COMPANY INFORMATION

Board of Directors
M J Jaffer
(Chairman)
Azhar A Malik
(Chief Executive)
* Syed Imran Agha
Philip Gillett
Steve Hamlett
Tariq Iqbal Khan
Waqar A Malik
Khursheed Marker
M Nawaz Tiwana
Feroz Rizvi (alternate director to Steve Hamlett)

Audit & Remuneration Sub Committees of the Board

Audit Sub Committee
M J Jaffer
(Chairman)
Steve Hamlett
Khursheed Marker
Feroz Rizvi (by invitation)
John Way (Group Internal Auditor – by invitation)

Senior Remuneration Sub Committee
M Nawaz Tiwana
(Chairman)
Steve Hamlett
Azhar A Malik (by invitation)

Chief Financial Officer
Feroz Rizvi

Company Secretary
Nausheen Ahmad

Executive Management Team
Azhar A Malik
* Syed Imran Agha
Nausheen Ahmad
Malik M Akram
Pervaiz A Khan
Waqar A Malik
Jehangir B Nawaz
Feroz Rizvi
Muhammad Zahir

Bankers
ABN AMRO NV
Askari Commercial Bank Limited
Bank Alfalah Limited
Citibank NA
Deutsche Bank AG
Faysal Bank Limited
Habib Bank Limited
Meezan Bank Limited
Muslim Commercial Bank
National Bank of Pakistan
Oman International Bank
Pakistan Kuwait Investment Company (Private) Limited
Standard Chartered Bank
The Hongkong and Shanghai Banking Corporation Limited
Union Bank Limited
United Bank Limited

Auditors
Taseer Hadi Khalid & Co., Chartered Accountants

Registered Office
ICI House, 5 West Wharf, Karachi-74000
Tel: 111-100-200, 2313717-22 Fax: 2311739

* names in alphabetical order

The Directors take pleasure in presenting their Report with the audited accounts of the Company for the year ended 31 December 2002.

Board of Directors

(from left to right)

M J Jaffer
Chairman

Azhar A Malik
Chief Executive

Syed Imran Agha
Director

Philip Gillett
Non-Executive Director

Steve Hamlett
Non-Executive Director

Tariq Iqbal Khan
Non-Executive Director

Waqar A Malik
Director

Khursheed Marker
Non-Executive Director

M Nawaz Tiwana
Non-Executive Director

At the Fiftieth Annual General Meeting held on 29 April 2002 a nine member Board was elected for a three-year term commencing from 29 April 2002, namely, Messrs M J Jaffer, Azhar A Malik, Syed Imran Agha, Philip Gillett, Steve Hamlett, Tariq Iqbal Khan, Waqar A Malik, Khursheed Marker and M Nawaz Tiwana.

Mr M J Jaffer was elected as non-executive Chairman of the Board. Mr M J Jaffer is a Barrister at Law and was senior partner of Orr Dignam & Company. He has been on the ICI Pakistan Board since 1973.

Mr Azhar A Malik was appointed as Chief Executive of the Company for a three-year term commencing from 29 April 2002.

Overview

Following the events of 11 September 2001, the year under review was an extremely difficult period for all manufacturing industries in Pakistan.

The import tariff on both Polyester Staple Fibre and Soda Ash was reduced in the Federal Budget 2002-03 to 20%, which given the backdrop of regional overcapacity, put intense pressure on margins available in these Businesses. The situation was further exacerbated by the strengthening of the Pakistani rupee against the US dollar throughout 2002. The impact on Polyester Business's profitability was extremely severe, due additionally to the concurrent commissioning of new capacities by ICI Pakistan and Ibrahim Fibres and de-bottlenecking by Dewan Salman Fibres, resulting in a significant overcapacity in the domestic market. In Soda Ash, there was an influx of cheap imports from China, which disrupted the local market and forced the Business to reduce its selling price to remain competitive in a stagnant market. In particular, reduced demand from the Business's main segment, Bazaar, remained a cause for concern throughout the year.

In Paints, consumers, given the uncertain economic conditions, preferred cheaper alternatives to the premium, top-tier products. The Business responded to this customer preference shift through marketing strategies focused on maximising profitability on sales of its non-premium segment paint and by innovatively diversifying its portfolio.

Given the above stated market adversities, efforts to improve efficiencies of internal processes of your Company continued. To this end, manufacturing efficiencies were optimised, plant reliability and equipment availability improved at all manufacturing locations and costs reduced across the board. Whilst this helped to substantially mitigate the overall loss in profitability of your Company's two major Businesses, Polyester and Soda Ash, operating profit at Rs 1,077.1 million was still lower than that achieved in 2001 by 23%. However, the Company was able to more than offset this reduction by efforts made in reducing financial charges through aggressively repricing a number of financial facilities, one of the major areas of focus during the year and in which your Company's partner financial institutions showed great cooperation. Accordingly, profit before taxation at Rs 723.1 million was 17% higher than that achieved in 2001.

Despite a year of reduced profitability in the two largest Businesses of the Company, your Directors are very pleased to announce a dividend of 22.5% i.e. Rs 2.25 per share of Rs 10.0 each of the issued and paid up capital of Rs 1,388,023,000.

In order to meet the threat of global competitiveness, as the Government progressively implements the World Trade Organisation led policies of reducing import tariffs, your Company undertook two projects to improve competitiveness of its major Businesses. These are:

- The 44,000 tonnes per annum expansion of the Polyester Staple Fibre Plant at Sheikhupura, carried out through Fayzan Manufacturing Modaraba was mechanically completed in February 2002. Following successful trial runs in March, commercial production commenced on 1 April 2002 and fibre capacity at Sheikhupura increased to 109,500 tonnes per annum.

- The Automation, Co-generation and De-bottlenecking projects at Soda Ash Works were successfully commissioned during the first quarter of 2002. In addition, a number of asset integrity and efficiency projects were also completed and commissioned during the year. All of these projects have helped to further improve production efficiencies.

Your Company is proud to inform you of a number of very significant milestones that were achieved during the year:

- Manpower productivity, as measured by turnover per employee, increased by almost 27% over 2001. This ratio has, on average, annually increased by over 21% over the last five years, supported by improved processes and a shared culture of performance excellence across all levels of the organisation.

- The Polyester Fibre Plant achieved record fibre production of 92,678 tonnes for the fourth successive year inclusive of product toll-manufactured by Fayzan Manufacturing Modaraba. Manpower productivity, as measured by units per employee, was 33% higher than 2001.

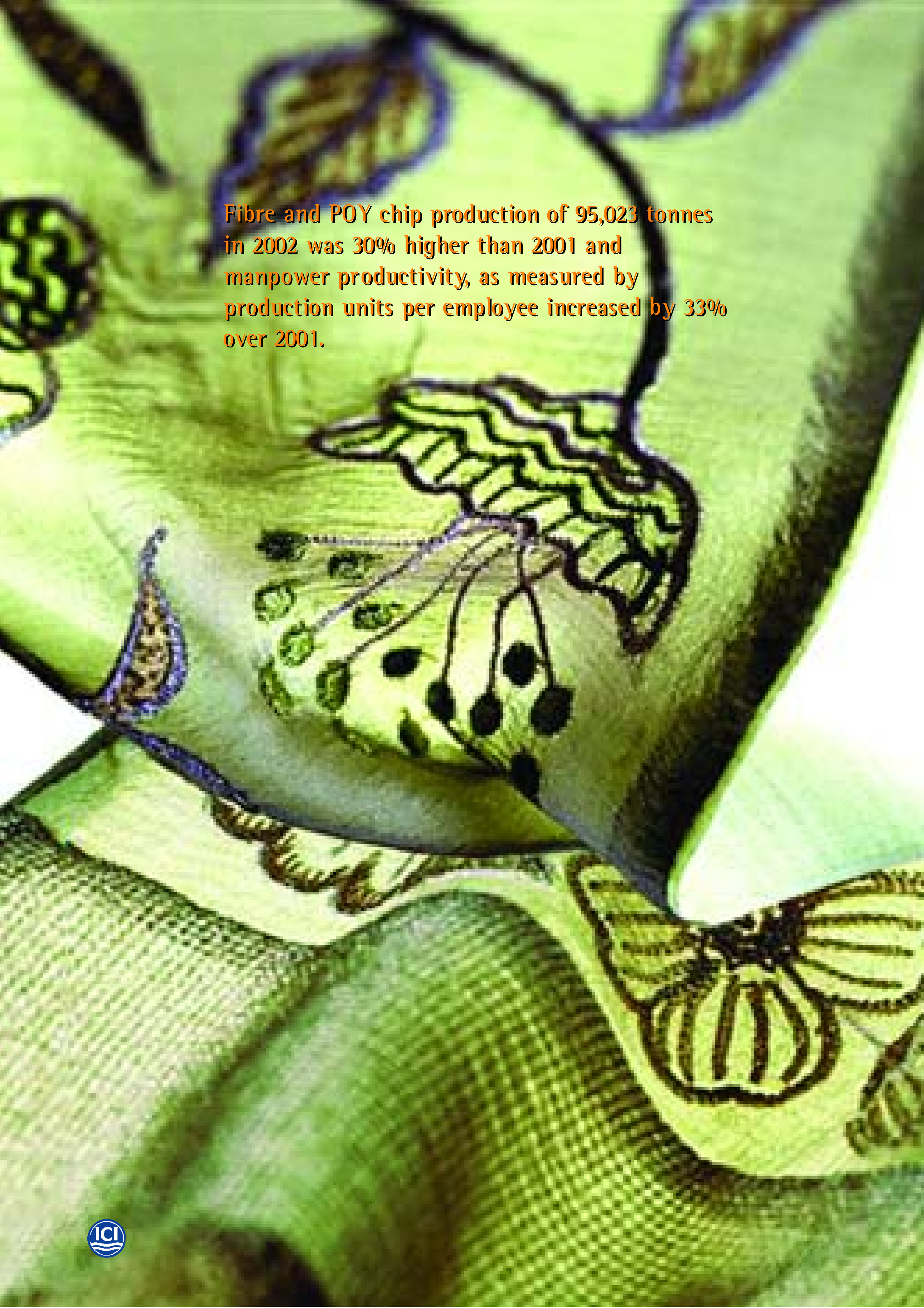
- The Soda Ash Business completed 5.24 million man-hours without a Reportable Injury Accident (RIA) for permanent staff and 10.34 million man-hours for contractor staff by the end of 2002.

- The Paints Business achieved an RIA and Classified Injury Accident (CIA) free year for permanent staff. The Business was also commended by the Asia Pacific Region for its painter product stewardship initiative.

- The Pharmaceuticals Business maintained its RIA free record since November 1997.

- The Chemicals Business successfully completed 1.6 million RIA free man-hours by the end of 2002.

A detailed review follows.



Fibre and POY chip production of 95,023 tonnes in 2002 was 30% higher than 2001 and manpower productivity, as measured by production units per employee increased by 33% over 2001.

.....supported by a higher level of production, your Company managed to achieve a sales volume that was 32% higher than 2001, in a fiercely competitive domestic market with significant overcapacity.

Polyester

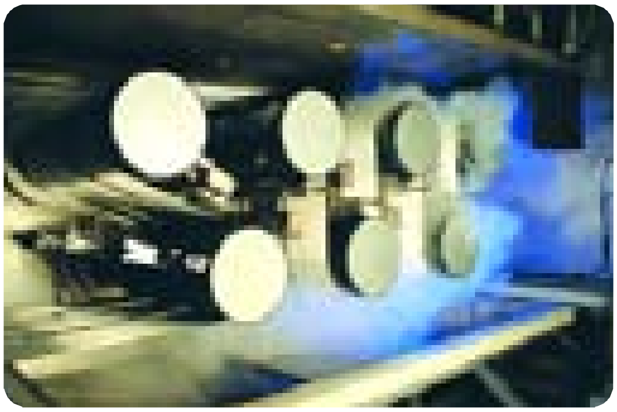
The 44,000 tonnes per annum expansion carried out through Fayzan Manufacturing Modaraba was mechanically completed in February 2002. Following successful trial runs in March, commercial production commenced on 1 April 2002 and fibre capacity at Sheikhupura increased to 109,500 tonnes per annum.

