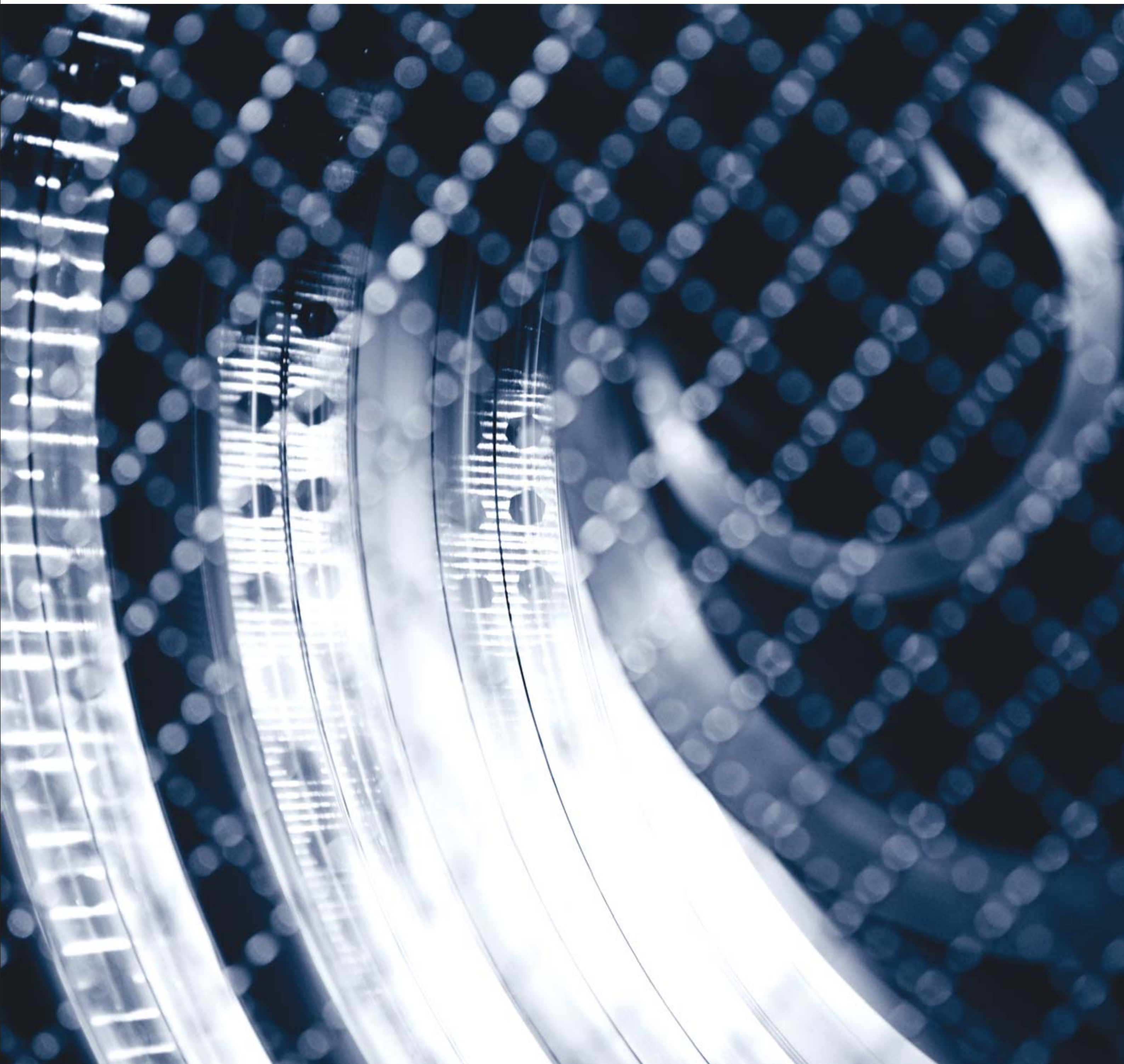
Annual Report 2008

Pakistan PTA Limited

AkzoNobel
Tomorrow's Answers Today

Pakistan PTA Limited is now part of the AkzoNobel Group



The spirit to make a difference through Value, Quality & Excellence

At Pakistan PTA Limited, our customers' satisfaction is the driving force behind our spirit to meet challenges and achieve **excellence** in whatever we do. We maximise operating efficiencies, and demonstrate best practices in Safety, Health and Environment that add **value** to our **quality** product and make a difference in letter and in spirit.

What's inside

Company information

Board of Directors

Waqar A Malik	(Chairman)
M Asif Saad	(Chief Operating Officer)
James R Rees	
Bart Kaster	
Rafiq Akhund	
Khalid Rafi	
Tajammal Hussain Bokharee	
Ali A Aga	

Audit Committee of the Board

Khalid Rafi	(Chairman)
Waqar A Malik	
Bart Kaster	
Ali Aamir	(by invitation)
Chief Internal Auditor	(by invitation)
Group Internal Auditor	(by invitation)
External Auditors	(by invitation)

Senior Remuneration Sub Committee of the Board

Waqar A Malik	(Chairman)
James R Rees	
Bart Kaster	
M Asif Saad	(by invitation)

Shares Sub Committee of the Board

Waqar A Malik	(Chairman)
Rafiq Akhund	

Chief Financial Officer and Company Secretary
Ali Aamir

Executive Management Team
M Asif Saad
Ali Aamir
Qamar Haris Manzoor
Humair Ijaz
Waheed U Khan

Bankers
Allied Bank Limited
Askari Bank Limited
Citibank NA
Deutsche Bank AG
Habib Bank Limited
HSBC Bank Middle East Limited
MCB Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
The Royal Bank of Scotland Limited (formerly ABN AMRO Bank NV)
United Bank Limited

Auditors
KPMG Taseer Hadi & Co., Chartered Accountants

Legal Advisor
Djaleh Akber
148, 18th East Street, Phase 1, DHA, Karachi

Registered Office
EZ/1/P-4, Eastern Industrial Zone, Port Qasim, Karachi

Shares Registrar
Famco Associates (Pvt) Limited (formerly Ferguson Associates (Pvt) Ltd)
State Life Building No. 2-A, 4th Floor,
I.I. Chundrigar Road, Karachi

Board of Directors


Waqar A Malik


M Asif Saad


James R Rees


Bart Kaster


Rafiq Akhund


Khalid Rafi


Tajammal Hussain Bokharee


Ali A Aga

Report of the Directors

The Directors are pleased to present their report together with the audited financial statements of the Company for the year ended 31 December 2008

Overview

Crude oil (WTI) prices rose to an all time high of US$ 147 per barrel in July 2008 and then fell sharply to US$ 30 per barrel in December on the back of the worldwide economic downturn emanating mostly from a collapse of demand in the United States of America. OPEC and Russia announced the biggest cuts in the history of crude oil production in December hoping to stabilise the free-fall in prices by H1 2009. Following a similar trend, Paraxylene (Px) spot prices increased from US$ 1,125 per tonne CFR SE Asia at the start of the year, to a high of US$ 1,675 per tonne CFR SE Asia in July, before coming down sharply to a low of US$ 610 per tonne CFR SE Asia in December. The cut in crude oil and refinery production in December led to a shortage of naphtha and consequently Px spot prices moved up to close the year at US$ 700 per tonne CFR SE Asia.

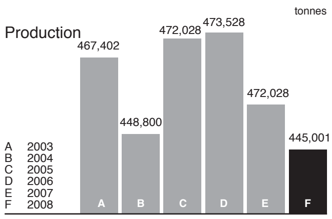
The PTA market followed a similar trend with the spot price falling from a high of US$ 1,185 per tonne CFR China in July to US$ 580 per tonne CFR China by the year-end. PTA producers generally struggled with a lack of downstream demand and the pressure on PTA prices and margins led to most producers running below capacity through much of H2 2008.

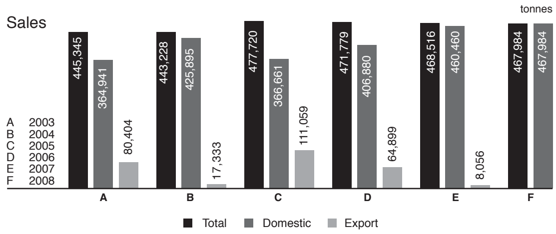
The regional polyester industry also operated below capacity through most of H2 2008 because of deteriorating downstream conditions. The economic slump forced producers to reduce inventories of raw materials and finished goods to very low levels. Consequently, the Polyester Staple Fibre (PSF) price, after having increased from US$ 1.43 per kg - US$ 1.47 per kg in January to US$ 1.50 - US$ 1.56 per kg in July, fell sharply to US$ 0.83 - US$ 0.93 per kg by the end of the year.

The domestic PSF market followed a similar trend in 2008 with prices falling from Rs 126 per kg in July to Rs 90 per kg in December. Cotton prices also followed suit falling from a high of Rs 139 per kg (4,200 per maund) in July to Rs 103 per kg (Rs 3,150 per maund) by the year-end. The fall in prices of both PSF and cotton was attributed to a lack of export orders through much of the year. Apart from a brief lull in Q3 2008 following the fall in crude oil prices, global financial crisis and the seasonal slowdown in demand from its traditional export markets in the European Union, the domestic PET industry performed strongly through most of the year.

The 10 year tariff structure (customs duty on PTA: 15%, Px: 0% and Acetic Acid: 0%) expired on 30 June 2008. In the Federal Budget 2008-09 customs duty on PTA was reduced to 7.5% with Px and Acetic Acid remaining unchanged at 0%. Additionally, a new tariff refund mechanism (ie: zero rating of the PTA tariff) for domestic PTA customers was put in place, albeit with a time delay of about three months, which negatively impacted PTA sales in Q3 2008. The Federal Budget also reduced the customs duty on import of PSF from 6.5% to 4.5%, which has constrained the profitability of that sector. All these issues have, in some manner, adversely impacted the domestic PTA industry.

As mentioned in earlier reports, your Company hopes that the Government will continue to support the large scale manufacturing industry in Pakistan and will provide a level playing field to all stakeholders by ensuring adequate levels of tariff at each stage of the textile chain.



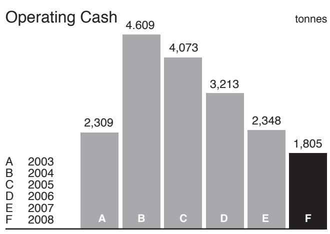


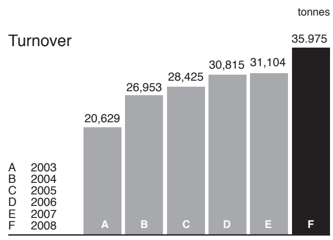
Operations

Sales volume for the year at 467,984 tonnes was 532 tonnes less than last year. This was a mix of high volume (279,163 tonnes against 220,607 tonnes) during the first half of the year and weak demand from the domestic PSF and PET industries in the second half. The lower PTA off-take by the PSF and PET sectors in H2 2008 was due to a combination of the steep fall in downstream textile industry demand on the back of declining commodity prices, prolonged energy crisis in the country during the summer months and uncertainty in finalisation of the PTA tariff refund mechanism after announcement of the Federal Budget by the Government of Pakistan in June 2008.

Production for the year at 445,001 tonnes was 2% lower than last year due to the market slowdown in H2 2008 and consequent reduction in plant operating rates. This was exacerbated to some extent by outages, dips and low frequency in the supply of electric power. The planned plant overhaul was successfully carried out in November in a record 13 days after a 20 months gap from the previous one in February 2007. However, the plant shutdown for the overhaul was extended for the full month of November due to adverse market conditions. Despite the lower plant operating rate, raw material conversion efficiencies generally remained at the same level as last year.


PTA DRYER
M1-1423
27
FIRE HOSE CABINET
No.27





Profit, finance & taxation

The loss after taxation for 2008 has arisen primarily due to the exchange loss of Rs 1.4 billion (including Rs 1.1 billion unrealised or non-cash exchange loss arising from the translation of the US dollar denominated long term loans) following the steep fall in the value of the Pakistan rupee versus the US dollar during the year. Furthermore, had the customs duty on PTA not been reduced from 15% to 7.5% w.e.f 1 July 2008, your Company's loss after taxation would have been lower by approximately Rs 650 million.

Net sales for the year were 15% higher than 2007 mainly due to the higher average PTA price and devaluation of the Pakistan rupee versus the US dollar. However, despite the PTA margin over Px being 22% higher in 2008 as compared to 2007, gross profit for the year was 36% lower than last year mainly due to the reduction in PTA tariff from 15% to 7.5% with effect from 1 July 2008. After adding back the partial reversal of a trade related contingency provision in 2007, "selling and distribution expenses" for 2008 were 16% less than last year mainly due to a reduction in outward freight and handling charges on account of no exports being effected during the year. Administration expenses for the year are 26% higher than 2007 mainly due to the impact of high inflation in the country. Financial charges for the year were marginally lower than 2007 mainly due to full repayment of the ECGD guaranteed foreign currency loan obtained from a consortium of banks at the inception of the PTA project and consequent reduction in interest and other charges.

