,742
Other	1,040	2,838	784	3,047	14	225	172	350	1,054	3,063	956	3,397
	534,947	1,533,834	482,009	1,377,514	123,949	725,682	236,976	743,197	658,896	2,259,516	718,985	2,120,711
Work in process												
Opening stock	6,645	6,837	6,352	6,490	12,539	10,368	10,740	11,984	19,184	17,205	17,092	18,474
Closing stock	(6,764)	(6,764)	(6,609)	(6,609)	(11,951)	(11,951)	(11,729)	(11,729)	(18,715)	(18,715)	(18,338)	(18,338)
	(119)	73	(257)	(119)	588	(1,583)	(989)	255	469	(1,510)	(1,246)	136
	534,828	1,533,907	481,752	1,377,395	124,537	724,099	235,987	743,452	659,365	2,258,006	717,739	2,120,847

**10 . INTERIM CASH DIVIDEND**

This represents interim cash dividend declared by the Board of Directors on February 22, 2005 at the time of approving half yearly accounts for December, 2004. Now this has been accounted for.

**11 . AGGREGATE TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS**

	<b>March 31, 2005</b>	March 31, 2004
	(Rupees in thousands)	
Sales	<b>37,188</b>	39,453
Purchases	-	1,276
Power charges	<b>709,443</b>	752,846
Dividend received	<b>2,334</b>	2,801
Organisational expenses charged	<b>666</b>	560

**12 .** These financial statements were authorised for issue on April 20, 2005 by the Board of Directors of the Company.

**13 .** Figures have been rounded off to nearest thousand rupees.

**14 .** Corresponding figures have been rearranged and regrouped wherever necessary for the purpose of comparison.

**MUHAMMAD ADREES**  
(Chief Executive Officer)

**HAJI BASHIR AHMED**  
(Director)

**Faisalabad:** April 20, 2005