Following intensive discussions, the Government agreed to exclude PSF from DTRE but the reduction of duty from 25% to 20% remained. This has reduced the net effective protection available on PSF to approximately 8.5% from 14%, eroding unit margins on average by Rs 2.40/kg.

Fibre and POY chip production of 95,023 tonnes in 2002 was 30% higher than 2001 and manpower productivity, as measured by production units per employee increased by 33% over 2001.

The Business completed 0.6 million man-hours for own staff and 2.64 million man-hours for contractor staff without an RIA by end 2002. Unfortunately, the previous Business record of 5.73 million man-hours for own staff, which was achieved over a period of 5 years and 5 months, was marred by the occurrence of two RIAs during the first half of the year.

During the year, installed capacity in the domestic fibre industry increased to over 600,000 tonnes per annum, following expansions and de-bottlenecking by the large PSF players, including your Company. The current capacity is now equivalent to over 4 million bales of cotton. Whilst demand for PSF in 2002 grew over 2001 by 8%, increasing the size of the market to around 465,000 tonnes per annum by 31 December 2002, fibre production capacity remained substantially higher than demand and this resulted in margins coming under pressure. Given this backdrop, margins were further eroded when the Government, in the Federal Budget 2002-03, reduced import duty on PSF



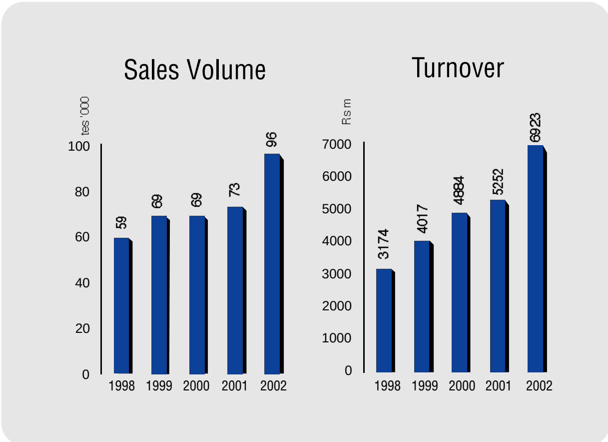
from 25% to 20% with effect from 1 July 2002, and announced its intention to include PSF in the Duty and Tax Remission for Exports (DTRE) regime. Strong representations were made by domestic PSF fibre producers against both reduction of import duty as well as inclusion of PSF in DTRE. Following intensive discussions, the Government agreed to exclude PSF from DTRE but the reduction of duty from 25% to 20% remained. This has reduced the net effective protection available on PSF to

However, despite the success realised on the demand side, unit margins, for reasons explained earlier, were lower compared to last year. This was mitigated to the extent possible through cost savings but that was not enough to compensate for the sharp drop in margins driven by regional overcapacity. Operating profit, consequently, at Rs 71.5 million was substantially lower than the operating profit of Rs 335.6 million realised in 2001.

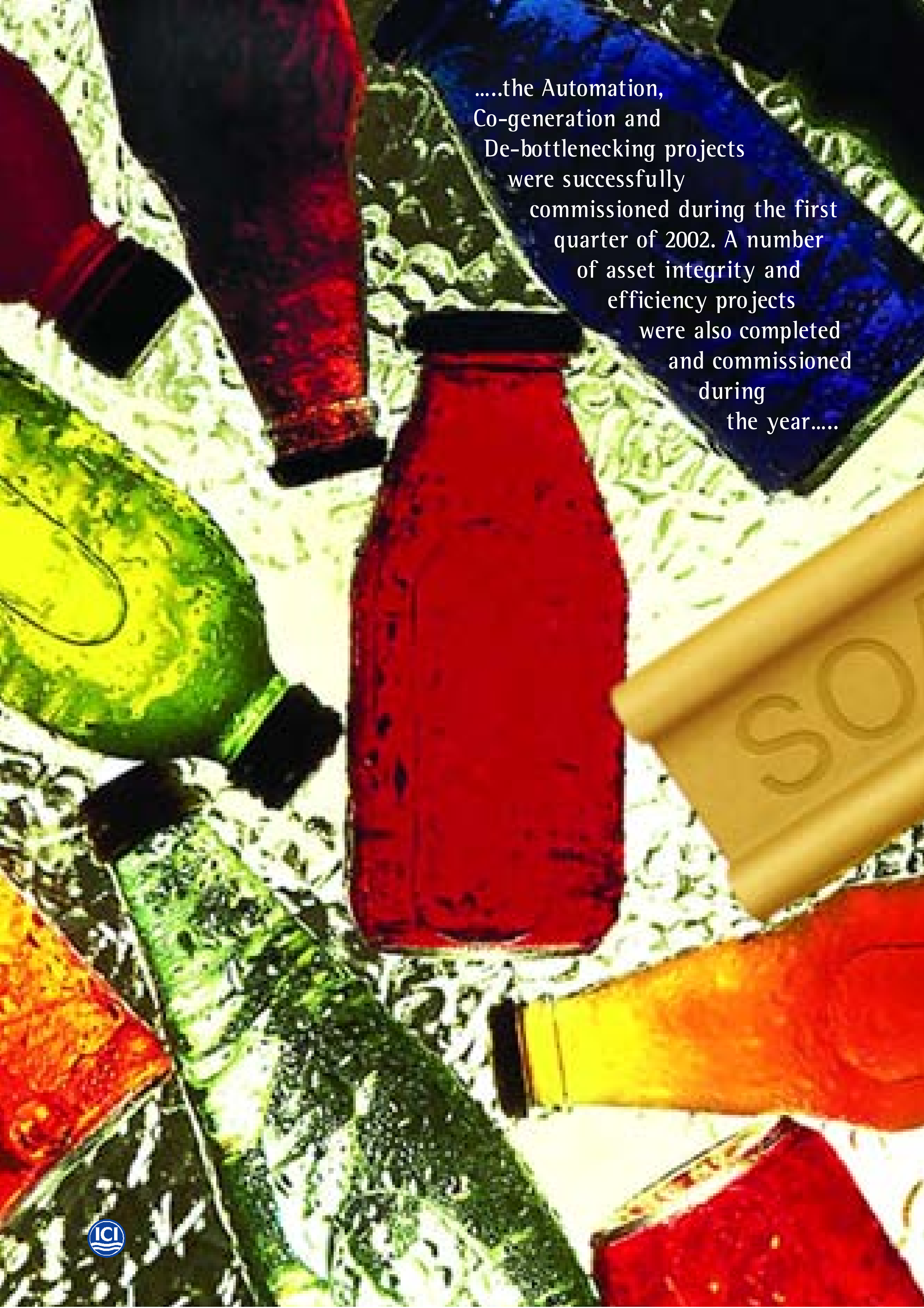
approximately 8.5% from 14%, eroding unit margins on average by Rs 2.40/kg. Externally, the considerable appreciation of the Pakistani rupee against the US dollar during the whole of 2002, further haemorrhaged unit margins of fibre

producers, thereby compounding the pressure on the Business's profitability.

Nevertheless, supported by a higher level of production, your Company managed to achieve a sales volume that was 32% higher than 2001, in a fiercely competitive domestic market with significant overcapacity. This was achieved through various initiatives undertaken during 2002, including a successful market seeding programme, the launch of variant products and entry into previously unexplored export markets. Your Company was the pioneer of PSF exports from Pakistan, successfully exporting to various countries in the Middle East, China and Europe.



.....the Automation, Co-generation and De-bottlenecking projects were successfully commissioned during the first quarter of 2002. A number of asset integrity and efficiency projects were also completed and commissioned during the year.....



Another major achievement in 2002 was the increase in refined Sodium Bicarbonate plant output through optimisation of process parameters, cycle times and improved equipment utilisation. A production volume of 13,049 tonnes was achieved in 2002, exceeding the pervious year's output by 13%.

Soda Ash

The Business achieved two major milestones in Safety, Health and Environment (SHE) performance in 2002, by completing 5.24 million man-hours without an RIA for permanent staff and 10.34 million man-hours for contractor staff.

13,049 tonnes was achieved in 2002, exceeding the pervious year's output by 13%.

Sodium Bicarbonate sales during the year at 13,003 tonnes were a new record achieved by the Business and 12% higher than last year.

As mentioned in your Company's earlier quarterly reports in 2002, the Automation, Co-generation and De-bottlenecking projects were successfully commissioned during the first quarter of 2002. A number of asset integrity and efficiency projects were also completed and commissioned during the year, including the replacement of old rotary equipment, refurbishment of the steel structure, and the construction of a new Quality Control Laboratory. All of these projects have helped to improve conversion efficiencies. Additionally, the commissioning of the High Efficiency Column Dissolver during May has enabled the Business to source its entire brine requirement through the new basins and the old basin has subsequently been closed, resulting in improvement of salt and energy consumption. The Business has also substantially reduced power consumption from the Water and Power Development Authority (WAPDA) by 50% over 2001 through self power generation. Consequently, Soda Ash production during 2002 was a new record and at 223,730 tonnes was 2% higher than the previous year.

Another major achievement in 2002 was the increase in refined Sodium Bicarbonate plant output through optimisation of process parameters, cycle times and improved equipment utilisation. A production volume of

The soda ash market in 2002 remained stagnant for the third consecutive year with only marginal growth of less than one percent over last year. Except for the Silicate segment, which showed robust growth of 13%, consumption by all other segments declined compared to last year. The slowdown in the Business's largest demand segment, Bazaar, continued throughout the year and consumption in this segment declined by a further 3% on top of the decrease witnessed in 2001.

As a consequence of the lacklustre market and increased local production, an oversupply situation persisted throughout the year, putting

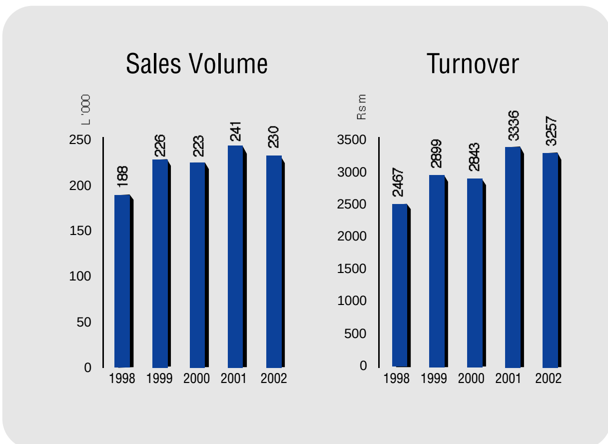
sales volumes and prices under intense pressure. The reduction of import duty from 25% to 20% in the Federal Budget 2002-03, with effect from 1 July 2002, and continuing appreciation of the Rupee against Dollar brought prices under further pressure and prices of Light and Dense Soda Ash were consequently, reduced by Rs 300 and Rs 500 pmt in July. Traders were prevented from taking advantage of the situation through an effective pricing and placement strategy on the part of the Business whereby imports by traders during 2002 were limited to a marginal quantity of 1,100 tonnes. Additionally, direct consumers imported approximately 9,000 tonnes.