Taxation for the year of Rs 81.8 million comprises of a prior year tax charge of Rs 66 million in respect of disallowance of amortisation of deferred cost relating to discount on issue of rights shares and share issue expenses, upon amendment by the tax department of the assessment for the income tax year 2003 (accounting year 2002) and a partial deferred tax asset reversal of Rs 15.8 million. The Company has accepted the department's contention that the discount on issue of rights shares and the share issue expenses are of a capital nature and therefore not deductible from taxable income. Due to a tax loss generated in 2008, there is no tax liability for the income tax year 2009.

In accordance with the requirements of International Accounting Standard 16 (Property, Plant and Equipment), the Company invited reputable international and local firms to carry out a valuation of its plant & machinery, buildings on leasehold land and leasehold land as at 31 December 2008. As disclosed in notes 5.1 and 13.3 of the financial statements, these independent valuations, based on depreciated replacement cost and open market value respectively, have resulted in a total surplus of Rs 132 million (net of deferred tax liability: Rs 85 million). The net surplus recognised in the financial statements will neither have a material impact on the future depreciation charge nor, being a non-cash item, on the cash flows of the Company.

Your Company generated strong cash flows from operations, which enabled it to meet its financial and capital expenditure requirements during the year. In addition, the last instalment of US$ 11.2 million related to the long-term loan obtained at the inception of the PTA project was paid during the year. The current ratio of 0.91 as at the year-end date, although better than 0.89 in 2007, was below 1.0 required under the Prudential Regulations for which appropriate waivers have been obtained from all the concerned local lending institutions.

Capital expenditure

All capital projects planned for 2008 were successfully commissioned and have started to yield the forecasted benefits. The capital expenditure programme for 2008 was aimed at maintaining plant reliability, and improving asset availability.

Human resources

A strong foundation of well-established HR practices exists in your Company and it continues to remain committed to the training and development of all its employees. Road shows were undertaken to induct trainee engineers fully supported by in-house training facilities. Your Company is highly regarded as a premier training ground for young engineering graduates who go on to take prized positions in various other industries, if not absorbed in-house.

Stability and sustainability were maintained in the organizational numbers throughout 2008. Permanent staff strength at the year-end was 217 against 226 in the previous year. Efforts continued to bring about further improvement in employee commitment and motivation.

The previous wage agreement with the CBA lapsed on 31 December 2008 and negotiations for a fresh settlement have been initiated.

Union-Management relations continue to be friendly and industrial peace prevailed during the year under review.

Social responsibility & community work

Your Company strongly believes in the up-lift of the local community. Support of Government Boys' School located at Ghaggar Phatak that was adopted through the Sindh Education Foundation continued during 2008. A proactive approach with the school staff, local community and the Education Department continues to identify areas where we could add value. The adopted development program included supporting the children by the provision of school bags/copies to entire student community, establishment of an interactive library, infrastructure improvements and provision of clean drinking water etc.

Your Company also joined hands with an NGO working for the education and well being of special /under privileged children and co sponsored a summer camp organised in SOS village in Malir which was attended by 300 deaf/orphan children. Your Company has also agreed to sponsor the education of 15 special children for the year 2009. This is in line with our resolve to enlarge the scope of CSR.

In the past your Company had requested Worldwide Fund for Nature, Pakistan to conduct a bio-diversity survey of the PTA plant site. In the light of their advice, to further improve the ecological and environmental diversity of the area in general and the plant site in particular, a tree plantation campaign was launched. Approximately 800 native trees have been planted within and outside our premises. Plans to plant more trees in areas devoid of vegetation are also at hand.

Safety, health & environment

Your Company continues to uphold the highest safety standards for its own employees as well as contractors' staff, which is evidenced by an excellent safety record spread over 10 years without a lost time injury. Up to the end of 2008, more than 29 million man-hours have been completed without a Lost Time Case by your Company's employees and contractors. A number of external audits were carried out during the year to verify compliance with regulations, standards and procedures. These included Product Safety & Stewardship, Group Engineering Procedures, SSH&E Plan Review and an audit by the Pakistan Nuclear Regulatory Authority. No major concerns were highlighted in these audits.

Liquid effluent met national environmental quality standards. Gaseous emissions were within regulatory limits.

Compliance with the code of corporate governance

- The Directors are pleased to confirm that:
  - The financial statements of the Company, prepared by the management, present fairly its state of affairs, the results of its operations, cash flows and the changes in equity.
  - Proper books of account have been maintained by the Company.
  - Appropriate accounting policies have been consistently applied to in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgments.
  - International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and departures therefrom, if any, have been adequately disclosed.
  - The system of internal control is sound in design and has been effectively implemented and monitored.
  - There are no significant doubts on 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.
- Key historical data is given on page 51 of the Annual Report.
- The value of investments made by the staff retirement funds as per their respective audited financial statements for the year ended 31 December 2007, is as follows:

	Value (Rs ’000)
Pakistan PTA Management Staff Provident Fund	89,651
Pakistan PTA Management Staff Pension Fund	43,194
Pakistan PTA Management Staff Gratuity Fund	99,088
Pakistan PTA Management Staff Defined Contribution Superannuation Fund	76,375
Pakistan PTA Non-Management Staff Provident Fund	18,208
Pakistan PTA Non-Management Staff Gratuity Fund	6,290

- A total of four meetings of the Board of Directors were held during the year, the details of which together with attendance by each director, are as follows:

Date of Board of Directors’ Meetings - 2008	14 Feb	29 April	21 Aug	23 Oct
Mr Waqar A Malik	✓	✓	✓	✓
Mr M Asif Saad	✓	✓	✓	✓
Mr Andrew M Ransom *	✓	✗		
Mr David R Carter	✓	✗		
Mr Rafiq Akhund	✓	✓	✓	✓
Mr Philip Gillet	✗	✗		
Mr Tajammal H Bokharee **	✓	✓		✓
Mr Ali A Aga	✗	✓	✓	✓
Mr Khalid Rafi *		✓	✓	✓
Mr James R Rees		✓	✗	✓
Mr Bart Kaster		✓	✗	✓
Mr Muhammad Afzal Janjua **			✗	

* Mr Andrew M Ransom resigned as director on 30 April 2008; Mr Khalid Rafi was appointed as a director on 2 May 2008 to fill the casual vacancy.

** Mr Tajammal Hussain Bokharee resigned as director on 12 June 2008; Mr Muhammad Afzal Janjua was appointed as a director on 12 June 2008 to fill the casual vacancy.

Mr Muhammad Afzal Janjua resigned as director on 17 September 2008 and Mr Tajammal Hussain Bokharee was reappointed on 25 September 2008.

Mr Khalid Rafi, Mr James R Rees and Mr Bart Kaster, upon invitation from the Board of Directors of Pakistan PTA Limited, attended the forty-first meeting of the Board held on 29 April 2008. The Chairman welcomed the designated directors at the meeting and introduced them to the other Board members. They were formally inducted as members of the Board on retirement of the outgoing directors, Mr David R Carter and Mr Philip Gillet, on 22 June 2008.

- The pattern of shareholding in the Company as at 31 December 2008, is given on page 52 of the Annual Report. ICI Omicron B.V., holds 75.01% shares, while the balance 24.99% shares are held by individuals, domestic and foreign institutions.

  Effective 2 January 2008 Akzo Nobel NV has completed its acquisition of ICI PLC, UK, the parent company of ICI Omicron B.V. With this acquisition Akzo Nobel NV has become the ultimate holding company of Pakistan PTA Limited. Pakistan PTA Limited continues to be the direct subsidiary of ICI Omicron B.V.

  The Directors, Chief Operating Officer and Chief Financial Officer & Company Secretary and their spouses and minor children did not carry out any transaction in the shares of the Company during the year, except for the transfer of one share each from Mr David R Carter, Mr Philip Gillett, Mr Andrew M Ransom and Mr Muhammad Afzal Janjua to Mr James R Rees, Mr Bart Kaster, Mr Khalid Rafi and Mr Tajammal Hussain Bokharee.

Auditors

The present auditors KPMG Taseer Hadi & Co. retire and offer themselves for re-appointment. The Board recommends the appointment of KPMG Taseer Hadi & Co. as external auditors for the year ending 31 December 2009.

Future outlook

Crude oil prices are expected to stabilise in the next quarter and may even increase subsequently. OPEC nations along with Russia have already announced a decrease of 3% in production to help increase the price from end Q4 2008 levels. The Px market may follow this trend, aided by upstream values, albeit any increase may be weighed down by the expected start-up of new plants in Oman and Kuwait within the current year.

A similar upward trend may be witnessed in PTA, aided by low pipeline stocks. However, rising feedstock values and a generally over supplied market indicate that the PTA market will continue to remain vulnerable to swings in margins.

The domestic downstream market, particularly the PSF sector, is expected to remain muted in the short term, due to weak demand emanating out of textiles (which has been beset by power and gas availability problems). However, improved demand for PET is likely to provide some relief to PTA sales in the coming months.

Your Company would like to reiterate its contention that the PTA industry is highly capital intensive and continuation of the existing tariff structure (customs duty on PTA at 7.5%, Px at 0% and Acetic Acid at 0%) is critical for its long-term sustainability and development and also to mitigate the impact of high infrastructure and other costs of doing business in Pakistan. In the event the existing tariff structure is changed to the detriment of the PTA industry, future profitability of your Company could be significantly impaired.

As mentioned in earlier reports, the PTA industry in competing textile countries such as China and India has had a high tariff regime during its development phase and these countries have only recently reduced their tariffs which are commensurate with the size and scale of their current operations. In view of the recent global economic meltdown and grim forecasts for the next few years, your Company strongly believes that continuation of the PTA tariff structure would, as a minimum, help mitigate some of the negative fallout expected within the polyester/textile chain in Pakistan.

Waqar A Malik
Chairman

M Asif Saad
Chief Operating Officer

Date: 18 February 2009

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 Pakistan PTA Limited ("the Company") to comply with the listing regulations of the respective 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

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.

KPMG Taseer Hadi & Co.

Date: 18 February 2009

KPMG Taseer Hadi & Co.
Chartered Accountants

Karachi

Statement of compliance With the code of corporate governance For the year ended 31 December 2008

This statement is being presented to comply with the Code of Corporate Governance contained in the Listing Regulations of the stock exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent, non-executive directors and directors representing minority interests on its Board of Directors. At present, the Board includes seven non-executive Directors including one Director representing minority shareholders.

2. The Directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3. 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 Development Financial Institution or a Non-banking Financial Institution. None of the resident Directors is a member of any of the stock exchanges on which the Company's shares are listed.

4. Four casual vacancies occurred in the Board on 14 January 2008, 30 April 2008, 12 June 2008 and on 17 September 2008, which were filled up by the Directors on 15 January 2008, 2 May 2008, 12 June 2008 and on 25 September 2008, respectively.

5. The Board of Directors of the Company, in its meeting held on 24 October 2002, adopted a Code of Business Ethics which has been regularly circulated within the Company since 2002 and is in the knowledge of the Company's Directors and employees. On 23 October 2008 the Directors adopted a new Code of Conduct in line with the Code of Conduct of the Company's new parent organistion, Akzo Nobel NV, which is being circulated to all employees of the Company.

6. The Board has developed a vision/ mission statement, overall corporate strategy and significant policies of the Company at its meeting held on 25 February 2003, which are circulated to the employees of the Company every year. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Operating Officer, have been taken by the Board.

8. All the meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. 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 in time.

9. The Directors have been provided with copies of the Listing Regulations of the Stock Exchange, the Company's Memorandum and Articles of Association and the Code of Corporate Governance. An orientation course was arranged for the Board in 2006. The directors are therefore well conversant with their duties and responsibilities.

10. No new appointments have been made during the year for Chief Financial Officer, Company Secretary and Head of Internal Audit.

11. The Directors' report for the year ended 31 December 2008 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by the Chief Operating Officer and the Chief Financial Officer, before approval of the Board of Directors. The second quarter and annual financial statements were also initialed by the external auditors before presentation to the Board of Directors.

13. The Directors, Chief Operating Officer and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an Audit Committee. It comprises three members, all of whom are non-executive Directors including the Chairman of the Committee. The Board has also formed a Senior Remuneration Committee and a Shares Sub-Committee, comprising three and two non-executive Directors, respectively.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of quarterly, half yearly and full year results of the Company and as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The Board has outsourced the internal audit function to Ford Rhodes Sidat Hyder & Company, Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

18. 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.

19. 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.

20. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

Waqar A Malik
Chairman

M Asif Saad
Chief Operating Officer

Date: 18 February 2009

Auditors' Report to the Members

We have audited the annexed balance sheet of **Pakistan PTA Limited** as at 31 December 2008 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2008 and of the loss, its cash flows and changes in equity for the year then ended; and

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

KPMG Taseer Hadi & Co.