Soda Ash sales volume of 216,977 tonnes (including imports) was 5% lower than the record 229,006 tonnes sold last year, although sales of own manufactured Ash were almost 2% higher. Lower sales to the Bazaar segment was the primary reason for this shrinkage in sales,

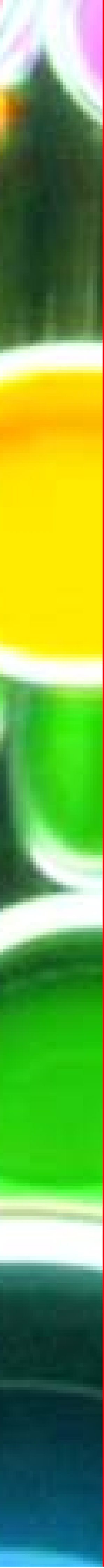
where border tensions and a possibility of war during the first half of 2002 led to increased inventory levels with distributors as retailers preferred to deplete their existing stocks. While the situation improved in the second half of the year, overall consumption by the market remained low. Sales to the Paper and Detergent segments declined, as a few customers preferred to switch over to the competitor to benefit from the lower price offered by it. Sales to the Glass industry remained almost at par with last year, while sales to the Chemicals segment declined due to a few factory closures and partial shifting of some customers to lower priced competitor product.

Sodium Bicarbonate sales during the year at 13,003 tonnes were a new record achieved by the Business and 12% higher than last year. Prices, however, had to be reduced by Rs 1000 pmt in November due to a large influx of imports of heavily under-invoiced sodium bicarbonate from China by some traders. Whilst measures to curb this activity were immediately put in place, a large quantity of imported product has already entered the country and it will take some time to consume these quantities, thus maintaining pressure on prices.

Despite increase in own volume sold, the Business's operating profit of Rs 554.5 million was 14% lower compared to the operating profit earned last year, primarily due to the reduction in unit selling prices and increase in variable cost of coke and of packing material.



Despite an uncertain political and economic climate in the country in 2002, the Business established new production and sales records; production and sales volumes at 15,798 Klitres and 15,612 Klitres were both 9% higher than 2001.



.....the launch of 'Dulux Kidzone' in September 2002.....was directed to further consolidate the ICI Dulux brand image as a market leader and to create an emotional bond with the consumer.....

Paints

The Business maintained its focus on compliance with the Security, Safety, Health and Environment policies of the Company throughout the year, resulting in no RIA to any member of permanent staff. The Business was also commended by the Asia Pacific Region for its painter product stewardship initiative.

Overall, the higher sales, together with improved product margins driven by the appreciation of the Rupee against the US dollar and lower raw material prices, resulted in the Business delivering an operating profit of Rs 297.2 million which was 24% higher than last year.

Despite an uncertain political and economic climate in the country in 2002, the Business established new production and sales records; production and sales volumes at 15,798 Klitres and 15,612 Klitres were both 9% higher than 2001.

The year witnessed a revival in consumer demand, particularly in the non-premium segment driven by consumer preference for affordable paint. As a result, significant sales volume growth was seen in 'Glidden', which has firmly established itself as the third largest brand in the country after Dulux and Berger. However, the Business also successfully maintained its market leadership by ensuring that 'Dulux' remained the preferred premium brand in the market. In its continuous efforts to reach new customers and markets, a number of new initiatives were taken by the Decorative segment. This included the successful commencement of exports to Afghanistan and the launch of 'Dulux Kidzone' in September 2002. Dulux Kidzone is a water-based emulsion with six individual themes and special paint effects such as glow in the dark, shimmer and florescent paints etc. for children's rooms. This launch was directed to further

consolidate the ICI Dulux brand image as a market leader and to create an emotional bond with the consumer, over and above the superior functional aspects of the Dulux product range. An attractive and innovative plastic bucket was introduced, which comes with a double locking lid that has a unique ‘tear-off strip’. The bucket not only offers better shelf appeal but also provides long lasting rust proof packing. The Business also launched on-site vendor managed inventory initiatives to further improve working capital management.

The Industrial segment delivered another year of robust growth on the back of continued strength in car manufacture, benefiting from the availability of lower cost financing through the leasing industry. Profitability of the Refinish segment, on the other hand, suffered due to low customer traffic at car workshops, the imposition of excise duty on imported finished paint and intense competition, which constrained the Business’s ability to increase prices.

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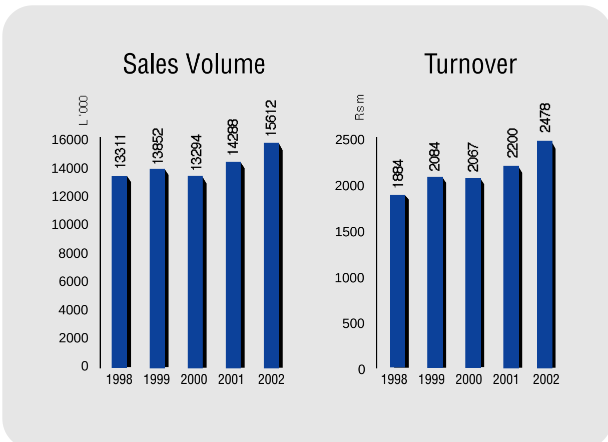
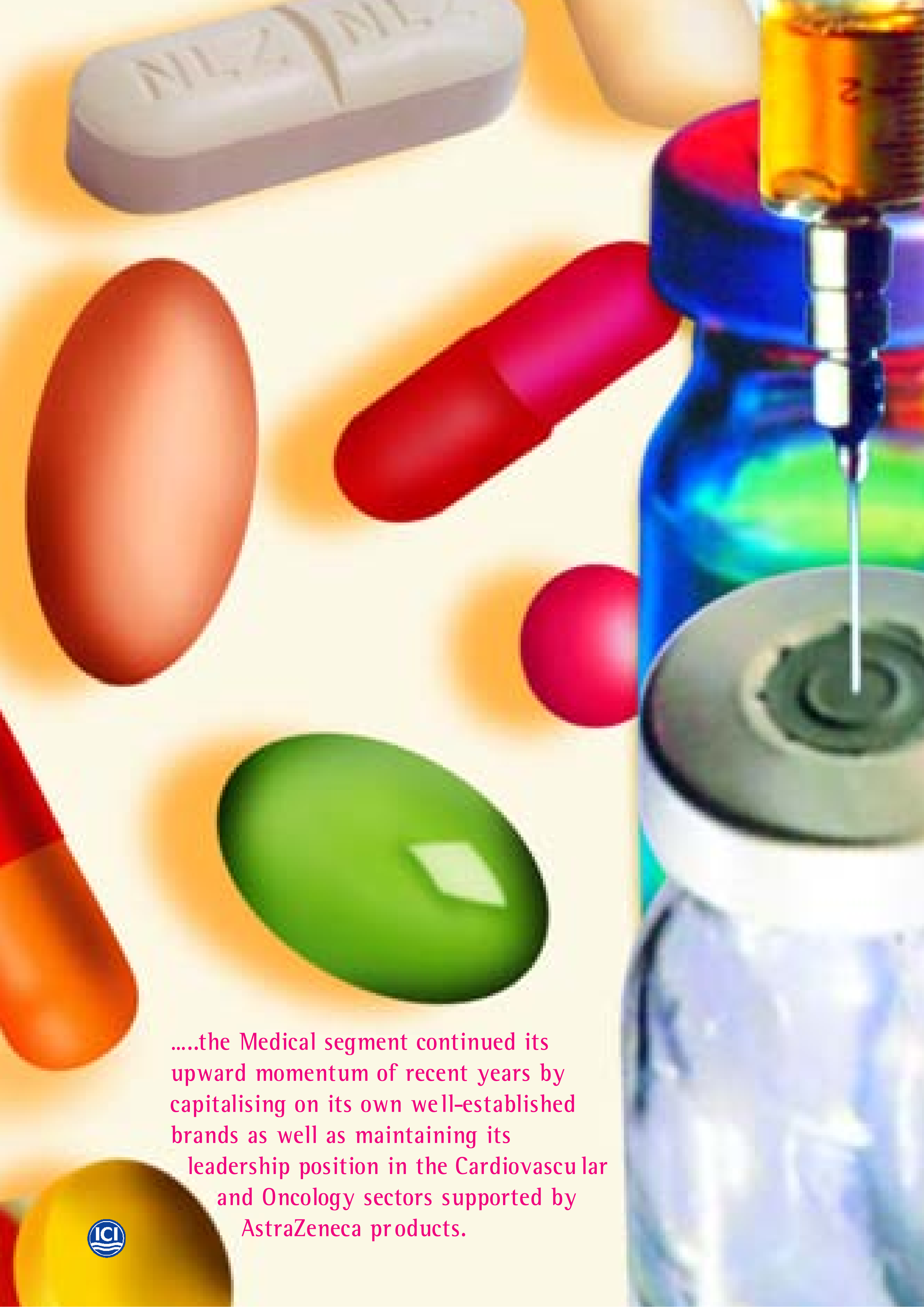
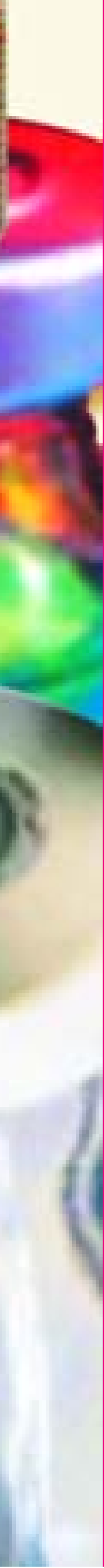




.....the Medical segment continued its upward momentum of recent years by capitalising on its own well-established brands as well as maintaining its leadership position in the Cardiovascular and Oncology sectors supported by AstraZeneca products.



With effect from 1 January 2003, the Seeds segment of your Company's Seeds and Agrochemicals Business will be merged into the Pharmaceuticals and Animal Health Business to form the Life Sciences Business, comprising the Pharmaceuticals, Animal Health and Seeds divisions, whilst the Agrochemicals segment will continue to sell the non-Syngenta product range till it exhausts current inventories.

Pharmaceuticals & Animal Health

There was no RIA or CIA during the year under review and the Business has now maintained its RIA free record since November 1997.

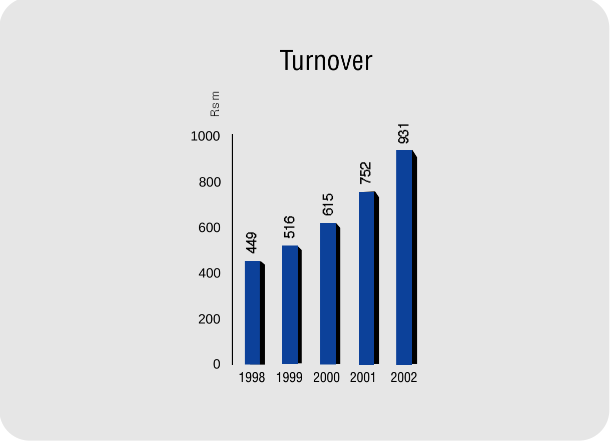
Overall, sales value in the Business increased by 20%, with the main contribution coming from the Medical segment.