Date: 18 February 2009

KPMG Taseer Hadi & Co.
Chartered Accountants

Karachi

Balance Sheet
as at 31 December 2008

Amounts in Rs '000

	Note	2008	2007
Share Capital and Reserves			
Authorised capital 2,000,000,000 (2007: 2,000,000,000) ordinary shares of Rs 10 each		**20,000,000**	20,000,000
Issued, subscribed and paid-up capital	3	**15,142,072**	15,142,072
Capital reserves	4	**2,345**	2,345
Accumulated loss		**(11,077,282)**	(9,316,817)
Total Equity		**4,067,135**	5,827,600
Surplus on revaluation of property, plant and equipment	5	**85,992**	-
Non-Current Liabilities			
Long-term loans	6	**4,996,687**	3,879,697
Liability against assets subject to finance lease	7	**400,188**	499,344
Deferred liability	8	**6,073**	4,938
Total Non-Current Liabilities		**5,402,948**	4,383,979
Current Liabilities			
Trade and other payables	9	**3,901,133**	5,326,922
Accrued interest / mark-up on loans	10	**425,079**	205,641
Unclaimed dividend		**2,384**	2,422
Short-term financing	11	**1,254,624**	804,690
Current portion of :			
long-term loan	6	**-**	692,382
liability against assets subject to finance lease	7	**83,615**	71,195
Total Current Liabilities		**5,666,835**	7,103,252
Contingencies and Commitments	12		
Total Equity and Liabilities		**15,222,910**	17,314,831

The annexed notes 1 to 44 form an integral part of these financial statements.

Balance Sheet
as at 31 December 2008

Amounts in Rs '000

	Note	2008	2007
Non-Current Assets			
Property, plant and equipment	13	**9,952,791**	10,745,850
Long-term loans and advances	14	**44,723**	38,431
Long-term deposits and prepayments	15	**41,721**	40,624
Deferred tax asset - net	16	**34,307**	96,467
Total Non-Current Assets		**10,073,542**	10,921,372
Current Assets			
Stores and spares	17	**548,868**	584,917
Stock-in-trade	18	**1,244,313**	2,344,637
Deposits and short-term prepayments	19	**74,891**	166,240
Taxation recoverable		**345,429**	8,003
Trade debts	20	**1,089,614**	2,818,667
Loans and advances	21	**27,020**	37,769
Other receivables	22	**1,802,787**	359,040
Cash and bank balances	23	**16,446**	74,186
Total Current Assets		**5,149,368**	6,393,459
Total Assets		**15,222,910**	17,314,831

Waqar A Malik
Chairman

M Asif Saad
Chief Operating Officer

Profit and Loss Account

for the year ended 31 December 2008

Amounts in Rs '000

	Note	2008	2007
Turnover	24	**35,975,240**	31,103,684
Price settlements and discounts		**(3,039,020)**	(2,636,338)
Net sales		**32,936,220**	28,467,346
Cost of sales	25	**(32,067,881)**	(27,117,299)
Gross profit		**868,339**	1,350,047
Distribution and selling expenses	26	**(56,422)**	(16,588)
Administration expenses	27	**(201,069)**	(160,907)
Other operating income	28	**153,776**	169,015
Other operating expenses	29	**(1,415,817)**	(108,887)
		(1,519,532)	(117,367)
		(651,193)	1,232,680
Financial charges	30	**(1,027,497)**	(1,033,269)
(Loss) / profit before taxation		**(1,678,690)**	199,411
Taxation	31	**(81,775)**	(258,477)
Loss after taxation		**(1,760,465)**	(59,066)
		Rupees	
Loss per share - basic and diluted	32	**(1.16)**	(0.04)

The annexed notes 1 to 44 form an integral part of these financial statements.

Waqar A Malik
Chairman

M Asif Saad
Chief Operating Officer

Cash Flow Statement
for the year ended 31 December 2008

Amounts in Rs '000

	2008	2007
Cash Flows from Operating Activities		
(Loss) / profit before taxation	**(1,678,690)**	199,411
Adjustments for:		
Depreciation	**1,193,726**	1,175,540
Loss on sale / retirement of property, plant and equipment	**4,358**	10,632
Provision for staff retirement benefit scheme - unfunded	**1,221**	1,138
Provision for contingency	**-**	(50,624)
Financial charges	**1,027,497**	1,033,269
Unrealised exchange loss (net)	**1,091,292**	55,556
	1,639,404	2,424,922
Movement in:		
Working capital	**97,988**	108,108
Long-term loans and advances	**(6,292)**	(7,850)
Long-term deposits and prepayments	**(1,097)**	38
	90,599	100,296
Cash generated from operations	**1,730,003**	2,525,218
Payments for:		
Financial charges	**(784,168)**	(1,046,024)
Provision for contingency	**-**	(39,376)
Staff retirement benefit scheme - unfunded	**(86)**	(36)
Taxation	**(403,344)**	(269,229)
	(1,187,598)	(1,354,665)
Net cash generated from operating activities	**542,405**	1,170,553
Cash Flows from Investing Activities		
Payments for capital expenditure	**(280,088)**	(229,255)
Proceeds from sale of property, plant and equipment	**7,358**	2,034
Net cash used in investing activities	**(272,730)**	(227,221)
Net cash flows before financing activities	**269,675**	943,332

Cash Flow Statement
for the year ended 31 December 2008

Amounts in Rs '000

	2008	2007
Cash Flows from Financing Activities		
Long-term loans repayments	**(695,389)**	(1,365,932)
Payments for liability against assets subject to finance lease	**(81,922)**	(60,718)
Dividend paid	**(38)**	(641)
Net cash used in financing activities	**(777,349)**	(1,427,291)
Net decrease in cash and cash equivalents	**(507,674)**	(483,959)
Cash and cash equivalents at 1 January	**(730,504)**	(246,545)
Cash and cash equivalents at 31 December	**(1,238,178)**	(730,504)

	2008	2007
Movement in Working Capital		
(Increase) / decrease in current assets:		
Stores and spares	**36,049**	(56,230)
Stock-in-trade	**1,100,324**	1,358,440
Trade debts	**1,729,053**	(2,013,858)
Loans and advances	**10,749**	(8,164)
Deposits and short-term prepayments	**91,349**	(30,087)
Other receivables	**(1,443,747)**	336,924
	1,523,777	(412,975)
(Decrease) / increase in trade and other payables	**(1,425,789)**	521,083
	97,988	108,108

	2008	2007
Cash and Cash Equivalents		
Cash and cash equivalents include:		
Cash and bank balances - note 23	**16,446**	74,186
Running finance - note 11	**(1,254,624)**	(804,690)
	(1,238,178)	(730,504)

The annexed notes 1 to 44 form an integral part of these financial statements.

Waqar A Malik
Chairman

M Asif Saad
Chief Operating Officer

Statement of Changes in Equity
for the year ended 31 December 2008

Amounts in Rs '000

	Issued, subscribed and paid-up capital	Capital reserves	Accumulated loss	Total
Balance as on 1 January 2007	15,142,072	2,345	(9,257,751)	5,886,666
Loss for the year ended 31 December 2007	-	-	(59,066)	(59,066)
Balance as on 31 December 2007	15,142,072	2,345	(9,316,817)	5,827,600
Loss for the year ended 31 December 2008	-	-	(1,760,465)	(1,760,465)
Balance as on 31 December 2008	**15,142,072**	**2,345**	**(11,077,282)**	**4,067,135**

The annexed notes 1 to 44 form an integral part of these financial statements.

Waqar A Malik
Chairman

M Asif Saad
Chief Operating Officer

Notes to the Financial Statements
for the year ended 31 December 2008

1. STATUS AND NATURE OF BUSINESS

Pakistan PTA Limited ("the Company") is incorporated in Pakistan and is listed on Karachi, Lahore and Islamabad Stock Exchanges. The Company is engaged in the manufacture and sale of Pure Terephthalic Acid (PTA). The Company's registered office is situated at EZ/1/P-4, Eastern Industrial Zone, Port Qasim, Karachi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance,1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention, except that certain items of operating property, plant and equipment have been included at revalued amounts and certain exchange elements have been incorporated in the cost of the relevant operating property, plant and equipment upto 4 July 2004.

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by the management that may have a significant risk of material adjustment to the financial statements in subsequent years are discussed in note 41.

2.3 Staff retirement benefits

Defined benefit plans

The Company operates an approved funded defined benefit gratuity scheme for all permanent employees. Minimum qualifying period for entitlement to gratuity is five years continuous service with the Company.

The Company also has an approved funded defined benefit pension scheme for all management staff who joined the Company before 1 May 2004.

The Company also has an unfunded medical scheme to provide post retirement medical benefits to members of its pension fund.

Contributions to all schemes are made periodically on the basis of recommendations of the actuary and in line with the provisions of the Income Tax Ordinance, 2001. Actuarial valuations of these schemes are carried out at the end of every year. The valuations use the "Projected Unit Credit" method. Actuarial gains and losses are amortised over the expected future service of current members.

Defined contribution plans

The Company operates a provident fund scheme for all its permanent employees. Equal monthly contributions are made to the fund, both by the Company and the employees at the rate of 10 percent of basic salary and cost of living allowance wherever applicable.

The Company also operates a defined contribution superannuation fund for its management staff, who joined the Company on or after 1 May 2004 and for those who opted out of the defined benefit pension scheme. Contributions are made at the rate of 10.6 percent of basic salary of the members of the fund.

2.4 Dividend

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which the dividends are approved.

Notes to the Financial Statements
for the year ended 31 December 2008

2.5 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in equity or below equity, in which case it is recognised in equity or below equity respectively.

Current

Provision for current taxation is based on taxable income at the rates enacted or substantively enacted at the balance sheet date after taking into account available tax credits and rebates, if any.

Deferred

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit at the time of the transaction. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Further, the Company recognises deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.

2.6 Property, plant and equipment and depreciation

Operating property, plant and equipment, except for motor vehicles and furniture and equipment, are stated at revalued amounts less accumulated depreciation and impairment losses (if any). Motor vehicles and furniture and equipment are stated at cost less accumulated depreciation. Cost of certain items of operating property, plant and equipment comprises historical cost, exchange differences referred to in note 2.10 and the cost of borrowings during the construction period in respect of loans taken for the PTA project.

Renewals and improvements are included in an asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other expenses are charged to income during the financial period in which they are incurred.

Surplus on revaluation, after considering deficit in other categories, is credited to surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value.

Depreciation charge is based on the straight-line method whereby the cost or revalued amount of an asset is written off to profit and loss account over its estimated useful life, from the date the asset is available for use. The revalued amount of leasehold land is amortised in equal installments over the lease period. The net exchange differences included in cost of assets upto 4 July 2004 are amortised in equal installments over the remaining useful lives of the assets.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The residual value, depreciation method and the useful lives of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposal of assets are taken to the profit and loss account.

2.7 Stores and spares

Stores and spares are stated at the lower of weighted average cost and net realisable value.

2.8 Stock-in-trade

Stock-in-trade is valued at the lower of weighted average cost and net realisable value.
Manufactured finished goods include prime cost and an appropriate portion of production overheads.

Notes to the Financial Statements
for the year ended 31 December 2008

Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred to make the sale.

2.9 Trade debts and other receivables

Trade debts are recognised initially at fair value plus directly attributable cost (if any) and subsequently measured at amortised cost less provision for impairment, if any.

Other receivables are stated at amortised cost less provision for impairment.

2.10 Foreign currency transactions

Transactions denominated in foreign currencies are translated to Pak Rupees at the exchange rate ruling at the date of transaction.

Monetary assets and liabilities in foreign currencies at balance sheet date are translated into Pak Rupees at exchange rates ruling on that date.

In respect of foreign currency loans obtained for acquisition of operating property, plant and equipment, the exchange differences on principal amount upto 4 July 2004 were included in the cost of relevant operating property, plant and equipment. All exchange differences, effective 5 July 2004, are taken to the profit and loss account, due to amendments in the Fourth Schedule to the Ordinance.

2.11 Revenue recognition

Revenue from the sale of goods is recognised on despatch of goods i.e. when the significant risks and rewards of ownership are transferred to the customer. Profit on short term deposits is accounted for on time-apportioned basis on the principal outstanding and at the rate applicable.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, deposit and current accounts held with banks. Running Finance facilities availed by the Company, which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of statement of cash flows.

2.13 Impairment losses

The carrying amounts of the Company's assets, other than stores and spares, stock in trade and deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. Impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

2.14 Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the present value of the expected expenditures, discounted at a pre-tax rate that reflects current market assessment of the time value of money and the risk specific to the obligation.

2.15 Financial liabilities

All financial liabilities are initially recognised at fair value plus directly attributable cost (if any) and subsequently measured at amortised cost.

2.16 Offsetting

Monetary assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amount and the Company intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

2.17 Finance lease

Leases of property, plant and equipment where the Company assumes substantially all of the risks and rewards

Notes to the Financial Statements

for the year ended 31 December 2008

Amounts in Rs '000

incidental to ownership of an asset are classified as finance leases. Assets acquired under a finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses (if any). The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Assets acquired under a finance lease are depreciated on straight line basis over the term of the lease.

2.18 Operating leases

Payments made under operating leases are recognized in the profit and loss account over the term of the leases.

2.19 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the functional currency of the Company.

3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	**2008**	2007
504,735,636 (2007: 504,735,636) Ordinary shares of Rs 10 each fully paid-up issued pursuant to the Scheme for consideration other than cash - note 3.1	**5,047,356**	5,047,356
1,009,471,572 (2007: 1,009,471,572) Ordinary shares of Rs 10 each fully paid-up in cash	**10,094,716**	10,094,716
	15,142,072	15,142,072

3.1 With effect from 1 October 2000 the PTA Business of ICI Pakistan Limited was demerged under a Scheme of Arrangement (Scheme), dated 12 December 2000, approved by the shareholders and sanctioned by the High Court of Sindh.

3.2 ICI Omicron B.V., which is a wholly owned subsidiary of Akzo Nobel NV, held 1,135,806,239 (2007: 1,135,806,239) ordinary shares of Rs 10 each at 31 December 2008. Effective 2 January 2008 Akzo Nobel NV has completed its acquisition of ICI PLC UK, the parent company of ICI Omicron B.V. With this acquisition Akzo Nobel NV has become the ultimate holding company of Pakistan PTA Limited. Pakistan PTA Limited continues to be the direct subsidiary of ICI Omicron B.V.

4. CAPITAL RESERVES

Capital reserves represent the amount received from various group companies overseas for purchase of fixed assets. The remitting companies have no claim to their repayments.

5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Balance as at 1 January	-	-
Revaluation surplus - note 5.1	**132,295**	-
Deferred tax liability recognised on surplus - note 16.2	**(46,303)**	-
	85,992	-
Balance as at 31 December	**85,992**	-

5.1 Revaluation surplus

Surplus on leasehold land	**196,440**	-
Surplus on buildings on leasehold land	**326,211**	-
Deficit on plant and machinery	**(390,356)**	-
	132,295	-

Notes to the Financial Statements
for the year ended 31 December 2008

Amounts in Rs '000

6. LONG-TERM LOANS - unsecured

Lender	Instalments payable	Interest rate	Repayment period	2008	2007
Loan from banks and other financial institutions					
Consortium of Banks USD Nil (31 December 2007: USD 11.234 million)	half-yearly	6.6% per annum & 0.525% per annum above 6 months LIBOR	1998-2008	-	692,382
Loans from Associated Company					
Mortar Investments International Limited USD 63 million (31 December 2007: USD 63 million)	at maturity	1% per annum above 6 months LIBOR	2012	**4,996,687**	3,879,697
Less: Current portion shown under current liabilities				-	(692,382)
				4,996,687	3,879,697

7. LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE - Plant and Machinery

	Discount rate %	31 December 2008 Minimum lease payments	31 December 2008 Financial charges for future periods	31 December 2008 Principal outstanding	31 December 2007 Minimum lease payments	31 December 2007 Financial charges for future periods	31 December 2007 Principal outstanding
Not later than one year		**170,122**	**86,507**	**83,615**	175,488	104,293	71,195
Later than one year and not later than five years	**18. 9 - 20. 3**	**538,470**	**138,282**	**400,188**	701,952	231,187	470,765
Later than five years		**-**	**-**	**-**	29,272	693	28,579
		538,470	**138,282**	**400,188**	731,224	231,880	499,344
		708,592	**224,789**	**483,803**	906,712	336,173	570,539

7.1 During the year 2004, the International Financial Reporting Interpretations Committee (IFRIC) of the International Accounting Standards Board issued IFRIC Interpretation 4 (IFRIC - 4) “Determining Whether an Arrangement Contains a Lease”. IFRIC - 4 was effective for financial periods beginning on or after 1 January 2006 and required determination of whether an arrangement is, or contains, a lease based on the substance of the arrangement.

The Company reviewed various take or pay contracts executed in previous years and, with effect from 1 January 2006, has determined that three contracts for the receipt and storage of paraxlyene (Contract 1), supply of hydrogen and nitrogen gases (Contract 2) and supply of CMB catalyst (Contract 3) are to be recognized in terms of IFRIC - 4. Further, in accordance with IAS 17: Leases, Contracts 1 and 3 and a part of Contract 2 relating to the manufacture of nitrogen have been recognized as operating leases while the remaining part of Contract 2 relating to the hydrogen plant and liquid nitrogen storage facility has been recognized as finance lease.

Notes to the Financial Statements

for the year ended 31 December 2008

Amounts in Rs '000

		2008	2007
8.	**DEFERRED LIABILITY**	**2008**	2007
	Provision for pensioners' medical scheme - unfunded - note 8.1.6	**6,073**	4,938

8.1 Staff Retirement Benefits

		2008				2007			
		Funded			Unfunded	Funded			Unfunded
		Pension	Gratuity	Total	Medical	Pension	Gratuity	Total	Medical
8.1.1	**Movement in the liability for defined benefit obligations**								
	Balance as at 1 January	**54,754**	**65,720**	**120,474**	**6,380**	55,110	55,556	110,666	5,634
	Benefits paid by the plan	**(43,928)**	**(18,338)**	**(62,266)**	**(86)**	(25,004)	(11,945)	(36,949)	(36)
	Current service costs	**742**	**5,793**	**6,535**	**422**	2,095	5,447	7,542	418
	Interest cost	**1,858**	**6,071**	**7,929**	**721**	5,138	5,471	10,609	618
	Termination cost	**-**	**-**	**-**	**-**	7,760	-	7,760	-
	Past service cost	**(2,009)**	**-**	**(2,009)**	**2,576**	-	-	-	-
	Actuarial (gains) / losses recognised	**7,309**	**7,893**	**15,202**	**4,334**	9,655	11,191	20,846	(254)
	Balance as at 31 December	**18,726**	**67,139**	**85,865**	**14,347**	54,754	65,720	120,474	6,380
8.1.2	**Movement in plan assets**								
	Fair value of plan assets at 1 January	**44,766**	**107,672**	**152,438**	**-**	60,966	97,381	158,347	-
	Contributions paid into the plan	**28,005**	**3,873**	**31,878**	**-**	-	3,562	3,562	36
	Other contributions	**-**	**168**	**168**	**-**	-	-	-	-
	Benefits paid by the plan	**(43,928)**	**(18,338)**	**(62,266)**	**-**	(25,004)	(11,945)	(36,949)	(36)
	Expected return on plan assets	**4,041**	**10,566**	**14,607**	**-**	5,367	10,262	15,629	-
	Actuarial (losses) / gains recognised	**(14,158)**	**(39,236)**	**(53,394)**	**-**	3,437	8,412	11,849	-
	Fair value of plan assets at 31 December	**18,726**	**64,705**	**83,431**	**-**	44,766	107,672	152,438	-
8.1.3	**Actual return on plan assets**	**(10,117)**	**(28,670)**	**(38,787)**	**-**	8,804	18,674	27,478	-
8.1.4	**Reconciliation**								
	Fair value of plan assets at 31 December - note 8.1.2	**18,726**	**64,705**	**83,431**	**-**	44,766	107,672	152,438	-
	Liability for defined benefit obligation at 31 December - note 8.1.1	**(18,726)**	**(67,139)**	**(85,865)**	**(14,347)**	(54,754)	(65,720)	(120,474)	(6,380)
	Surplus / (deficit)	**-**	**(2,434)**	**(2,434)**	**(14,347)**	(9,988)	41,952	31,964	(6,380)
	Unrecognised past service cost	**-**	**-**	**-**	**2,576**				
	Unrecognised actuarial (gain) / loss	**7,783**	**34,598**	**42,381**	**5,698**	(14,065)	(13,371)	(27,436)	1,442
	Recognised (liability) / asset	**7,783**	**32,164**	**39,947**	**(6,073)**	(24,053)	28,581	4,528	(4,938)
8.1.5	**Expense recognised in profit and loss account**								
	Current service costs	**742**	**5,793**	**6,535**	**422**	2,095	5,447	7,542	418
	Interest on obligation	**1,858**	**6,071**	**7,929**	**721**	5,138	5,471	10,609	618
	Expected return on plan assets	**(4,041)**	**(10,566)**	**(14,607)**	**-**	(5,367)	(10,262)	(15,629)	-
	Past service cost	**(2,009)**	**-**	**(2,009)**	-	-	-	-	-
	Actuarial (gains) / losses recognised during the period	**(381)**	**(840)**	**(1,221)**	**78**	(12,582)	(1,103)	(13,685)	102
	Termination cost	-	-	-	-	7,760	-	7,760	-
	Other contributions	**-**	**(168)**	**(168)**	-	-	(134)	(134)	-
	Expenses recognised in profit and loss account	**(3,831)**	**290**	**(3,541)**	1,221	(2,956)	(581)	(3,537)	1,138
8.1.6	**Recognised asset / (liability)**								
	Recognised asset / (liability) at 1 January	**(24,053)**	**28,581**	**4,528**	**(4,938)**	(27,009)	24,572	(2,437)	(3,836)
	Expenses recognised in profit and loss account	**3,831**	**(290)**	**3,541**	**(1,221)**	2,956	581	3,537	(1,138)
	Company contributions	**28,005**	**3,873**	**31,878**	**86**	-	3,428	3,428	36
	Recognised asset / (liability) as at 31 December	**7,783**	**32,164**	**39,947**	**(6,073)**	(24,053)	28,581	4,528	(4,938)
8.1.7	**Fund's investments**								
	Government bonds	17,314	45,734	63,048		23,242	56,006	79,248	
	Other bonds (TFC's)	3,468	2,092	5,560		4,088	2,550	6,638	
	Shares	1,593	5,660	7,253		4,321	19,335	23,656	
	Unit trusts (Mutual Funds)	1,406	1,745	3,151		10,191	26,105	36,296	
	Term Deposits	-	7,681	7,681		-	-	-	
	Cash	40	1,793	1,833		2,924	3,659	6,583	
	Creditors	(5,095)	-	(5,095)		-	17	17	
	Total as at 31 December	18,726	64,705	83,431		44,766	107,672	152,438	

Notes to the Financial Statements
for the year ended 31 December 2008

Amounts in Rs '000

8.1.8 Actuarial assumptions

	2008	2007
Discount rate at 31 December	**16.00%**	11.00%
Expected return on plan assets	**16.00%**	11.00%
Future salary increases	**13.79%**	8.90%
Medical cost trend rate	**10.48%**	5.70%
Future pension increases	**10.48%**	6.00%

The Company's contribution to the pension and gratuity funds in 2009 is expected to amount to Rs 5.5 million. The Company amortises gains and losses over the expected remaining service of current plan members.

8.1.9 These figures are based on the latest actuarial valuation carried out as at 31 December 2008.

8.1.10 Historical information

	2008	2007	2006	2005	2004
Present value of the defined benefit obligation as at 31 December	**100,212**	126,854	116,300	154,483	134,223
Fair value of plan assets	**83,431**	152,438	158,347	231,336	163,904
(Deficit) / surplus in the plan	**(16,781)**	25,584	42,047	76,853	29,681

8.2 A sensitivity analysis was conducted to determine the impact of a 1% change in the medical cost trend, which was not material.

8.3 The Company's contribution towards the provident fund for the year ended 31 December 2008 amounted to Rs 10.719 million (2007: Rs 9.289 million) and towards the defined contribution superannuation fund amounted to Rs 9.753 million (2007: Rs 7.420 million).

9. TRADE AND OTHER PAYABLES

	2008	2007
Trade creditors including bills payable - note 9.1	**2,761,611**	3,939,732
Accrued expenses	**1,083,867**	887,032
Contractors' earnest / retention money	**1,813**	1,317
Freight payable	**6,510**	34,924
Advances from customers	**13,070**	404,453
Provision for workers' profit participation fund - note 9.2	-	11,118
Provision for workers' welfare fund	-	11,832
Payable to staff retirement benefit fund	-	24,053
Others	**34,262**	12,461
	3,901,133	5,326,922

9.1 Trade creditors include Rs 172.484 million (2007: Rs 261.817 million) payable to ICI Pakistan Limited.

9.2 Reconciliation of provision for workers' profit participation fund

	2008	2007
Balance as at 1 January	**11,118**	19,848
Allocation for the year - note 29	-	11,118
Interest on funds utilised at 12.55% (2007: 12.15%) per annum - note 30	**217**	423
Amount paid to the fund	**(11,335)**	(20,271)
Balance as at 31 December	**-**	11,118

10. ACCRUED INTEREST / MARK-UP ON LOANS

	2008	2007
Short-term finance	**40,877**	8,241
Long-term loans - note 10.1	**384,202**	197,400
	425,079	205,641

10.1 This represents interest payable on half-yearly basis on loans from Mortar Investments International Limited.

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for the year ended 31 December 2008

Amounts in Rs '000

	2008	2007
11. SHORT-TERM FINANCING		
Running finance under mark-up arrangements	**1,254,624**	804,690

11.1 The facilities for running finance available from various banks as at 31 December 2008 amounted to Rs 1,695 million (2007: Rs 3,305 million). The facilities carry mark-up at rates ranging from 1 month KIBOR plus 0.50 percent per annum to 3 months KIBOR plus 1.5 percent per annum. These facilities were secured by joint pari-passu hypothecation charge over all the present and future stocks and book debts of the Company.