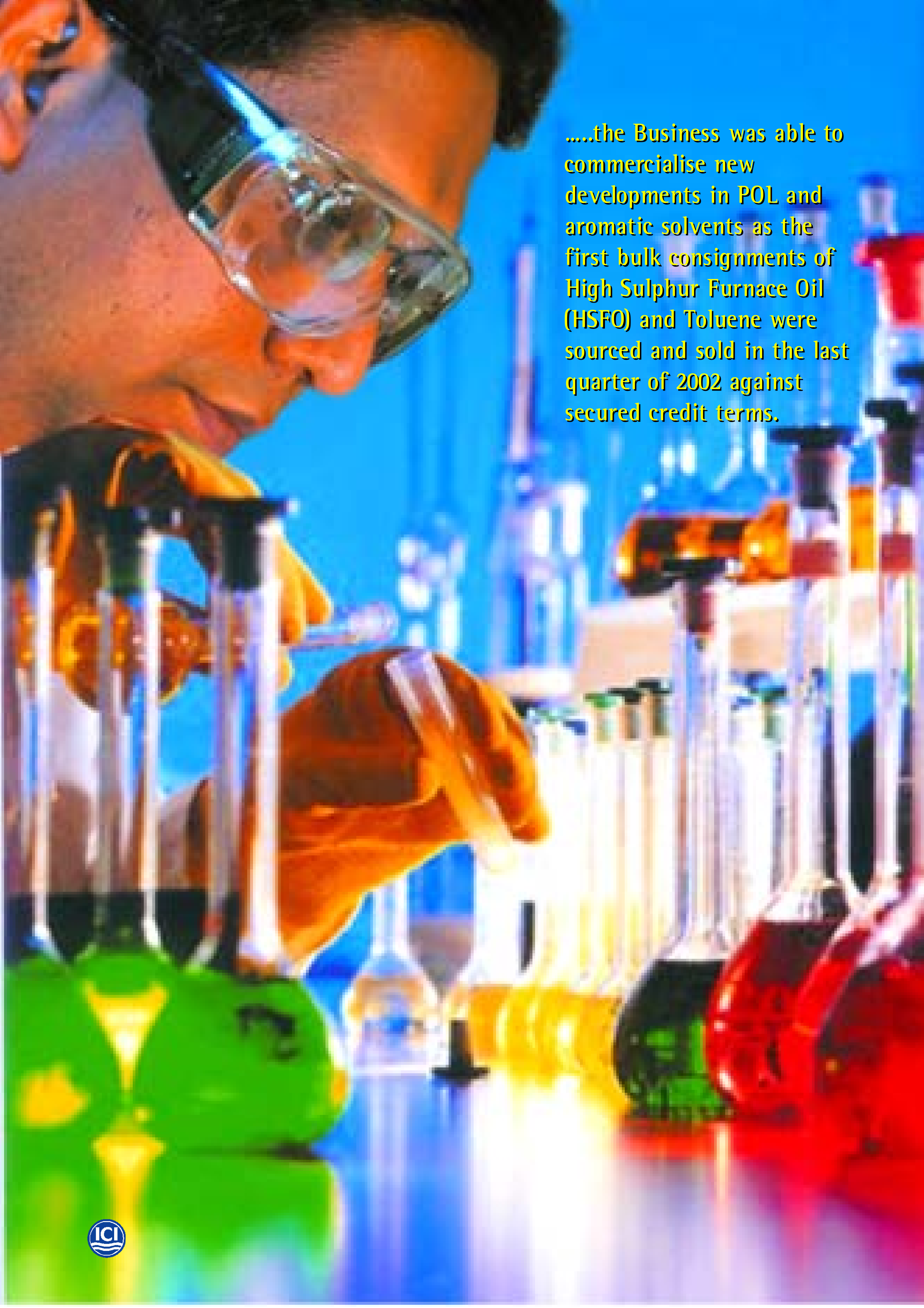
In March 2002, the Government announced the imposition of General Sales Tax (GST) on pharmaceutical products, which was finally reversed in August 2002 after strong resistance by consumers and trade alike. Whilst this decision will undoubtedly benefit the industry in the long run, it caused great uncertainty in the market in the interim period due to the substantial GST paid inventory in distribution channels and with retailers who were demanding refunds from manufacturers.

Despite these adversities, the Medical segment continued its upward momentum of recent years by capitalising on its own well-established brands as well as maintaining its leadership position in the Cardiovascular and Oncology sectors supported by AstraZeneca products. Additionally, Intron A (anti-hepatitis) and Clarinase (anti-allergy) from the Schering-Plough medical range and AstraZeneca's Accolate (anti-asthma) were launched during the year. The Animal Health segment continued to face adverse trading conditions due to delayed rainfall and the

liquidity crunch faced by farmers, compounded by the disruption caused by the GST issue. The impact of these conditions was mitigated by the segment capitalising on its leadership in the Livestock sector and focus on promotional efforts at the farmer level to generate demand and ensure shelf liquidation of its products. The Segment was also successful in launching Eli Lilly's Elanco range of animal medicines and entering the Poultry sector through the launch of Tylan. Overall, sales value in the Business increased by 20%, with the main contribution coming from the Medical segment.

With effect from 1 January 2003, the Seeds segment of your Company's Seeds and Agrochemicals Business will be merged into the Pharmaceuticals and Animal Health Business to form the Life Sciences Business, comprising the Pharmaceuticals, Animal Health and Seeds divisions, whilst the Agrochemicals segment will continue to sell the non-Syngenta product range till it exhausts current inventories. This will enable the new Business to find end-customer synergies between the Animal Health and Seeds divisions and also capitalise on its standing in the Cardiovascular segment to develop the soft oil seeds market.





.....the Business was able to commercialise new developments in POL and aromatic solvents as the first bulk consignments of High Sulphur Furnace Oil (HSFO) and Toluene were sourced and sold in the last quarter of 2002 against secured credit terms.

Overall, the Business achieved a net sales income which was 29% higher than 2001, primarily contributed by the Business's new initiatives in POL and aromatic solvents.

Chemicals

The Business has successfully completed 1.6 million RIA free man-hours by the end of 2002.

With the inclusion of the POL product portfolio, net sales income for the trading segment during the year registered an increase of 74% compared to 2001.

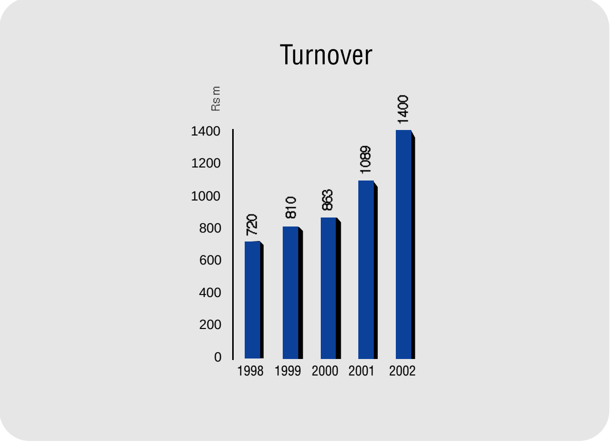
Overall production for the year under review was 5,979 tonnes, which was 5% lower than last year because of lower demand for textile chemicals and locally blended Polyol.

In Uniqema, activity at export-oriented units in the textile sector remained subdued during the second half of the year, following the threat of anti-dumping sanctions by the European Union, exhaustion of the quota in the US on bed linen and overall recession in the US. Market conditions were also uncertain on account of the October 2002 General Elections and the subsequent delay in the formulation of Federal and Provincial governments.

In the Trading Business, the commodity chemicals market remained flat and traders were reluctant to build inventory levels; production in key industries like cement and plastics remained below capacity. The strength of the Rupee against the Dollar also eroded the Business's dollar-based indent commissions. Against these adversities, the Business was able to commercialise new developments in POL and aromatic solvents as the first bulk consignments of High Sulphur Furnace Oil (HSFO) and Toluene were sourced and sold in the last quarter of 2002 against secured credit terms. With the inclusion of the POL product portfolio, net sales income for the trading segment during the year registered an increase of 74% compared to 2001.

In Polyurethanes, the market remained fiercely price-competitive throughout the year as tariff reductions lowered the price differential between imported finished product and locally blended Polyol.

Overall, the Business achieved a net sales income which was 29% higher than 2001, primarily contributed by the Business's new initiatives in POL and aromatic solvents.



The agrochemicals
market remained
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liquidity constraints,
and unprecedented low
pest infestation levels.....

.....the Business was able to improve its market share of hybrid fodder seed to 56% from 51% last year, while slightly improving its leadership position in sunflower with a 62% market share.

Seeds & Agrochemicals

The Seeds Business recorded an overall 13% growth in volumes mainly steered by a significant upturn in sunflower and maize sales by 66% and 25% respectively.

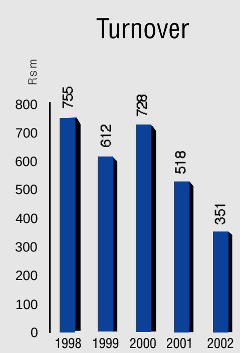
Overall, sales volumes were significantly lower for the year, mainly on account of product rationalisation and unconventionally low pest infestation levels.

Fodder volumes trailed behind as dealers opted to receive the product in January 2003 against significant advance bookings. For the year, the Business was able to improve its market share of hybrid fodder seed to 56% from 51% last year, while slightly improving

Overall, sales volumes were significantly lower for the year, mainly on account of product rationalisation and unconventionally low pest infestation levels.

its leadership position in sunflower with a 62% market share.

The agrochemicals market remained characterised by liquidity constraints, and unprecedented low pest infestation levels further compounded this situation. Consequently, most agrochemical companies preferred stock liquidation to margin maintenance in an attempt to maximise sales volumes in a highly competitive market.



Profit, Finance & Taxation

The Company achieved a profit before taxation of Rs 723.1 million, which was 17% higher than the profit for the twelve months ended 31 December 2001.

This was possible due to a sharp reduction in interest cost as the Company renegotiated rates on all facilities, benefiting from the high liquidity and low interest rate environment. An exchange gain on the foreign currency loans against a loss in 2001 and the full repayment of higher coupon Term Finance Certificates in September 2001 also contributed to the lower interest cost which was reduced from Rs 1,050.0 million for 2001 to Rs 631.1 million in 2002. Operating profit for the year at Rs 1,077.1 million was 23% lower than last year due to the sharp reduction in profitability of the Polyester Fibre Business commented upon earlier.

Taxation for the full year ended 31 December 2002, shows a credit of Rs 1,131.6 million. This is due to the adoption by the Company of International Accounting Standard (IAS) 12 applicable from 2002. IAS 12 requires that a deferred tax asset should be recognised for the carry forward of unused tax losses to the extent that it is probable that taxable profits will be available against which these can be utilised. Accordingly, your Company has recognised Rs 1,193.3 million as deferred tax asset on this basis, resulting in a profit after tax of Rs 1,854.7 million. Revenue Reserves have increased to Rs 2,737.1 million from Rs 501.6 million at 31 December 2001.

During the year, a Rs 1,200 million medium-term syndicated finance facility was signed in early April with a consortium of banks and financial institutions led by Pak Kuwait Investment Company (PKIC). The facility was drawn down in two equal instalments in June to repay a loan of US$ 20.0 million from Mortar Investments International Limited. Bridge financing for the PPTA 200% rights issue participation was arranged from a few of the Company's relationship banks. Concurrently, PPTA repaid Rs 1,500 million of the Rs 1,800 million subordinated loans from the proceeds of this rights issue.

In view of the overall declining trend in interest rates as commented upon earlier, your Company pursued an aggressive strategy of reducing its financial charges by repricing a number of short-term facilities with banks as a result of which, the weighted average cost of short-term facilities (excluding medium term loans) has reduced from 14.7% p.a. at the beginning of the year to under

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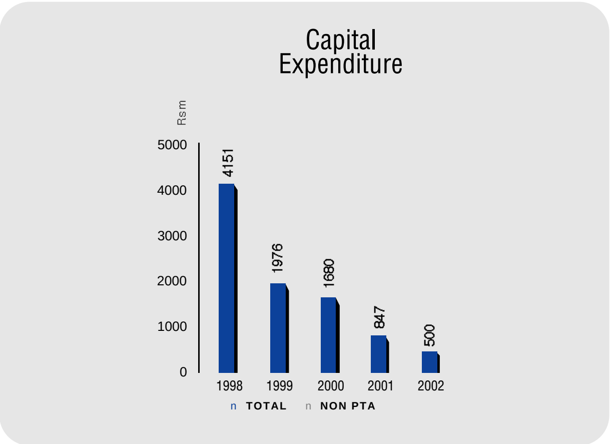
10.0% p.a. Further reductions continue to be pursued in light of the soft interest rate environment prevalent in the economy, and your Company is hopeful of further reducing its financial charges during 2003.

Revenue Reserves have increased to Rs 2,737.1 million from Rs 501.6 million at 31 December 2001.