11.2 Foreign currency import finance facilities available against trust receipts from various banks as at 31 December 2008 amounted to USD 20 million (2007: USD 26 million) at mark-up rates ranging from 0.50 percent per annum to 4.25 percent per annum above matching tenor LIBOR. The total amount utilised under these facilities as at 31 December 2008 amounted to USD Nil (2007: USD 7.8 million).

11.3 Foreign currency export finance facility available from a local bank as at 31 December 2008 amounted to USD 5.0 million (2007: USD 6.7 million) at a mark-up rate of 1.0 percent per annum above matching tenor LIBOR. This facility was secured by joint pari-passu hypothecation charge over all the present and future stocks and book debts of the Company. The amount utilised under this facility as at 31 December 2008 amounted to USD Nil (2007: USD Nil).

12. CONTINGENCIES AND COMMITMENTS

12.1 Commitments in respect of capital expenditure as at 31 December 2008 - Rs 65.073 million (2007: Rs 60.340 million).

12.2 Commitments for rentals under operating lease agreements in respect of vehicles as at 31 December are as follows:

Year	2008	2007
2008	-	14,621
2009	**14,040**	11,113
2010	**12,968**	8,256
2011	**10,515**	3,492
2012	**5,307**	-
	42,830	**37,482**

12.3 Commitments for rentals under operating lease agreements with certain suppliers referred to in note 7.1 in respect of goods and services as at 31 December are as follows:

	2008	2007
2008	-	844,466
2009	**1,017,719**	849,405
2010	**1,042,025**	870,174
2011	**1,066,959**	891,494
2012	**946,556**	809,191
2013	**6,208**	5,446
	4,079,467	4,270,176

12.3.1 Commitments for rentals under operating lease agreements in respect of goods and services are stated at minimum lease payments. Some of these are linked to consumer price index (CPI) of UK / Pakistan, priced in foreign currency and payable in Pakistan rupees, converted at the exchange rates applicable on the date of payment.

12.4 ICI Pakistan Limited has issued a guarantee in respect of operational obligations of the Company amounting to Rs 2,370 million (2007: Rs 2,460 million) against which the Company has issued a counter guarantee to ICI Pakistan Limited.

12.5 Outstanding guarantees and letters of credit as at 31 December 2008 were Rs 857.494 million (2007: Rs 530.200 million) and Rs 621.80 million (2007: Rs 1,247 million), respectively.

12.6 The Income Tax Appellate Tribunal (ITAT) vide order no ITA.No.111/KB/2006 dated 20 April 2006 has set aside the Taxation Officer's assessment order for the assessment year 2002-2003 (income year ending 31 December 2001) whereby the assessing officer has been directed to re-examine the issue of allocation of cost of goods sold to exports sales, strictly in accordance with Rule 216 of the Income Tax Rules, 1982. The taxation officer vide order no. DC20/106 dated 29 June 2007 has used volume basis to determine the allocation of cost of goods sold to export sales. The Company has filed an appeal against the assessment. No provision has been made in these financial statements for the potential liability of Rs 760.812 million as the Company is still confident of a favorable outcome from the appeal process and considers that the allocation basis used by the Company is strictly in accordance with Rule 216 of Income Tax Rules 1982.

Notes to the Financial Statements

for the year ended 31 December 2008

Amounts in Rs '000

		2008	2007
13.	**PROPERTY, PLANT AND EQUIPMENT**		
13.1	Net book value of operating property, plant and equipment - note 13.2	**9,812,227**	10,635,250
	Capital work in progress - note 13.5	**140,564**	110,600
		9,952,791	10,745,850

13.2 The following is a statement of operating property, plant and equipment:

2008

	Cost and revaluation at 1 January 2008	Additions & adjustments / (deletions)	Surplus / (deficit) on revaluation	Cost and revaluation at 31 December 2008	Accumulated depreciation at 1 January 2008	Charge for the year / (accumulated depreciation on deletions)	Surplus / (deficit) on revaluation	Accumulated depreciation at 31 December 2008	Book value at 31 December 2008	Depreciation rate %
Leasehold land - 13.3	181,313	-	248,629	429,942	34,433	3,626	52,189	90,248	339,694	2
Buildings on leasehold land - 13.3	671,742	2,635	927,630	1,602,007	391,932	45,293	601,419	1,038,644	563,363	6.67
Plant and machinery - 13.3	23,649,081	236,368 (13,862)	(1,018,286)	22,853,301	13,623,583	1,105,334 (8,412)	(627,930)	14,092,575	8,760,726	5 - 6.67
Motor Vehicles	51,224	1,258 (6,256)	-	46,226	47,276	558 (1,828)	-	46,006	220	25
Furniture and equipment	394,052	9,863 (15,270)	-	388,645	351,180	12,546 (13,432)	-	350,294	38,351	10-33
Plant and machinery subject to finance lease	395,543	-	-	395,543	259,301	26,369	-	285,670	109,873	6.67
	25,342,955	250,124 (35,388)	1,176,259 (1,018,286)	25,715,664	14,707,705	1,193,726 (23,672)	653,608 (627,930)	15,903,437	9,812,227	

2007

	Cost and revaluation at 1 January 2007	Additions & adjustments / (deletions)	Cost and revaluation at 31 December 2007	Accumulated depreciation at 1 January 2007	Charge for the year (accumulated depreciation on deletions)	Accumulated depreciation at 31 December 2007	Book value at 31 December 2007	Depreciation rate %
Leasehold land	181,313	-	181,313	30,807	3,626	34,433	146,880	2
Buildings on leasehold land	671,065	677	671,742	346,881	45,051	391,932	279,810	6.67
Plant and machinery	23,355,144	323,272 (29,335)	23,649,081	12,556,750	1,083,653 (16,820)	13,623,583	10,025,498	5 - 6.67
Motor Vehicles	51,149	402 (327)	51,224	45,439	2,013 (176)	47,276	3,948	25
Furniture and equipment	379,486	14,566	394,052	336,353	14,827	351,180	42,872	10-33
Plant and machinery subject to finance lease	395,543	-	395,543	232,931	26,370	259,301	136,242	6.67
	25,033,700	338,917 (29,662)	25,342,955	13,549,161	1,175,540 (16,996)	14,707,705	10,635,250	

13.3 The revaluation of leasehold land and buildings on leasehold land was carried out as at 31 December 2008 by an independent valuer Joseph Lobo (Pvt.) Limited. The land value is the estimated market value of leasehold land in the Industrial Area of Port Qasim with similar usage conditions. Buildings on leasehold land have been valued at estimated gross replacement cost.

As at 31 December 2008 a desktop appraisal of the plant and machinery valuation was carried out by SHM Smith Hodgkinson, UK, on the basis of depreciated replacement cost.

Notes to the Financial Statements
for the year ended 31 December 2008

Amounts in Rs '000

13.4 Had there been no revaluation, the net book value of specific classes of operating property, plant and equipment would have been as follows:

	2008	2007
Leasehold land	**71,999**	73,823
Buildings on leasehold land	**331,530**	397,258
Plant and machinery	**10,034,677**	10,952,029
	10,438,206	11,423,110

13.5 Capital Work-in-Progress

	2008	2007
Civil works and buildings	**-**	798
Plant and machinery	**138,729**	68,975
Miscellaneous Equipment	**640**	-
Advances to suppliers	**1,195**	40,827
	140,564	110,600

13.5.1 Capital Work-in-Progress - movement

	2008	2007
Opening balance	**110,600**	220,262
Capital expenditure	**280,088**	229,255
Transferred to property, plant and equipment	**(250,124)**	(338,917)
Closing balance	**140,564**	110,600

13.6 The following operating property, plant and equipment were disposed of / retired during the year:

	2008				
	Cost	**Accumulated depreciation**	**Net book value**	**Sale proceeds**	**Particulars of buyers / others**
Plant and machiney	**13,862**	**8,412**	**5,450**	**-**	Obsolete items - scrapped
Office equipment & furniture					
Sold by negotiation					
Generator	769	153	616	616	Mr M Afzal Jamil, Karachi
Obsolete desk computers & monitors	202	202	-	-	Donated to SOS village, Karachi
Obsolete desk computers & monitors	11,514	11,514	-	256	Mr Saleh Muhammad Khan, Karachi
Furniture & fixtures	2,786	1,564	1,222	321	Mr Mehoob Khan & Mr Shoaib Uddin, Karachi
	15,271	**13,433**	**1,838**	**1,193**	
Motor Vehicles					
Sold by auction					
Mercedes Benz E Class	4,944	1,751	3,193	4,100	Mr Abdul Aziz, Karachi
Toyota Camry Automatic	1,258	52	1,206	1,360	Mr Muhammad Akbar, Karachi
Toyota Corolla	54	25	29	705	Mr Syed Riaz Ahmed, Karachi
	6,256	**1,828**	**4,428**	**6,165**	
	35,389	**23,673**	**11,716**	**7,358**	

Notes to the Financial Statements
for the year ended 31 December 2008

Amounts in Rs '000

	2007				
	Cost	Accumulated depreciation	Net book value	Sale proceeds	Particulars of buyers / others
Plant and machiney	29,335	16,820	12,515	-	Obsolete items - scrapped
Motor vehicles					
Sold by auction					
Toyota Corolla	47	9	38	717	Mr Saleem Ahmed Siddiqui, Karachi
Toyota Corolla	54	19	35	673	Mr Adil Akbar, Karachi
Suzuki Cultus	115	67	48	340	Mr Mohammad Adil Shamsi, Karachi
Suzuki Cultus	111	81	30	304	Mr Mohammad Alauddin Rashid, Karachi
	327	176	151	2,034	
	29,662	16,996	12,666	2,034	

14. LONG TERM LOANS AND ADVANCES - considered good

	2008				2007
	Motor car	**House building assistance**	**Others**	**Total**	
Due from executives - note 14.1	**9,027**	**25,651**	**223**	**34,901**	28,523
Less: Receivable within one year - note 21	**(1,483)**	**(9,673)**	**(83)**	**(11,239)**	(10,607)
	7,544	**15,978**	**140**	**23,662**	17,916
Due from employees			**25,502**	**25,502**	25,670
Less: Receivable within one year - note 21			**(4,441)**	**(4,441)**	(5,155)
			21,061	**21,061**	20,515
			21,201	**44,723**	38,431
Outstanding for periods - less than three years				**29,516**	24,364
- three years and above				**15,207**	14,067
				44,723	38,431

14.1 Reconciliation of carrying amount of loans to executives

	2008			2007
	Key Management Personnel	**Executives**	**Total**	
Balance at the beginning of the year	**7,485**	21,038	28,523	18,289
Disbursements	**1,791**	19,938	21,729	24,895
Repayments	**(2,876)**	(12,475)	(15,351)	(14,661)
Balance at the end of the year	**6,400**	28,501	34,901	28,523

14.2 Loans for purchase of motor cars and house building assistance are repayable within two to ten years from their dates of disbursement. All the loans are interest free and are secured, where applicable, against respective assets granted to the employees of the Company in accordance with their terms of employment.

14.3 The maximum aggregate amount of loans and advances due from the Chief Executive / Chief Operating Officer, Directors and Executives at the end of any month during the year was Rs 1.438 million, Rs Nil and Rs 42.099 million (2007: Rs Nil, Rs Nil and Rs 55.392 million) respectively.

Notes to the Financial Statements

for the year ended 31 December 2008

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14.4 Outstanding loans to key management personnel

	2008		
Key management personnel	**Outstanding loan**	**Maturity date**	**Particulars of collateral / security held**
M Asif Saad	508	June - 2009	Nil - as per terms of employment
Ali Aamir	1,980	Sep - 2010	Nil - as per terms of employment
Qamar H. Manzoor	3,525	April - 2011	Nil - as per terms of employment
Raja Waheed Ullah Khan	387	July - 2009	Nil - as per terms of employment
	6,400		

	2007		
Key management personnel	Outstanding loan	Maturity date	Particulars of collateral / security held
M Asif Saad	1,523	May - 2009	Nil - as per terms of employment
Ali Aamir	1,406	April - 2009	Nil - as per terms of employment
Qamar H. Manzoor	4,556	April - 2012	Nil - as per terms of employment
	7,485		

15. LONG-TERM DEPOSITS AND PREPAYMENTS

	2008	2007
Deposits - note 15.1	**40,624**	40,624
Prepayments	**1,097**	-
	41,721	40,624

15.1 This includes Rs 14.418 million (2007: Rs 14.418 million) paid to Pakistan Steel Mills Corporation for emergency back-up supply of water and Rs 24.272 million (2007: Rs 24.272 million) paid to Karachi Electric Supply Corporation.

16. DEFERRED TAX ASSET - net

Debit / (credit) balance arising in respect of:

Difference in accounting and tax base of operating property, plant and equipment since 1 October 2000	**(253,745)**	(165,944)
Finance lease asset	**124,331**	144,403
Provisions	**163,721**	118,008
Total debit balance in respect of deferred taxation	**34,307**	96,467

16.1 Deferred tax asset has not been recognized in respect of the deductible tax loss of Rs 1,166 million for the year due to uncertainty on the availability of future taxable profits.

16.2 Deferred taxation - movement

	Balance 1 January 2007	Recognised in profit & loss account	Balance 31 December 2007	Recognised in profit & loss account	Recognised in surplus on revaluation	Balance 31 December 2008
Property, plant and equipment	(77,037)	(88,907)	(165,944)	(41,498)	(46,303)	(253,745)
Finance lease asset	132,238	12,165	144,403	(20,072)	-	124,331
Provisions	94,563	23,445	118,008	45,713	-	163,721
	149,764	**(53,297)**	**96,467**	**(15,857)**	**(46,303)**	**34,307**

Notes to the Financial Statements
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		2008	2007
17.	**STORES AND SPARES**		
	Stores	**58,077**	67,851
	Spares	**514,343**	520,470
		572,420	588,321
	Less: Provision for impairment (i.e. obsolete, slow moving and rejected items)	**(23,552)**	(3,404)
		548,868	584,917
18.	**STOCK-IN-TRADE**		
	Raw and packing materials (including in-transit Rs Nil; 2007: Rs 76.103 million)	**1,189,050**	977,437
	Finished goods	**55,263**	1,367,200
		1,244,313	2,344,637
19.	**DEPOSITS AND SHORT-TERM PREPAYMENTS**		
	Deposits	**1,145**	1,345
	Margin on import letters of credit	**10,571**	15,456
	Short-term prepayments	**63,175**	149,439
		74,891	166,240
20.	**TRADE DEBTS**		
	Considered good - secured	**1,089,614**	2,818,667

20.1 Trade debts include aggregate amount of Rs 342.989 million (2007: Rs 1,197.091 million) due from ICI Pakistan Limited.

20.2 The maximum aggregate amount of trade debts due from ICI Pakistan Limited at the end of any month during the year was Rs 1,406.951 million (2007: Rs 1,197.091 million).

20.3 All of the Company's debts are secured by letters of credit issued by various banks.

		2008	2007
21.	**LOANS AND ADVANCES - considered good**		
	Loans due from:		
	Executives - note 14	**11,239**	10,607
	Employees - note 14	**4,441**	5,155
		15,680	15,762
	Advances to:		
	Executives	**2,258**	862
	Employees	**1,180**	939
	Contractors and suppliers	**7,902**	20,206
		11,340	22,007
		27,020	37,769

21.1 The maximum aggregate amount of advances due from the Chief Executive / Chief Operating Officer, Directors and Executives at the end of any month during the year was Rs Nil, Rs Nil and Rs 2.841 million (2007: Rs Nil, Rs Nil and Rs 2.378 million) respectively.

Notes to the Financial Statements
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		2008	2007
22.	**OTHER RECEIVABLES**		
	Tariff adjustment claim receivable from KESC	**124,048**	124,048
	Sales tax receivable	**388,544**	284,511
	Octroi refundable	**1,947**	1,947
	Insurance claims	**9,474**	5,177
	Rebates receivable - note 22.1	**1,390,959**	61,019
	Receivable from staff retirement benefit funds - note 8.1.4	**39,947**	28,581
	Others	**5,990**	1,746
		1,960,909	507,029
	Provisions - note 22.2	**(158,122)**	(147,989)
		1,802,787	359,040

22.1 This represents amounts receivable on account of price and exchange rate differentials in respect of paraxylene and acetic acid settlements.

22.2 This represents provisions against amounts receivable from Karachi Electric Supply Corporation Limited and sales tax and octroi refundable of Rs 124.048 million, Rs 32.127 million and Rs 1.947 million (2007: Rs 124.048 million, Rs 21.994 million and Rs 1.947 million), respectively.

		2008	2007
23.	**CASH AND BANK BALANCES**		
	Current accounts	**9,966**	69,729
	Cash in hand	**6,480**	4,457
		16,446	74,186

24. TURNOVER

Turnover includes export sales amounting to Rs Nil (2007: Rs 431.851 million).

		2008	2007
25.	**COST OF SALES**		
	Raw and packing materials consumed:		
	Opening stock	**977,437**	1,702,131
	Purchases	**27,384,664**	22,394,591
	Closing stock	**(1,189,050)**	(977,437)
		27,173,051	23,119,285
	Salaries, wages and benefits - note 25.1	**261,289**	236,961
	Stores and spares consumed	**114,207**	108,879
	Rent, rates and taxes	**62**	113
	Insurance	**193,682**	230,874
	Oil, gas and electricity	**1,410,945**	1,239,685
	Printing and stationery	**1,703**	1,591
	Communications	**3,167**	2,974
	Traveling expenses	**39,169**	32,297
	Depreciation - note 13.2	**1,193,726**	1,175,540
	Repairs and maintenance - note 25.2	**335,904**	302,423
	General expenses	**29,039**	32,930
	Cost of goods manufactured	**30,755,944**	26,483,552
	Opening stock of finished goods	**1,367,200**	2,000,947
		32,123,144	28,484,499
	Closing stock of finished goods	**(55,263)**	(1,367,200)
		32,067,881	27,117,299

25.1 Salaries, wages and benefits include Rs 10.723 million (2007: Rs 9.742 million) in respect of staff retirement benefits.

25.2 Repairs and maintenance includes Rs 158 million (2007: Rs 150 million) in respect of overhaul of the plant.

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		2008	2007
26.	**DISTRIBUTION AND SELLING EXPENSES**		
	Salaries and benefits - note 26.1	**29,258**	26,363
	Repairs and maintenance	**11**	10
	Advertising and sales promotion expenses	**501**	222
	Lighting, heating and cooling	**95**	115
	Outward freight and handling charges	**10,124**	24,735
	Traveling expenses	**4,284**	6,673
	Postage, telegram, telephone and telex	**1,502**	1,115
	Provision for contingency - note 26.2	-	(50,624)
	General expenses	**10,647**	7,979
		56,422	16,588

26.1 Salaries and benefits include Rs 2.158 million (2007: Rs 1.334 million) in respect of staff retirement benefits.

26.2 This represents partial reversal of Rs Nil (2007: Rs.50.624 million) in respect of a trade related contingency due to final settlement with concerned parties.

		2008	2007
27.	**ADMINISTRATION EXPENSES**		
	Salaries and benefits - note 27.1	**101,495**	75,058
	Repairs and maintenance	**13,642**	10,249
	Advertising	**5,673**	331
	Rent, rates and taxes	**12,812**	11,740
	Lighting, heating and cooling	**143**	172
	Traveling expenses	**11,215**	10,818
	Postage, telegram, telephone and telex	**5,151**	4,138
	Service charges - note 27.2	**6,502**	6,002
	General expenses	**44,436**	42,399
		201,069	160,907

27.1 Salaries and benefits include Rs 5.421 million (2007: Rs 3.372 million) in respect of staff retirement benefits.

27.2 This represents amounts charged by ICI Pakistan Limited on commercial basis for certain administrative services rendered by it to the Company under a Service Level Agreement.

		2008	2007
28.	**OTHER OPERATING INCOME**		
	Insurance claim - note 28.1	**99,749**	116,642
	Scrap sales	**3,791**	52,373
	Exchange gain on finance lease	**28,705**	-
	Others	**21,531**	-
		153,776	169,015

28.1 This represents an insurance claim received on account of loss of profit related to a fire incident at a customer's manufacturing facility.

Notes to the Financial Statements
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		2008	2007
29.	**OTHER OPERATING EXPENSES**		
	Auditors' remuneration - note 29.1	**2,600**	2,667
	Donations - note 29.2	**1,631**	1,949
	Exchange loss	**1,374,967**	70,516
	Loss on sale / retirement of operating property, plant and equipment	**4,358**	10,632
	Provision against sales tax refundable	**10,133**	-
	Provision against obsolete stores	**22,128**	-
	Workers' profit participation fund - note 9.2	-	11,118
	Workers' welfare fund	-	12,005
		1,415,817	108,887
29.1	**Auditors' remuneration**		
	Statutory and group audit fee	**2,000**	1,939
	Certifications including half year review	**500**	600
	Out of pocket expenses	**100**	128
		2,600	2,667

29.2 Recipients of donations do not include any donee in whom any director or his spouse had any interest. Donations include Rs 0.162 million (2007: Rs 1.117 million) paid for community services.

		2008	2007
30.	**FINANCIAL CHARGES**		
	Interest / mark-up on:		
	- Short-term financing	**209,179**	145,276
	- Workers' profit participation fund - note 9.2	**217**	423
	- Finance lease - note 30.1	**139,737**	136,941
	- Long-term loans	**266,258**	311,807
	Discounting charges on receivables	**402,515**	382,294
	Guarantee fee	-	15,671
	ECGD commission	-	34,018
	Others	**9,591**	6,839
		1,027,497	1,033,269

30.1 This includes contingent rent of Rs 22.357 million (2007: Rs 23.497 million) recognized as an expense during the year which is determined by the fluctuation of the UK consumer price index.

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		2008	2007
31.	**TAXATION**		
	Current	-	206,830
	Prior year	**65,918**	(1,650)
	Deferred	**15,857**	53,297
		81,775	258,477
31.1	**Reconciliation of income tax expense for the year**		
	(Loss) / profit before tax	**(1,678,690)**	199,411
	Applicable tax rate	**35%**	35%
	Tax calculated at the applicable tax rate	**(587,542)**	69,794
	Tax effect of :		
	- income chargeable to tax at reduced rate	-	3,360
	- deferred tax impact of initial difference between carrying value and tax base of property, plant & equipment - note 31.2	**190,433**	190,434
	- prior year tax charge	**65,918**	(1,650)
	- deferred tax not recognized on the current year's loss - note 16.1	**408,267**	-
	- others	**4,699**	(3,461)
		81,775	258,477

31.2 The unamortised deferred tax balance of the initial difference between carrying value and tax base of property, plant & equipment as at 31 December 2008 amounts to Rs 1,809 million (2007: Rs 1,999 million).

		2008	2007
32.	**LOSS PER SHARE - basic and diluted**		
	Loss after taxation for the year	**(1,760,465)**	(59,066)
		Number of shares	
	Weighted average ordinary shares in issue during the year	**1,514,207,208**	1,514,207,208
		Rupees	
	Loss per share	**(1.16)**	(0.04)

Notes to the Financial Statements
for the year ended 31 December 2008

Amounts in Rs '000

33. REMUNERATION OF DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration, including all benefits, to the Chief Executive/ Chief Operating Officer, Directors and Executives of the Company was as follows:

	Chief Executive / Chief Operating Officer		Directors		Executives	
	2008	2007	**2008**	2007	**2008**	2007
Fee	-	-	**83**	30	-	-
Managerial remuneration	**10,038**	12,629	**998**	978	**85,694**	100,941
Retirement benefits	**614**	703	-	-	**16,788**	11,933
Group insurance	**28**	33	-	-	**443**	350
Rent and house maintenance	**28**	-	-	-	**27,470**	21,582
Utilities	-	-	-	-	**6,040**	4,911
Medical expenses	**12**	131	-	-	**3,611**	3,382
	10,720	13,496	**1,081**	1,008	**140,046**	143,099
Number of persons	**1**	1	**4**	2	**69**	51

33.1 The Chief Executive / Chief Operating Officer and certain Executives are provided with free use of Company cars in accordance with their entitlements.

34. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise parent company, related group companies, local associated company, directors of the Company, companies where directors also hold directorships, key management personnel and staff retirement funds. The prices of these transactions are determined on a commercial basis, where applicable. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2008	2007
Associates		
Sale of goods, materials and services	**7,558,332**	5,468,755
Purchase of goods	**19,489**	18,746
Financial charges to group companies	**265,921**	262,353
Purchase of services	**18,482**	13,410
Receivable from associates as at 31 December	**342,989**	1,197,105
Payable to associates as at 31 December	**557,774**	438,929
Others		
Payments to staff retirement benefit funds	**24,501**	20,289
Receivable from staff retirement benefit funds as at 31 December	**39,947**	28,581
Payable to staff retirement benefit funds as at 31 December	**-**	24,053

34.1 Transactions with key management personnel

Loans to key management personnel as at 31 December 2008 amounted to Rs 6.400 million (31 December 2007: Rs 7.485 million) and are included in "loans and advances". No interest is payable on these loans in accordance with their terms of employment.

Key management personnel received compensation in the form of remuneration and short-term benefits of Rs 36.788 million (2007: Rs 45.695 million), expenses on Company maintained cars of Rs 5.709 million (2007: Rs 8.179 million) and post-employment benefits of Rs 2.959 million (2007: Rs 2.894 million).

Notes to the Financial Statements

for the year ended 31 December 2008

Amounts in Rs '000

		2008	2007
35.	**CAPACITY AND PRODUCTION - in metric tonnes**		
	Annual name plate capacity	**473,528**	473,528
	Production - note 35.1	**445,001**	456,099

35.1 Production for the year is lower than the annual name plate capacity due to an extended shutdown during the planned plant overhaul, on account of adverse market conditions.

36. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of the financial assets and financial liabilities approximate their fair values.