Capital Expenditure

The Company has incurred an expenditure of Rs 364.8 million as sustenance capital in 2002 for maintaining its existing assets and ensuring continued integrity and efficiency. Such capital expenditure is directed at low cost opportunities for energy conservation and to capitalise on opportunities for improvement of operational efficiencies and minor de-bottlenecking.



Future Outlook

The recent increase in domestic PSF capacity to over 4 million bales equivalent of cotton has been timely, considering the price of available domestic crop of good quality cotton.

Consequently, the recent increase in fibre production capacity will serve as a lifeline to the domestic textile industry, which itself has seen a recent increase in capacity, and will fulfill its total fibre requirements. In 2003, PSF demand growth is expected at 10%, predicated on a recovery forecast for the international textile trade, continued access to the European Union and US markets for Pakistan textile exporters and higher cotton prices. More recently, the overhang of war threat in the Middle East, and its consequent impact of a delayed recovery of the American economy will keep regional C&F margins for Pakistan under pressure as significant increase in feedstock prices are unlikely to be recovered due to weakness in downstream textile trade.

In the domestic market, the reduction in import duty on PSF to 20%, overcapacity in domestic fibre industry and continued appreciation of the Rupee against the Dollar will keep margins under intense pressure. The domestic polyester fibre industry, therefore, expects support from the Government in the form of continued exclusion of PSF from the ambit of DTRE and expeditious protection against dumping through effective anti-dumping laws to prevent any further damage to domestic PSF producers. The introduction of DTRE, when sufficient fibre capacity exists in the country to cater for existing demand, will lead to closure of a domestic industry, which has contributed significantly to the Pakistan economy through new investment worth US$ 137 million and cumulative investment of over US$ 637 million (Rs 30 billion). Your Company hopes that such contributions will be considered important by the Government in future policy decisions with respect to the domestic fibre industry.

Exports of PSF to fully run the installed capacity are now viable if an adequate rate of duty drawback is available. During the year the Government announced two tier duty drawback rates for exports of PSF. Fibre exports using locally produced PTA attract a lower rate compared to those using imported PTA. This differentiation in drawback rates is discriminatory as the drawback rate for export of blended yarn is given on a deemed basis without any distinction of local or imported PSF. The Government is, therefore, urged to remove this discrimination and allow drawback on a deemed basis, failing which exports will remain economically unfeasible due to higher cost of utilities and distribution cost compared to regional competitors.

In Soda Ash, silicate production is expected to increase, which together with the start-up of a major bottle glass plant and increased capacity utilisation in the glass and paper segments is expected to result in higher consumption in the overall industry. However, lower sales in Bazaar remain the major cause of concern, as this segment remains the largest consumer of Soda Ash.

The Soda Ash Business is currently working on four projects with a combined capital spend of Rs 340 million, which will substantially reduce variable costs and further enhance production capability. The projects include a coal-fired boiler, due for beneficial production in the third quarter of 2004. The preliminary scope of work involved is being drafted, which will be followed by negotiations with vendors to finalise a contractual agreement.

In the Paints Business, market activity over the near term remains uncertain given the emerging war threat in the Middle East. Additionally, margins are likely to come under pressure in view of rising titanium, solvent and other raw material prices. However, the Business will continue its strategy of driving market share and managing its cost base to ensure profitable growth.

In the Pharmaceuticals Business, sales in the Medical segment are set to grow in the coming months as it continues to take advantage of its well-established brands in the Cardiovascular and Oncology sectors. The recent launch of new products and plans to introduce new products sourced from Upha Pharma (Malaysia) will further boost profits. In the Animal Health segment too, sales of the current portfolio are expected to pick up as the strategy of market development through farmer education and effective liaison with the Government starts to show positive results.

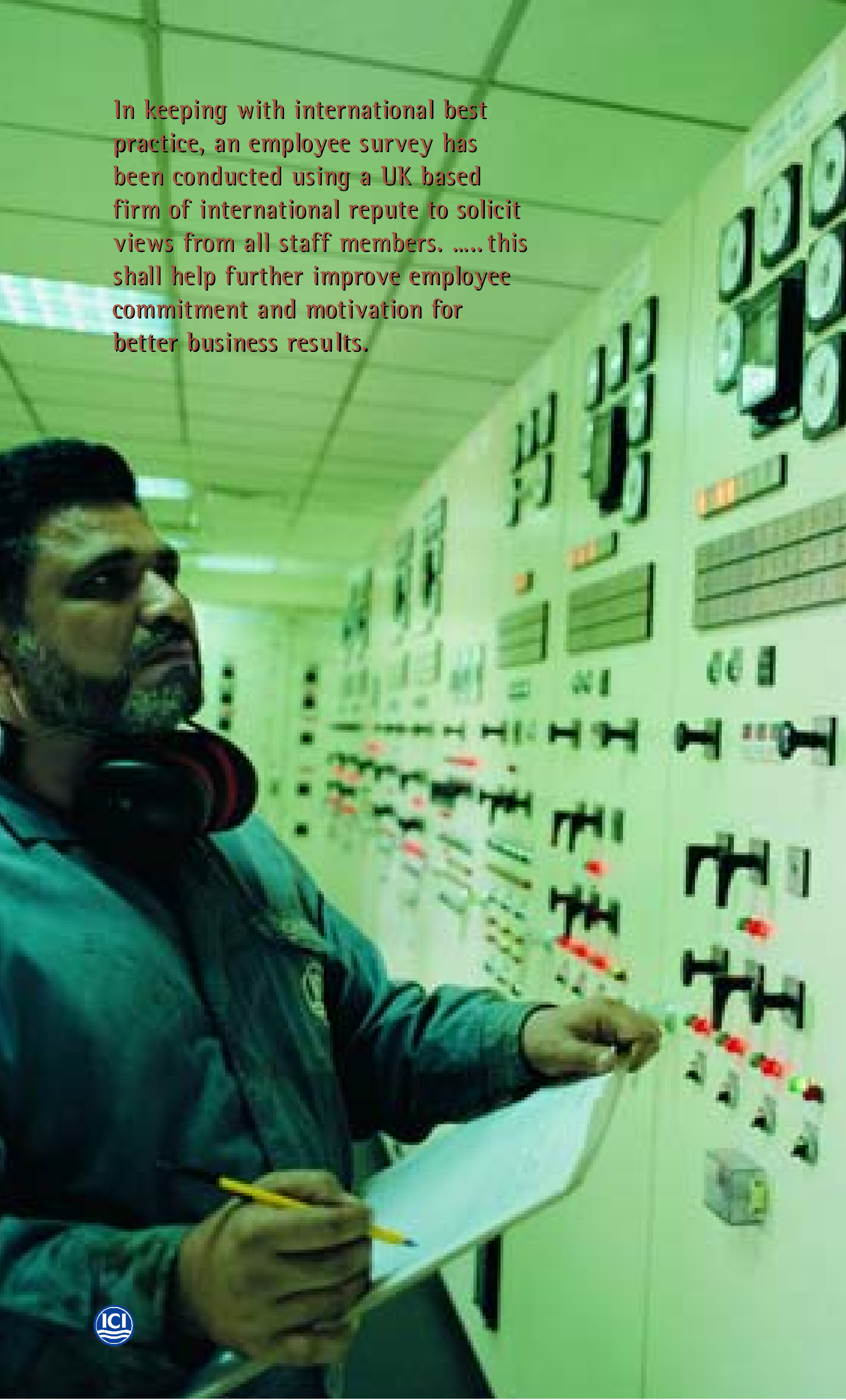
In Seeds, following the imminent completion of sunflower sowing in Sind, sales are expected to continue in the Punjab till February. So far, indications are that sunflower sales are expected to perform better than last year. A long-term commitment with Pacific Seeds (Australia), the principal supplier of the Business, has been established through incorporation of favourable terms and conditions in the recently executed agreement.

In Uniqema, lacklustre market conditions are likely to prevail during the early months of 2003 on account of the impact of the US recession and the threat of further sanctions from the US and EU because of quota infringements and dumping allegations. The Business is planning to combat adverse market conditions through entry into new overseas markets and by introducing innovative products sourced from Uniqema International.

The Trading Business expects substantial contributions from HSFO and Toluene in 2003 and is also exploring the possibilities of complementing HSFO with lubricants in the POL category and Xylene in the aromatic solvents category. Efforts are also being made to enter the specialised fibre and yarn markets with new product offerings. Sales are, therefore, expected to continue to grow at a healthy rate in 2003. In Polyurethanes, the Business expects to continue to face tough market conditions and a squeeze on margins; it will continue to combat this through its market positioning and a strong relationship with the Principal.

Overall market realities indicate another challenging year for your Company. In particular, the strength of the Pakistani rupee against the US dollar and an environment of reducing import tariffs and currency stability will continue to constrain profitability for import substitution businesses such as ICI Pakistan. However, with the major expansion in Polyester in place and the successful completion of Soda Ash projects, your Company is strongly positioned to face these challenging conditions and to deliver improved profitability in 2003.

In keeping with international best practice, an employee survey has been conducted using a UK based firm of international repute to solicit views from all staff members. .....this shall help further improve employee commitment and motivation for better business results.



Human Resources

Manpower numbers of your Company were further reduced from 1,421 to 1,319 at the end of 2002 in comparison to 2001, with a gain of 26.7% in productivity measured as turnover per employee.

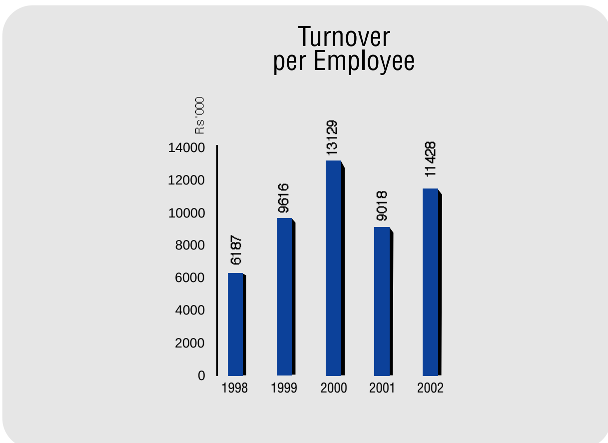
Your Company's management development efforts concentrated on improving the performance management system based on learning from ICI plc processes. The current focus is on middle and senior management teams and we hope to eventually cascade these improvements throughout the organisation in the near term.

In keeping with international best practice, an employee survey has been conducted using a UK based firm of international repute to solicit views from all staff members. The analysis of this survey is expected in the first quarter of 2003. Your Company is confident that this shall help further improve employee

commitment and motivation for better business results.

Your Company's focus on human resource excellence was ensured through more than 27 in-house training events whilst eight managers attended general management or specialised training in leading educational institutions in Europe and the US.

Union-Management relations continue to be friendly and industrial peace prevailed at all locations during the year under review. Union elections were held at all the Company locations. The round of union negotiations for their Charters of Demands with the respective managements is currently in progress.



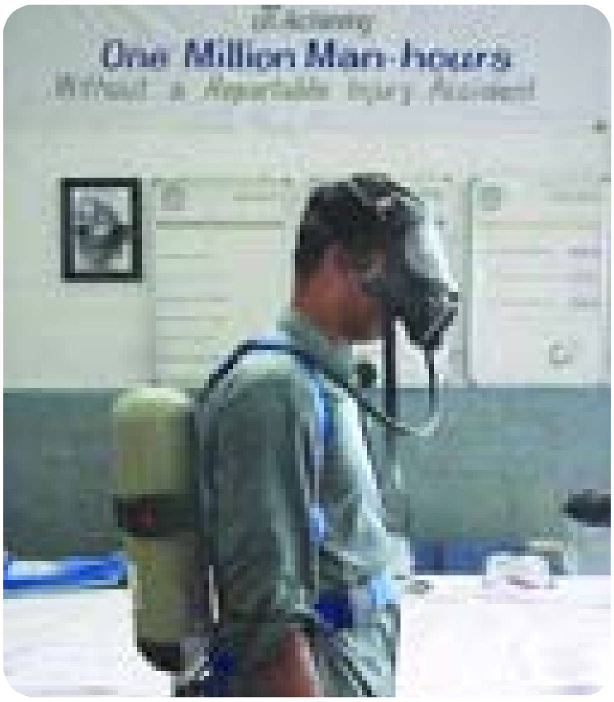
Work environment monitoring and health surveillance programmes have been fully implemented in all Businesses and your Company achieved 100% compliance with the targets set by the ICI Group for its operations worldwide.