37. INTEREST / MARK-UP RATE RISK MANAGEMENT

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will affect the value of financial instruments. In respect of income earning financial assets and interest / mark-up bearing financial liabilities, the following table indicates their effective interest / mark-up rates at the balance sheet date and the periods in which they will reprice or mature:

	Interest / Mark-up bearing								Non-Interest / Mark-up bearing Sub Total	Total
	Effective interest %	Maturity in one year or less	Maturity in more than one year but not more than two years	Maturity in more than two year but not more than three years	Maturity in more than three year but not more than four years	Maturity in more than four year but not more than five years	Maturity in more than five years	Sub Total		
					2008					
Financial Assets										
Loans and advances		-	-	-	-	-	-	-	71,743	71,743
Deposits	5.0	24,272	-	-	-	-	-	24,272	28,068	52,340
Trade debts		-	-	-	-	-	-	-	1,089,614	1,089,614
Other receivables		-	-	-	-	-	-	-	1,446,370	1,446,370
Cash and bank balances		-	-	-	-	-	-	-	16,446	16,446
As at 31 December 2008		**24,272**	**-**	**-**	**-**	**-**	**-**	**24,272**	**2,652,241**	**2,676,513**
Financial Liabilities										
Trade and other payables		-	-	-	-	-	-	-	2,914,993	2,914,993
Accrued mark-up on loans		-	-	-	-	-	-	-	425,079	425,079
Short-term financing										
- Running finance	16.5	-	-	-	-	-	-	-	-	-
Long-term loans	5.2 - 6.6	4,996,687	-	-	-	-	-	4,996,687	-	4,996,687
Liability against asset subject to Finance lease	18.9-20.3	83,615	101,303	122,738	148,714	27,433	-	483,803	-	483,803
As at 31 December 2008		**5,080,302**	**101,303**	**122,738**	**148,714**	**27,433**	**-**	**5,480,490**	**3,340,072**	**8,820,562**
					2007					
Financial Assets										
Loans and advances		-	-	-	-	-	-	-	76,200	76,200
Deposits	5.0	24,272	-	-	-	-	-	24,272	33,153	57,425
Trade debts		-	-	-	-	-	-	-	2,818,667	2,818,667
Other receivables		-	-	-	-	-	-	-	96,523	96,523
Cash and bank balances		-	-	-	-	-	-	-	74,186	74,186
As at 31 December 2007		24,272	-	-	-	-	-	24,272	3,098,729	3,123,001
Financial Liabilities										
Trade and other payables		-	-	-	-	-	-	-	4,214,665	4,214,665
Accrued mark-up on loans		-	-	-	-	-	-	-	205,641	205,641
Short-term financing										
- Running finance	7.8	804,690	-	-	-	-	-	804,690	-	804,690
Long-term loans	5.2 - 6.6	4,572,079	-	-	-	-	-	4,572,079	-	4,572,079
Liability against asset subject to Finance lease	18.9 - 20.3	71,195	86,252	104,498	126,610	153,406	28,578	570,539	-	570,539
As at 31 December 2007		5,447,964	86,252	104,498	126,610	153,406	28,578	5,947,308	4,420,306	10,367,614

Notes to the Financial Statements

for the year ended 31 December 2008

Amounts in Rs '000

38. CREDIT RISK AND CONCENTRATION OF CREDIT RISK

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed to perform as contracted. To reduce exposure to credit risk, substantially all the sales are made against letters of credit. The sector wise analysis of receivables, comprising trade debts, deposits, loans, advances and other receivables, is given below:

	2008	2007
Public Sector		
- Government	**14,518**	14,518
- Utilities	**966**	966
	15,484	15,484
Private Sector		
- Institutional	**150**	150
- Trade	**2,497,949**	2,905,069
- Utilities	**24,272**	24,272
- Banks	**10,571**	15,456
- Others	**111,641**	207,918
	2,644,583	3,152,865
	2,660,067	3,168,349

39. FOREIGN EXCHANGE RISK MANAGEMENT

Foreign currency risk arises mainly where receivables and payables exist due to transactions based on currencies other than Pak Rupees. The Company incurs foreign currency risk on sales, purchases and borrowings that are in a currency other than Pak Rupees. The Company's foreign currency risk arising on sales is reduced through a natural hedge resulting from the pricing mechanism of PTA whereby monthly provisional prices in Pak Rupees are based on equivalent international US dollar prices and the settlements with customers are made at amounts determined by applying the monthly actual weighted average US dollar exchange rate. To hedge against its foreign currency risk arising on purchase transactions, the Company may enter into forward exchange contracts, when considered appropriate.

40. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

Notes to the Financial Statements
for the year ended 31 December 2008

41. ACCOUNTING ESTIMATES AND JUDGMENTS

Income Taxes

In making the estimates for income taxes, the Company takes into account the current income tax law and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a material nature is in accordance with law. The difference between the potential and actual tax charge, if any, is disclosed as a contingent liability.

The tax department re-opened the income tax assessment for the assessment year 2001-2002 on the ground that demerger of PTA business from ICI Pakistan Ltd. was effective from the completion date i.e. August 6, 2001, resulting in a reduction in the Company's tax benefit of Rs 417 million against the loss carried forward on earlier assessed losses of Rs 1,192.916 million. This order was challenged by the Company in the High Court which upheld the Company's contention that the department did not have the right to re-open this finalized assessment. The department has however filed an appeal in the Supreme Court against the High Court's order.

During the year the deemed assessment order of the Company for the Tax Year 2003 has been rectified by the tax department without any cause and basis, allowing tax losses brought forward relating to the pre de-merger period. This treatment has apparently been made as a consequence of the action undertaken to effect the amendment of assessment for the Tax Year 2003 in the case of ICI Pakistan Limited. In that case the tax department has taken certain actions in the order, considered by the department as "protective assessment", on the matter of unabsorbed depreciation carried forward by ICI Pakistan Limited relating to assets of PTA business as of the date of de-merger. The Company's position under the tax law is that such depreciation should be allowed to ICI Pakistan Limited and a writ petition has, therefore, been filed jointly with ICI Pakistan Limited in the High Court of Sindh challenging this rectification. An appeal has also been filed before the Commissioner of Income Tax (Appeals).

While issuing the rectification order for the Tax Year 2003, the Taxation Officer has erroneously disallowed the loss brought forward of Rs 2.6 billion for which a rectification application has been filed with the Assistant Commissioner of Income Tax.

Defined benefit plans

The Company has adopted certain actuarial assumptions as disclosed in note 8 to the financial statements for valuation of present value of defined benefit obligations and fair value of plan assets, based on actuarial advice. Any changes in the assumptions in future years would affect the amount of unrecognised gains and losses in those years.

Operating property, plant and equipment

The estimates for revalued amounts of different classes of operating property, plant and equipment, are based on the valuation performed by external professional valuers and recommendations of technical teams of the Company. The said recommendations also include estimates in respect of residual values and depreciable lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. A major component for estimation of future cash flow projections to determine possible impairment of assets is the PTA import tariff. The Company expects that an adequate tariff regime will be available for future years. Any significant change in the estimates in future years would affect the carrying amounts of the respective items of operating property, plant and equipment with a corresponding affect on the depreciation charge and estimation on impairment.

42. INITIAL APPLICATION OF A STANDARD OR AN INTERPRETATION

Standard or an Interpretation not yet effective

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have a significant impact on the Company's financial statements other than increase in disclosures in certain cases:

Notes to the Financial Statements

for the year ended 31 December 2008

Revised IAS 1 - Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income.

Revised IAS 23 - Borrowing costs (effective for annual periods beginning on or after 1 January 2009) removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The application of the standard does not require a change in the Company's accounting policy.

IAS 29 – Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 28 April 2008). The Company does not have any operations in Hyperinflationary Economies. Amendments to IAS 32 Financial instruments: Presentation and IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009) – Puttable Financial Instruments and Obligations Arising on Liquidation requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The amendments, which require retrospective application, are not expected to have any impact on the Company’s financial statements.

Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (effective for annual periods beginning on or after 1 January 2009) clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The application of this standard is not likely to have any effect on the Company’s financial statements.

Revised IFRS 3 Business Combinations (applicable for annual periods beginning on or after 1 July 2009) broadens among other things the definition of business resulting in more acquisitions being treated as business combinations, contingent consideration to be measured at fair value, transaction costs other than share and debt issue costs to be expensed, any pre-existing interest in an acquiree to be measured at fair value, with the related gain or loss recognised in profit or loss and any non-controlling (minority) interest to be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of an acquiree, on a transaction-by-transaction basis. The application of this standard is not likely to have an effect on the Company’s financial statements.

Amended IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009) requires accounting for changes in ownership interest by the group in a subsidiary, while maintaining control, to be recognized as an equity transaction. When the group looses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognized in the profit or loss account. The application of the standard is not likely to have an effect on the Company’s financial statements.

IFRS 7 – Financial Instruments: Disclosures (effective for annual periods beginning on or after 28 April 2008) supersedes IAS 30 – Disclosures in the Financial Statements of Banks and Similar Financial Institutions and the disclosure requirements of IAS 32 – Financial Instruments: Disclosure and Presentation. The application of the standard is not expected to have significant impact on the Company's financial statements other than increase in disclosures.

IFRS 8 – Operating Segments (effective for annual periods beginning on or after 1 January 2009) introduces the “management approach” to segment reporting. IFRS 8 will require a change in the presentation and disclosure of segment information based on the internal reports that are regularly reviewed by the Company’s “chief operating decision maker” in order to assess each segment’s performance and to allocate resources to them. The Company has a single product line and therefore not affected by the application of this standard.

IFRIC 13 Customer Loyalty Programmes (effective for annual periods beginning on or after 01 July 2008) addresses the accounting by entities that operate or otherwise participate in customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC is not relevant to company's operation.

IFRIC 15- Agreement for the Construction of Real Estate (effective for annual periods beginning on or after 1 October 2009) clarifies the recognition of revenue by real estate developers for sale of units, such as apartments or houses, 'off-plan', that is, before construction is complete. The amendment is not relevant to the Company’s operations.

Notes to the Financial Statements

for the year ended 31 December 2008

IFRIC 16- Hedge of Net Investment in a Foreign Operation. (effective for annual periods beginning on or after 1 October 2008) clarifies that net investment hedging can be applied only to foreign exchange differences arising between the functional currency of a foreign operation and the parent entity's functional currency and only in an amount equal to or less than the net assets of the foreign operation, the hedging instrument may be held by any entity within the group except the foreign operation that is being hedged and that on disposal of a hedged operation, the cumulative gain or loss on the hedging instrument that was determined to be effective is reclassified to profit or loss. The Interpretation allows an entity that uses the step-by-step method of consolidation an accounting policy choice to determine the cumulative currency translation adjustment that is reclassified to profit or loss on disposal of a net investment as if the direct method of consolidation had been used. The interpretation is not relevant to the Company's operations.

The International Accounting Standards Board made certain amendments to existing standards as part of its first annual improvements project. The effective dates for these amendments vary by standard and most will be applicable to the Company's 2009 financial statements. These amendments are unlikely to have an impact on the company's financial statements except for the following:

Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible hedged Items (effective for annual periods beginning on or after 1 July 2009) clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. This amendment is not likely to have an effect on the Company's financial statements.

IAS 27 'Consolidated and separate financial statements' (effective for annual periods beginning on or after 1 January 2009). The amendment removes the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. This amendment is not likely to have an effect on Company's financial statements.

IFRIC – 17 Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009) states that when a company distributes non cash assets to its shareholders as dividend, the liability for the dividend is measured at fair value. If there are subsequent changes in the fair value before the liability is discharged, this is recognised in equity. When the non cash asset is distributed, the difference between the carrying amount and fair value is recognised in the income statement. As the Company does not distribute non-cash assets to its shareholders, this interpretation has no impact on the Company's financial statements.

IFRS 5 Amendment - Improvements to IFRSs - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (effective for annual periods beginning on or after 1 July 2009) specify that: if an entity is committed to a sale plan involving the loss of control of a subsidiary, then it would classify all of that subsidiary's assets and liabilities as held for sale when the held for sale criteria in paragraphs 6 to 8 of IFRS 5 are met disclosures for discontinued operations would be required by the parent when a subsidiary meets the definition of a discontinued operation. This amendment is not likely to have an effect on the Company's financial statements.

43. GENERAL

Figures have been rounded-off to the nearest thousand Rupees except as stated otherwise.

44. DATE OF AUTHORISATION

These financial statements were authorised for issue in the Board of Directors meeting held on 18 February 2009.

Waqar A Malik
Chairman

M Asif Saad
Chief Operating Officer

Comparison of Results

Amounts in Rs '000

	2008	2007	2006	2005	2004	2003
Net Assets						
Fixed assets	**9,812,227**	10,635,250	11,484,539	12,722,392	13,740,975	15,076,784
Capital work-in-progress	**140,564**	110,600	220,262	34,948	101,980	33,481
Deferred taxation	**34,307**	96,467	149,764	159,214	207,091	141,617
Other net assets	**(431,023)**	(630,738)	(4,744,182)	(4,201,442)	(5,308,456)	(5,628,686)
Total Net Assets	**9,556,075**	10,211,579	7,110,383	8,715,112	8,741,590	9,623,196
Financed By						
Ordinary share capital	**15,142,072**	15,142,072	15,142,072	15,142,072	15,142,072	15,142,072
Reserves	**(11,074,937)**	(9,314,472)	(9,255,406)	(8,945,853)	(9,754,420)	(11,112,258)
Surplus on revaluation of fixed assets	**85,992**	-	-	-	-	-
Shareholders Equity	**4,153,127**	5,827,600	5,886,666	6,196,219	5,387,652	4,029,814
Long-term and deferred liabilities	**5,402,948**	4,383,979	1,223,717	2,518,893	3,353,938	5,593,382
Total Funds Invested	**9,556,075**	10,211,579	7,110,383	8,715,112	8,741,590	9,623,196
Turnover & Profits / (Losses)						
Turnover	**35,975,240**	31,103,684	30,815,350	28,424,844	26,953,240	20,629,505
Profit / (loss) before financial charges, exceptional items and taxation	**(651,193)**	1,232,680	1,635,496	2,562,589	2,267,351	196,670
Financial charges	**(1,027,497)**	(1,033,269)	(1,270,819)	(1,096,436)	(864,970)	(724,477)
Exceptional items:						
Amortisation of deferred cost	-	-	-	-	-	(3,832,386)
Deficit on revaluation of fixed assets	-	-	-	-	-	(1,459,824)
	-	-	-	-	-	(5,292,210)
Profit / (loss) before taxation	**(1,678,690)**	199,411	364,677	1,466,153	1,402,381	(5,820,017)
Taxation	**(81,775)**	(258,477)	(485,030)	(381,228)	(44,543)	60,011
Profit / (loss) after taxation	**(1,760,465)**	(59,066)	(120,353)	1,084,925	1,357,838	(5,760,006)
Earning / (loss) Per Share (Rupees)	**(1.16)**	(0.04)	(0.08)	0.72	0.90	(3.80)

Pattern of Shareholding
as at 31 December 2008

Size of Holding		No. of	No. of
From	To	Shareholders	Shares Held
1	100	2737	99,329
101	500	4928	1,436,548
501	1000	3253	2,770,699
1001	5000	6025	17,282,474
5001	10000	1968	16,027,884
10001	15000	747	9,664,376
15001	20000	527	9,809,214
20001	25000	364	8,551,569
25001	30000	239	6,806,162
30001	35000	130	4,328,257
35001	40000	141	5,466,481
40001	45000	70	3,014,414
45001	50000	167	8,245,721
50001	55000	57	3,032,279
55001	60000	65	3,804,037
60001	65000	33	2,075,221
65001	70000	30	2,065,172
70001	75000	38	2,803,057
75001	80000	29	2,280,923
80001	85000	27	2,264,472
85001	90000	15	1,340,353
90001	95000	16	1,485,262
95001	100000	93	9,273,201
100001	105000	19	1,949,109
105001	110000	12	1,303,911
110001	115000	12	1,357,761
115001	120000	14	1,668,877
120001	125000	21	2,601,000
125001	130000	6	775,500
130001	135000	7	931,650
135001	140000	6	826,403
140001	145000	6	862,113
145001	150000	18	2,693,473
150001	155000	7	1,068,500
155001	160000	5	787,150
160001	165000	8	1,307,864
165001	170000	3	499,733
170001	175000	4	691,950
175001	180000	6	1,073,729
180001	185000	4	729,876
185001	190000	4	750,842
190001	195000	2	390,000
195001	200000	23	4,598,660
200001	205000	5	1,010,682
205001	210000	4	835,011
210001	215000	2	425,500
215001	220000	5	1,088,896
220001	225000	1	225,000
225001	230000	3	684,550
230001	235000	1	233,650
235001	240000	4	954,700
240001	245000	4	969,724
245001	250000	5	1,245,400
250001	255000	7	1,773,921
255001	260000	2	517,500
260001	265000	1	265,000
270001	275000	4	1,100,000
275001	280000	1	280,000
280001	285000	5	1,414,500

Pattern of Shareholding
as at 31 December 2008

Size of Holding		No. of	No. of
From	To	Shareholders	Shares Held
285001	290000	2	571,900
290001	295000	2	586,000
295001	300000	6	1,799,000
300001	305000	2	606,000
305001	310000	1	306,000
310001	315000	1	312,000
315001	320000	2	640,000
320001	325000	2	650,000
325001	330000	1	330,000
330001	335000	1	332,500
340001	345000	1	344,148
345001	350000	3	1,050,000
350001	355000	2	706,500
360001	365000	2	723,685
365001	370000	1	366,500
370001	375000	3	1,119,500
385001	390000	1	390,000
390001	395000	1	392,800
395001	400000	4	1,600,000
400001	405000	2	802,839
410001	415000	1	410,100
415001	420000	1	420,000
420001	425000	2	845,500
425001	430000	1	429,000
435001	440000	1	435,300
445001	450000	3	1,350,000
460001	465000	3	1,384,500
480001	485000	1	482,000
490001	495000	1	490,565
495001	500000	7	3,498,936
505001	510000	1	510,000
515001	520000	2	1,034,040
525001	530000	2	1,058,000
535001	540000	2	1,076,000
540001	545000	2	1,088,500
555001	560000	1	558,613
565001	570000	1	567,500
570001	575000	1	575,000
590001	595000	1	592,890
595001	600000	3	1,800,000
620001	625000	1	622,726
625001	630000	1	628,287
640001	645000	1	645,000
645001	650000	1	650,000
655001	660000	1	657,000
670001	675000	1	674,000
675001	680000	1	680,000
695001	700000	2	1,400,000
725001	730000	1	725,500
735001	740000	2	1,478,500
780001	785000	1	784,500
800001	805000	1	800,356
810001	815000	1	814,140
840001	845000	2	1,685,299
860001	865000	1	862,000
895001	900000	1	900,000
900001	905000	1	903,400
920001	925000	1	922,100
945001	950000	1	946,000

Pattern of Shareholding

as at 31 December 2008

Size of Holding		No. of	No. of
From	To	Shareholders	Shares Held
975001	980000	1	980,000
995001	1000000	3	3,000,000
1045001	1050000	1	1,050,000
1055001	1060000	1	1,058,203
1120001	1125000	1	1,125,000
1140001	1145000	1	1,141,636
1160001	1165000	1	1,165,000
1240001	1245000	1	1,242,000
1295001	1300000	1	1,300,000
1315001	1320000	1	1,315,500
1345001	1350000	1	1,350,000
1530001	1535000	1	1,532,600
1655001	1660000	1	1,659,000
1695001	1700000	1	1,700,000
2130001	2135000	1	2,131,500
2365001	2370000	1	2,365,949
2495001	2500000	3	7,500,000
2740001	2745000	1	2,741,500
2745001	2750000	1	2,750,000
2755001	2760000	1	2,760,000
2975001	2980000	1	2,976,000
2995001	3000000	1	3,000,000
3225001	3230000	1	3,227,500
3530001	3535000	1	3,530,500
3995001	4000000	1	4,000,000
5250001	5255000	1	5,253,000
7740001	7745000	1	7,744,000
8560001	8565000	1	8,564,730
8820001	8825000	1	8,822,380
12005001	12010000	1	12,006,500
18240001	18245000	1	18,243,500
21135001	21140000	1	21,137,607
27190001	27195000	1	27,193,500
92365001	92370000	1	92,366,565
1043435001	1043440000	1	1,043,439,674
TOTAL		**22,078**	**1,514,207,208**

Shareholders Category	No. of Shareholders	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties	2	1,135,806,239	75.01
NIT and ICP	4	17,392,196	1.15
Directors, COO and their spouses and minor children	8	403	0.00
Executives	7	55,963	0.00
Public Sector Companies and Corporations	5	1,246,703	0.08
Banks, Development Finance Institutions, Non-Banking Finance Institutions	54	25,738,475	1.70
Insurance Companies	12	3,551,205	0.23
Modaraba and Mutual Funds	33	1,625,042	0.11
Others	262	75,335,568	4.98
Individuals	21,691	253,455,414	16.74
TOTAL	**22,078**	**1,514,207,208**	**100.00**

Pattern of Shareholding
as at 31 December 2008

Shareholders Category	No. of Shareholders	No. of Shares held
Associated Companies, Undertakings and Related Parties		
ICI Omicron B.V.	2	1,135,806,239
NIT and ICP (name wise detail)		
National Bank of Pakistan, Trustee Deptt.	2	17,387,110
M/s. Investment Corporation of Pakistan	2	5,086
Directors, COO and their spouses and minor children (name wise detail)		
Waqar Ahmed Malik	1	1
Mohammad Asif Saad	1	396
James R Rees	1	1
Bart Kaster	1	1
Rafiq Akhund	1	1
Khalid Rafi	1	1
Tajammal Hussain Bokharee	1	1
Ali A. Aga	1	1
Executives	7	55,963
Public Sector Companies and Corporations	5	1,246,703
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modaraba and Mutual Funds	99	30,914,722
Others	262	75,335,568
Individuals	21,691	253,455,414
TOTAL	**22,078**	**1,514,207,208**
Shareholders holding 10% or more voting interest		
ICI Omicron B.V.	2	1,135,806,239

Notice of Meeting

Notice is hereby given that the Eleventh Annual General Meeting of PAKISTAN PTA LIMITED will be held on Wednesday, 25 March 2009 at 10:00 a.m. at ICI House, 5 West Wharf, Karachi to transact the following business:

1. To receive and consider the Balance Sheet and Profit & Loss Account together with the Directors and Auditors Reports for the year ended 31 December 2008.

2. To appoint Auditors and to fix their remuneration.

By Order of the Board

Ali Aamir
Company Secretary

18 February, 2009
Karachi

Notes:

1. The Register of Members and the Share Transfer Books of the Company will be closed from Thursday, 19 March 2009 to Wednesday, 25 March 2009 (both days inclusive) for the purpose of the Annual General Meeting.

2. Only those persons whose names appear in the Register of Members of the Company as at 25 March 2009 are entitled to attend and participate in and vote at the Annual General Meeting.

3. A member of the Company entitled to attend and vote may appoint another member as his / her proxy to attend and vote instead of him / her. Proxies must be received at the Registered Office of the Company not less than 48 hours before the time of the holding of the Meeting.

4. Members are requested to notify immediately changes, if any, in their registered address.

5. CDC Account Holders will further have to follow the undermentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting:

i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulation, shall authenticate his / her identity by showing his / her original Computerised National Identity Card (CNIC) or original passport at the time of attending the Meeting.

ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies:

i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.

ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv) The proxy shall produce his / her original CNIC or original passport at the time of the meeting.

v) In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy to the Company.

Pakistan PTA Limited

Admission Slip

The Eleventh Annual General Meeting of Pakistan PTA Limited will be held on Wednesday, 25 March 2009 at 10:00 a.m. at ICI House, 5 West Wharf, Karachi.

Company's transport will wait at the corner of Karachi Stock Exchange Road, between 8:45 a.m. and 9:15 a.m. on the date of the Meeting. Shareholders desirous of attending the Meeting may avail this facility.

Kindly bring this slip duly signed by you for attending the Meeting.

Company Secretary

Name ____

Shareholder No. ____________________ Signature ______________________

Note:

i) The signature of the shareholder must tally with the specimen signature on the Company's record.

ii) Shareholders are requested to hand over duly completed admission slips at the counter before entering the Meeting premises.

CDC Account Holders / Proxies / Corporate Entities:

a) The CDC Account Holder / Proxies shall authenticate his / her identity by showing his / her original Computerised National Identity Card (CNIC) or original passport at the time of attending the Meeting.

b) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the Meeting (unless it has been provided earlier).

This Admission Slip is Not Transferable

Form of Proxy
11th Annual General Meeting

I / We ____

of ____

being member(s) of Pakistan PTA Limited holding ______________________

ordinary shares hereby appoint ______________________________

of ______________________ or failing him / her ______________________

of ______________________ who is / are also member (s) of Pakistan PTA Limited as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the Eleventh Annual General Meeting of the Company to be held on 25 March 2009 and at any adjournment thereof.

As witness my / our hand / seal this ______________ day of ______________ 2009

Signed by the said ______________________________________

in the presence of 1. ______________________________________

____

2. ______________________________________

____

Folio / CDC Account No.

Signature on Revenue Stamp of Appropriate Value

This signature should agree with the specimen registered with the Company.

Important:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company at EZ/1/P-4, Eastern Industrial Zone, Port Qasim, Karachi, not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he / she himself / herself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoint more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

For CDC Account Holders / Corporate Entities:

In addition to the above the following requirements have to be met:

i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iii) The proxy shall produce his / her original CNIC or original passport at the time of the Meeting.

iv) In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

AFFIX
CORRECT
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The Company Secretary
Pakistan PTA Limited
EZ/1/P-4,
Eastern Industrial Zone,
Port Qasim,
Karachi.

A Publication of Corporate Communications &
Public Affairs Department of Pakistan PTA Limited

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