Safety, Security, Health & Environment

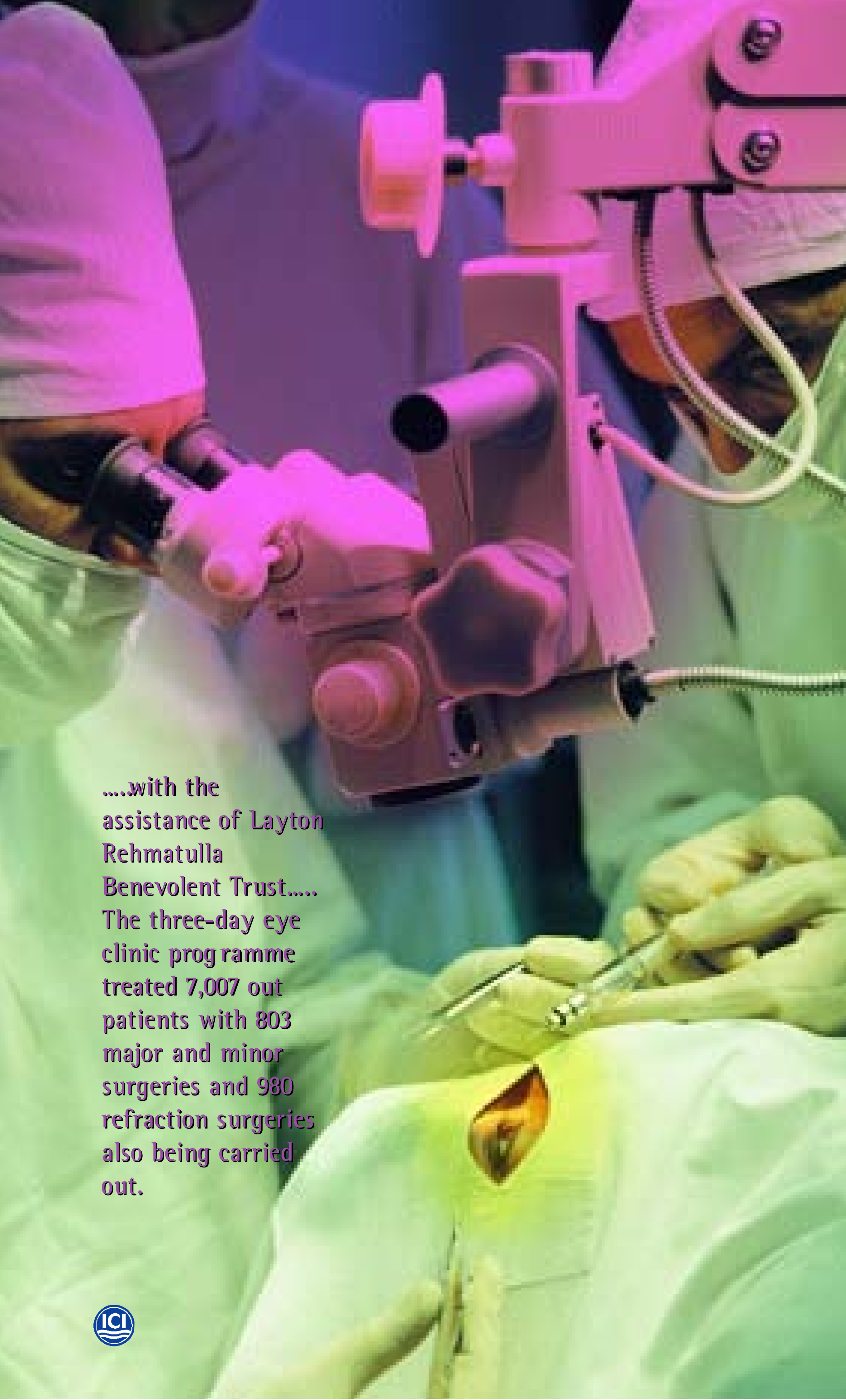
The Company continues to demonstrate its very strong commitment to all aspects of Safety, Security, Health and Environment (SSHE) linked to its Businesses operations. All employees are dedicated in their efforts to maintain and improve the standards demanded by the ICI Group SSHE Responsible Care Management System (RCMS) and achieving the challenging performance objectives arising out of its comprehensive implementation.

The safety performance of the Company was, unfortunately, marred by two RIAs, which occurred at the Polyester manufacturing site this year. Amongst other Businesses, Chemicals completed six years without an RIA, Pharmaceuticals, over five, Soda Ash, three and a half and Paints, over one and a half. The unfortunate incidents at Polyester have been thoroughly investigated and an aggressive Company wide 'RIA Free 2003' programme has been developed and agreed for implementation.

Work environment monitoring and health surveillance programmes have been fully implemented in all Businesses and your Company achieved 100% compliance with the targets set by the ICI Group for its operations worldwide.



The performance of the Effluent Treatment Plants installed at all manufacturing sites was continuously monitored and maintained to achieve full compliance with the applicable National Environmental Quality Standards (NEQS).



.....with the assistance of Layton Rehmatulla Benevolent Trust..... The three-day eye clinic programme treated 7,007 out patients with 803 major and minor surgeries and 980 refraction surgeries also being carried out.

Social Responsibility & Community Work

Your Company's commitment for continuous improvement of communities, within which it operates, remains a high priority.

As a good corporate citizen, ICI Pakistan Limited, through its trust, ICI Pakistan Foundation, created for this purpose, provided financial assistance during the year to various charitable and non-profit organisations. The Company has a very clear policy of serving the community it operates in. To discharge its responsibilities in this area through the ICI Pakistan Foundation, financial support was provided to bona fide and established healthcare, educational and social welfare organisations and projects that serve under privileged members of society in the country.

A series of developmental activities were initiated throughout the Country, particularly for communities in and around Khewra and Sheikhupura. Your Company provided financial assistance to various well-known educational, healthcare, rehabilitation and welfare institutions.

ICI Pakistan Limited, with the assistance of Layton Rehmatulla Benevolent Trust, continued to conduct eye clinics at the Company's Winnington Hospital, in Khewra. The three-day eye clinic programme treated 7,007 out patients with 803 major and minor surgeries and 980 refraction surgeries also being carried out.

Your Company continues to award scholarships to children of employees under its policy to recognise meritorious performance in the field of formal education. 494 school and 123 college scholarships were awarded during the year under review.

Auditors

The present auditors Taseer Hadi Khalid & Company retire and offer themselves for reappointment. As suggested by the Audit Committee, the Board of Directors have recommended their reappointment as Auditors of the Company for the year ending 31 December 2003, at a fee to be mutually agreed.

Compliance with the Code of Corporate Governance

As required under the Code of Corporate Governance dated 28 March 2002, the Directors are pleased to state as follows:

- The financial statements, prepared by the management of the Company present fairly, its state of affairs, the results of its operations, cash flows and changes in equity.

- Proper books of account of the Company have been maintained.

- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.

- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.

- The system of internal control and other such procedures which are in place, are being continuously reviewed by the Internal Audit Department. The process of review will continue and any weakness in controls will be removed.

- There are no doubts upon the Company's ability to continue as a going concern.

- There has been no departure from the best practices of corporate governance as detailed in the Listing Regulations.

- Key operating and financial data for the last 10 years is summarised on page number 80.

- Information about outstanding taxes and levies is given in the Notes to the Accounts.

- The value of investments made by the staff retirement funds as per their respective audited accounts as at 31 December 2001, is as follows:

		Value (Rs '000's)
1	ICI Pakistan Management Staff Provident Fund	363,668
2	ICI Pakistan Management Staff Gratuity Fund	166,899
3	ICI Pakistan Management Staff Pension Fund	576,528
4	ICI Pakistan Non-Management Staff Provident Fund	254,321

- During the year, six meetings of the Board of Directors were held. Attendance by each Director/CFO/Company Secretary was as follows:

	Name of Director	Number of Board Meetings Attended
1	Mr Munnawar Hamid*	02
2	Mr M J Jaffer	06
3	Mr Azhar A Malik	06
4	Mr Syed Imran Agha**	05
5	Mr Steve Hamlett	05
6	Mr Tariq Iqbal Khan	02
7	Mr Waqar A Malik**	05
8	Mr Khursheed Marker	04
9	Mr M Nawaz Tiwana	05
10	Mr Philip Gillett***	00
11	Mr Rashiq Sufi****	00
12	Mr Jabar S Butt****	00
13	Mr Feroz Rizvi (CFO)	03
14	Ms Nausheen Ahmad (Company Secretary)	06

*Retired from the Board w.e.f. 30 April 2002
**Appointed on the Board on 1 April 2002
***Appointed on the Board on 29 April 2002
****Retired from the Board w.e.f. 31 March 2002

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

Pattern of Shareholding

A statement showing the pattern of shareholding in the Company and additional information as at 31 December 2002 appears on page 78.

ICI Omicron BV UK continues to hold 75.81% shares, while Institutions hold 11.55%, and the balance 12.64% is held by individuals and foreign funds.

The highest and lowest market prices during 2002 were Rs 59.55 and Rs 33.20 per share respectively.

The Directors, CEO, CFO, 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 purchase of 71 shares by Mr Azhar A Malik and subsequent sale of one share each to Mr Waqar A Malik, Mr M Nawaz Tiwana and Mr Khursheed Marker, all Directors of the Company. This is reflected in the pattern of shareholding. All statutory returns in this connection were filed.

Group Accounts

The audited accounts of ICI Group (ICI Pakistan Limited and ICI Pakistan PowerGen Limited) for the year ended 31 December 2002 are attached.

M J Jaffer
Chairman / Director

Azhar A Malik
Chief Executive

Dated 27 February 2003

Statement of Compliance with the Code of Corporate Governance

For the year ended 31 December 2002

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 six independent non-executive Directors, including one Director nominated by a financial institution.

2. The Directors have voluntarily confirmed that none of them is serving as a director in more than ten listed companies, including this Company, except for Mr Tariq Iqbal Khan, who is a nominee of National Investment Trust (NIT) and has been granted a waiver from the application of the relevant clause of the Code by the Securities and Exchange Commission of Pakistan.

3. The Directors have voluntarily declared that all the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI. None of the Directors is a member of a stock exchange.

4. During the year, two casual vacancies occurred in the Board of Directors on 31 March 2002 and both vacancies were filled on 1 April 2002. The Company has filed necessary statutory returns in this regard.

5. The Board of Directors of the Company in its meeting held on 23 February 2001, adopted a Statement of Ethics and Business Practices under the title of 'The Way We Do Things Around Here' which is regularly circulated within the Company since 2001 and it is in the knowledge of Company's Directors and employees.

6. The Board is in the process of developing a vision and mission statement. The Company has in place processes and policies as required by the Code. Formal adoption of these policies by the Board has been undertaken as an ongoing process. The corporate strategy is reviewed by the Board from time to time.

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 CEO and other Executive Directors, have been taken by the Board.

8. All the six meetings of the Board, which were held during the year (including the four quarterly meetings) were presided by the Chairman. 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 Karachi Stock Exchange, Company's Memorandum and Articles of Association and the Code of Corporate Governance

and they are well conversant with their duties and responsibilities.

10. No new appointments of CFO, Company Secretary or Head of Internal Audit have been made after the application of the Code of Corporate Governance.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.

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

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

15. The Audit Sub Committee of the Board has been in existence since 1992. It comprises three members, all of whom are non-executive Directors including the Chairman of the Committee. ICI Pakistan also has a Remuneration Committee comprising two non-executive Directors, which has also been in operation since 1997.

16. There have been three Audit Committee Meetings during the year under review. Revised terms of reference of the Committee are being prepared in the light of the Code of Corporate Governance and will be placed before the Board for consideration/adoption.

17. ICI Pakistan has had an effective Internal Audit Function in place since the late 1970s.

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.

M J Jaffer
Chairman

Azhar A Malik
Chief Executive

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 ICI Pakistan Limited to comply with the Regulation No. 37 of Listing Regulations of Karachi Stock Exchange, clause 49 (Chapter XIII) of the Listing Regulations of the Lahore Stock Exchange and Section 36 (Chapter XI) of the Listing Regulations of the Islamabad Stock Exchange respectively where the Company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We 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 as applicable to the Company for the year ended 31 December 2002.

Date: 27 February 2003

Karachi

Taseer Hadi Khalid & Co.
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of ICI Pakistan Limited as at 31 December 2002 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 except for the change as indicated in note 2.6 with which we concur;

   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 2002 and of the profit, its cash flows and changes in equity for the year then ended; and

d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Date: 27 February 2003
Karachi

Taseer Hadi Khalid & Co.
Chartered Accountants

BALANCE SHEET AS AT 31 DECEMBER 2002

Amounts in Rs '000

	Note	2002	2001
Share Capital and Reserves			
Authorised capital			
1,500,000,000 ordinary shares of Rs 10 each		**15,000,000**	15,000,000
Issued, subscribed and paid-up capital	3	**1,388,023**	1,388,023
Capital reserves	4	**465,845**	465,845
Unappropriated profit		**2,737,146**	501,644
		4,591,014	2,355,512
Surplus on Revaluation of Fixed Assets	5	**784,424**	1,895,736
Redeemable Capital	6	**1,400,000**	1,133,333
Long-Term Loans	7	**-**	-
Deferred Liability	8	**78,895**	66,173
Current Liabilities and Provisions			
Current portions of:			
Redeemable capital	6	**933,333**	50,000
Long-term loans	7	**2,042,250**	3,664,854
Short-term financing	9	**341,641**	598,993
Creditors, accrued and other liabilities	10	**3,303,012**	3,354,023
Dividend payable		**-**	277,605
Proposed dividend		**312,305**	-
		6,932,541	7,945,475
Contingencies and Commitments	11		
		13,786,874	13,396,229

BALANCE SHEET AS AT 31 DECEMBER 2002

Amounts in Rs '000

	Note	2002	2001
Tangible Fixed Assets			
Operating assets	12	**5,426,965**	5,642,641
Capital work-in-progress	13	**315,816**	302,841
		5,742,781	5,945,482
Deferred Tax Asset - net	14	**775,096**	-
Investments	15	**2,327,460**	813,253
Long-Term Loans and Advances	16	**301,154**	1,910,436
Long-Term Deposits and Prepayments	17	**21,683**	16,071
Current Assets			
Stores and spares	18	**646,641**	546,873
Stock-in-trade	19	**1,743,822**	2,014,895
Trade debts	20	**672,384**	604,686
Loans and advances	21	**294,494**	72,590
Trade deposits and short-term prepayments	22	**125,572**	190,070
Other receivables	23	**311,092**	409,071
Taxation recoverable		**257,242**	291,754
Cash and bank balances	24	**567,453**	581,048
		4,618,700	4,710,987
		13,786,874	13,396,229

The annexed notes 1 to 42 form an integral part of these accounts.

M J Jaffer	**Azhar A Malik**	**Feroz Rizvi**
Chairman / Director	*Chief Executive*	*Chief Financial Officer*

Amounts in Rs '000

	2002	2001
Cash Flows from Operating Activities		
Profit before taxation	723,094	619,777
Adjustments for:		
Depreciation	630,760	620,342
Loss / (gain) on disposal of fixed assets	659	(308)
Provision for long service bonus scheme	-	73,980
Provision for non-management staff gratuity and pensioners' medical scheme	20,135	13,895
Net book value of fixed assets donated	-	130
Return on subordinated loans due from Associate and placements	(211,386)	(273,214)
Interest / mark-up expense	591,332	892,654
	1,754,594	1,947,256
Movement in:		
Working capital	(39,040)	215,369
Long-term loans and advances	109,282	(13,556)
Long-term deposits and prepayments	(5,612)	(6,715)
Cash generated from operations	1,819,224	2,142,354
Payments for:		
Non-management staff gratuity and pensioners' medical scheme	(7,413)	(1,185)
Long service bonus scheme	-	(210,069)
Interest / mark-up	(758,091)	(750,424)
Taxation	(27,184)	(199,892)
Net cash generated from operating activities	1,026,536	980,784
Cash Flows from Investing Activities		
Long-term investments	(1,514,207)	(10,212)
Payments for capital expenditure	(499,951)	(846,725)
Proceeds from disposal of fixed assets	20,798	3,968
Profit / mark-up received	460,811	64,007
Repayment of loan by Associate	1,500,000	-
Net cash used in investing activities	(32,549)	(788,962)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2002

Amounts in Rs '000

	2002	2001
Cash Flows from Financing Activities		
Long-term borrowings less repayments	(472,604)	(394,752)
Short-term borrowings less repayments	(215,500)	465,500
Dividend paid	(277,626)	(96)
Net cash (used in) / generated from financing activities	(965,730)	70,652
Net increase in cash and cash equivalents	28,257	262,474
Cash and cash equivalents at 1 January	447,555	185,081
Cash and cash equivalents at 31 December	475,812	447,555

Movement in Working Capital

	2002	2001
(Increase) / decrease in current assets		
Stores and spares	(99,768)	(50,934)
Stock-in-trade	271,073	(436,250)
Trade debts	(67,698)	(186,679)
Loans and advances	(221,903)	(2,644)
Trade deposits and short-term prepayments	64,498	(36,001)
Other receivables	(151,446)	(44,855)
	(205,244)	(757,363)
Increase in current liabilities		
Creditors, accrued and other liabilities	166,204	972,732
	(39,040)	215,369

Cash and cash equivalents at 31 December comprise of:

	2002	2001
Cash and bank balances	567,453	581,048
Running finances utilised under mark-up arrangements	(91,641)	(133,493)
	475,812	447,555

The annexed notes 1 to 42 form an integral part of these accounts.

M J Jaffer	**Azhar A Malik**	**Feroz Rizvi**
Chairman / Director	*Chief Executive*	*Chief Financial Officer*

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2002

Amounts in Rs '000

	Issued, subscribed and paid-up capital	Capital reserves	Unappropriated profit	Total
Balance as on 1 January 2001	**1,261,839**	**1,488**	**212,631**	**1,475,958**
Net profit for the year ended 31 December 2001	-	-	566,618	566,618
Issue of share capital pursuant to the Scheme	126,184	-	-	126,184
Share premium	-	464,357	-	464,357
Interim dividend	-	-	(277,605)	(277,605)
Balance as on 31 December 2001	1,388,023	465,845	501,644	2,355,512
Net profit for the year ended 31 December 2002	-	-	1,854,732	1,854,732
Transfer from surplus on revaluation of fixed assets:				
- prior years	-	-	588,914	588,914
- current year - net of tax	-	-	104,161	104,161
	-	-	693,075	693,075
Proposed final dividend	-	-	(312,305)	(312,305)
Balance as on 31 December 2002	**1,388,023**	**465,845**	**2,737,146**	**4,591,014**

The annexed notes 1 to 42 form an integral part of these accounts.

M J Jaffer	**Azhar A Malik**	**Feroz Rizvi**
Chairman / Director	*Chief Executive*	*Chief Financial Officer*

1. Status and Nature of Business

1.1 ICI Pakistan Limited ("the Company") is incorporated in Pakistan and is listed on Karachi, Lahore and Islamabad Stock Exchanges. The Company is engaged in the manufacture of polyester staple fibre, POY chips, soda ash, paints, specialty chemicals, sodium bicarbonate and polyurethanes; formulation of agrochemicals; marketing of seeds, toll manufactured and imported pharmaceuticals and animal health products; and merchanting of general chemicals. It also acts as an indenting agent.

1.2 With effect from 1 October 2000 the Pure Terephthalic Acid (PTA) Business of the Company was demerged under a Scheme of Arrangement ("the Scheme") dated 12 December 2000 approved by the shareholders and sanctioned by the High Court of Sindh.

2. Summary of Significant Accounting Policies

2.1 Statement of compliance

These accounts have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 Accounting convention

These accounts have been prepared under the historical cost convention, except that certain fixed assets have been included at revalued amounts and certain exchange elements referred to in notes 2.7 and 2.12 have been incorporated in the cost of the relevant assets.

2.3 Staff retirement benefits

The Company's retirement benefit plans comprise of provident funds, pension and gratuity schemes and a medical scheme for pensioners. There are two registered provident funds. These are defined contribution schemes providing lump sum benefits. All other schemes are defined benefit schemes.

The pension and gratuity schemes are salary schemes providing pension and lump sums, respectively. Pension and gratuity schemes for management staff are invested through two approved trust funds. The Company contributes to both funds on the basis of actuarial recommendations. The gratuity scheme for non-management staff and the pensioners' medical scheme are unfunded.

An actuarial valuation of all defined benefit schemes is conducted at the end of every year. The valuation uses the Projected Unit Credit method. Actuarial (unrecognised) gains and losses are amortised over the expected average remaining working lives of employees. Transitional liability is being amortised over a period of five years.

2.4 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.

2.5 Trade and other payables

Trade and other payables are stated at their cost.

2.6 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account available tax credits and rebates, if any, or one-half of one percent of turnover, whichever is higher.

Deferred

Deferred tax is provided using balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the current rates of taxation.

During the year the Company has changed its accounting policy in respect of deferred tax to comply with the requirements of International Accounting Standard: IAS – 12 “Income Taxes” which became applicable during the current year. As required by this IAS, the Company recognises a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Further, the Company now also recognises deferred tax asset / liability on deficit / surplus on revaluation of fixed assets which is adjusted against the related deficit / surplus. The remaining deferred tax debit balance not recognised in the accounts (after adjusting for business losses disallowed by Tax Authorities) amounted to Rs 2,105.346 million (2001: Rs 3,017.468 million).

As a result of above changes in accounting policy profit after tax has increased by Rs 1,193.334 million.

The proforma information relating to the change in policy is given in note 31.2.

2.7 Tangible fixed assets and depreciation

Operating assets, except for freehold land, are stated at cost or revalued amounts less accumulated depreciation and impairment losses. Freehold land is stated at cost or revalued amount and capital work-in-progress is stated at cost. Cost of certain fixed assets comprises historical cost, exchange differences referred to in note 2.12, cost of exchange risk cover in respect of foreign currency loans obtained for the acquisition of fixed assets upto the commencement of commercial production and the cost of borrowings during construction period in respect of loans taken for specific projects.

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 without taking into account any residual value. The cost of leasehold land is amortised in equal instalments over the lease period. The net exchange differences relating to an asset at the end of each year are amortised in equal instalments over its remaining useful life. Depreciation on additions is charged from the month in which the asset is put to use and on disposals up to the month of disposal.

Incremental depreciation charged for the period on revalued assets is transferred from surplus on revaluation of fixed assets to retained earnings (unappropriated profit) during the current year.

Maintenance and normal repairs are charged to income as and when incurred; major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets are taken to the profit and loss account, and the related surplus on revaluation of fixed assets is transferred directly to retained earnings (unappropriated profits).

2.8 Investments

Investments in associated company, subsidiary and non-listed equity security classified as available for sale are stated at cost less provision for impairment.

2.9 Stores and spares

Stores and spares are valued at moving average cost. Items in transit are valued at cost comprising invoice values plus other charges incurred thereon.

2.10 Stock-in-trade

Raw and packing materials except for those in-transit are valued at lower of moving average cost and net realisable value.

Work-in-process is valued at material cost only. Conversion costs are not included as these are not significant.

Finished goods, with the exception of imported general chemicals, are valued at lower of average cost and net realisable value. Imported general chemicals are valued at lower of cost, as determined on a first-in-first-out basis, and net realisable value. All manufactured finished goods include prime cost and an appropriate portion of production overheads.

Items in-transit are valued at cost comprising invoice values plus other charges incurred thereon.

Net realisable value signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and selling expenses.

2.11 Trade debts and other receivables

Trade debts and other receivables are stated at cost less impairment losses.

2.12 Foreign currency translation

Transactions denominated in foreign currencies are translated to Pak Rupees at the foreign exchange rate ruling at the date of transaction. Assets and liabilities in foreign currencies are translated into Pak Rupees at the foreign exchange rates approximating those prevailing at the balance sheet date.

In respect of foreign currency loans obtained for the acquisition of fixed assets, the cost of exchange risk cover is capitalised in the relevant assets upto the date of commencement of commercial production whereas exchange differences on principal amount are included in the cost of the relevant assets over the period of these loans.

All other exchange differences are taken to the profit and loss account.

2.13 Revenue recognition

- Sales are recorded on despatch of goods to customers.
- Commission income is recognised on receipt of credit advice from suppliers.
- Profit on short-term deposits is accounted for on time-apportioned basis on the principal outstanding and at the rate applicable.
- Dividend income is recognised when the right to receive payment is established.

2.14 Segment reporting

A segment is a distinguishable component within a company that is engaged in providing products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Amounts in Rs '000

3. Issued, Subscribed and Paid-up Capital

2002	2001		2002	2001
125,840,190	125,840,190	Ordinary shares of Rs 10 each fully paid in cash	1,258,402	1,258,402
318,492	318,492	Ordinary shares of Rs 10 each issued as fully paid for consideration other than cash	3,185	3,185
25,227	25,227	Ordinary shares of Rs 10 each issued as fully paid bonus shares	252	252
12,618,391	12,618,391	Ordinary shares issued pursuant to the Scheme as fully paid for consideration of investment in associate	126,184	126,184
138,802,300	138,802,300		1,388,023	1,388,023

3.1 ICI Omicron B.V., UK, which is a wholly owned subsidiary of Imperial Chemical Industries PLC, UK, held 105,229,125 (2001: 105,229,125) ordinary shares of Rs 10 each at 31 December 2002.

4. Capital Reserves

	2002	2001
Share premium		
1 January	465,259	902
Issue of share capital during the year	-	464,357
31 December	465,259	465,259
Capital receipts	586	586
	465,845	465,845

4.1 Share premium includes the premium amounting to Rs 0.902 million received on shares issued for the Company's Polyester Plant installation in 1980 and share premium of Rs 464.357 million representing the difference between nominal value of Rs 10 per share of 12,618,391 ordinary shares issued by the Company and the market value of Rs 590.541 million of the 126,183,909 ordinary shares corresponding to 25% holding acquired in Pakistan PTA Limited, an associate, at the date of acquisition i.e. 2 November 2001 and the number of shares that have been issued has been determined in accordance with the Scheme in the ratio between market value of the shares of two companies based on the mean of the middle market quotation of the Karachi Stock Exchange over the ten trading days between 22 October 2001 to 2 November 2001.

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

Amounts in Rs '000

5. Surplus on Revaluation of Fixed Assets

	2002	2001
Balance as on 1 January	1,895,736	1,895,736
Less: Surplus relating to incremental depreciation charged on related assets in prior years transferred to retained earnings (unappropriated profit)	(588,914)	-
Related deferred tax liability on surplus on revaluation of fixed assets	(418,237)	-
	888,585	1,895,736
Less: Transfer to retained earnings (unappropriated profit) in respect of incremental depreciation charged during the year-net of deferred tax	(104,161)	-
Balance as on 31 December	784,424	1,895,736

5.1 During the year, the Companies (Amendment) Ordinance, 2002 was promulgated which introduced certain amendments in the Companies Ordinance, 1984. One of these amendments, relates to section 235 of the Companies Ordinance, 1984 under which the surplus on revaluation of fixed assets can now be utilised to the extent of the incremental depreciation charged on these assets.

As a result of the amendment in law, the surplus on revaluation of fixed assets to the extent of the incremental depreciation charged for the year on the related assets is now transferred to retained earnings (unappropriated profit). In accordance with the above change in law, as clarified by the Securities and Exchange Commission of Pakistan, an amount equal to the incremental depreciation charged on these assets till 31 December 2001 has also been transferred from surplus on revaluation of fixed assets to retained earnings (unappropriated profit) in the current year.

Transfer of prior years' incremental depreciation to retained earnings (unappropriated profit) also includes an amount of Rs 311.660 million representing the difference between the amount of revaluation surplus relating to the specific classes of operating assets of the PTA Business and the actual amount of revaluation surplus allocated and transferred to Pakistan PTA Limited which was determined on the basis of 80:20 split of share capital, capital and revenue reserves, accumulated loss and revaluation surplus which had been sanctioned by the Court.

6. Redeemable Capital - Secured (Non-participatory)

This represents long-term finances utilised under mark-up arrangements availed from following financial institutions:

	Financier	Instalments payable	Repayment period	Rate of Mark-up %	Mark-up not due	2002	2001
6.1	Habib Bank Limited	half-yearly	2001-2003	13	14,009	333,333	383,333
6.2	Habib Bank Limited	at maturity	2002-2004	10.5	79,134	800,000	800,000
6.3	Pakistan Kuwait Investment Co. (Pvt.) Limited	at maturity	2002-2004	13	183,353	1,200,000	-
						2,333,333	1,183,333
	Less: Current portion shown under current liabilities					933,333	50,000
						1,400,000	1,133,333

Amounts in Rs '000

Long-term finances utilised under mark-up arrangements are secured as follows:

6.1 First pari passu hypothecation over plant, machinery, equipment and other moveables / fixed assets of the Soda Ash Business.

6.2 First pari passu hypothecation over plant and machinery of the Polyester Business.

6.3 First pari passu hypothecation over plant, machinery, equipment and other moveables / fixed assets of the Soda Ash Business (including Sodium Bicarbonate).

7. Long-Term Loans

	Lender	Instalments payable	Repayment period	Interest rate	2002	2001
	Secured Loan					
7.1	Australia and New Zealand Banking Group Ltd USD Nil (2001: USD 0.929 million)	half-yearly	1998-2002	1.5 % above 6 months LIBOR per annum	-	55,854
	Unsecured Loan					
7.2	Mortar Investments International Ltd - Associated company USD 35 million (2001: USD 60 million)	at maturity	2003	1.0 % above 6 months LIBOR per annum	2,042,250	3,609,000
					2,042,250	3,664,854
	Less: Current portion shown under current liabilities					
	Secured loan				-	55,854
	Unsecured loan				2,042,250	3,609,000
					2,042,250	3,664,854
					-	-

8. Deferred Liability

	2002	2001
Provisions for non-management staff gratuity and pensioners' medical schemes	78,895	66,173

Amounts in Rs '000

8.1 Staff Retirement Benefits

The amounts recognised in the profit and loss account against defined benefit schemes are as follows:

	Funded	Unfunded
Current service cost	45,335	4,508
Interest cost	117,953	11,661
Expected return on plan assets	(112,642)	-
Past service cost	38,739	4,180
Recognition of actuarial (losses) / gains	(187)	1,029
Charge for the year	89,198	21,378
Year 2001	69,378	17,483

Movements in the net liability recognised in the balance sheet are as follows:

	Funded	Unfunded
Opening balance	(18,150)	(66,468)
Charge for the year	(89,198)	(21,378)
Contributions / payments during the year	64,486	8,598
Closing balance	(42,862)	(79,248)

The amounts recognised in the balance sheet are as follows:

	Funded	Unfunded
Fair value of plan assets	888,718	-
Present value of defined benefit obligation	(1,039,640)	(92,895)
Deficit	(150,922)	(92,895)
Unrecognised transitional liability	26,935	2,226
Actuarial loss	81,125	11,421
Recognised liability	(42,862)	(79,248)
Year 2001	(18,150)	(66,468)

These figures are based on the latest actuarial valuation, as at 31 December 2002. The valuation uses the Projected Unit Credit method. Actuarial gains and losses are amortised over the expected future service of current members.

The discount rate was taken as 8 percent per annum. Salary inflation was assumed to average 6 percent per annum over the future working lives of current employees. Medical cost trend was assumed to average 3 percent per annum in the long term. Return on plan assets was assumed equal to the discount rate. Actual return on plan assets during 2002 was Rs 167 million (2001: Rs 158 million).

The Company contributed Rs 31.110 million (2001: Rs 31.997 million) to the provident fund during the year.

Amounts in Rs '000

9. Short-Term Financing

	2002	2001
Running finances utilised under mark-up arrangements - note 9.1	91,641	133,493
Term finances - note 9.2	250,000	465,500
	341,641	598,993

9.1 The facilities for running finance available from various banks amount to Rs 2,743 million (2001: Rs 1,294 million) and carry mark-up ranging from 7.6 to 17 percent per annum (2001: 13 to 17 percent per annum). The purchase prices are payable on various dates by 31 December 2003. The facilities are secured by hypothecation over stock-in-trade and book debts of the Company.

9.2 The facilities for term finance available from various banks amount to Rs 550 million (2001: Rs 465.5 million) and are repayable by 15 January 2003. The facilities from Faysal Bank Limited and Al-Meezan Investment Bank Limited are secured by way of floating charge over plant, machinery, equipment and other moveable / fixed assets of the Soda Ash Business while the rest are secured by hypothecation over stock-in-trade and book debts of the Company.

10. Creditors, Accrued and Other Liabilities

	2002	2001
Trade creditors	1,300,086	1,369,838
Bills payable	894,584	748,925
Sales tax, excise and custom duties	178,545	160,071
Mark-up accrued on:		
Redeemable capital	40,426	12,636
Short-term financing	11,256	67,606
Accrued interest /return on unsecured loan	222,666	360,864
Accrued expenses	273,034	248,928
Workers' profit participation fund - note 10.2	42,671	33,135
Distributors' security deposits - payable on termination of distributorship - note 10.3	54,131	51,607
Contractors' earnest / retention money	18,778	15,417
Advances from customers	52,172	42,642
Unclaimed dividends	4,678	4,699
Payable for capital expenditure	11,952	62,388
Payable for staff retirement benefit schemes	42,720	18,150
Others	155,313	157,117
	3,303,012	3,354,023

10.1 The above balances include amounts due to associated undertakings amounting to Rs 356.360 million (2001: Rs 191.631 million).

10.2 Workers' profit participation fund

	2002	2001
Balance as on 1 January	33,135	515
Allocation for the year	38,058	32,620
	71,193	33,135
Interest on funds utilised in the Company's businesses at 15 percent per annum	3,835	-
	75,028	33,135
Less:		
- Amount paid on behalf of the Fund	3,169	-
- Deposited with the Government of Pakistan	29,188	-
	32,357	-
Balance as on 31 December	42,671	33,135

10.3 Interest on security deposits from certain distributors is payable at 10 percent per annum as specified in the agreements.

Amounts in Rs '000

		2002	2001
11.	**Contingencies and Commitments**		
11.1	Claims against the Company not acknowledged as debts are as follows:		
	Local bodies	**31,228**	22,525
	Tax authorities	**72,196**	55,207
	Others	**45,381**	1,457
		148,805	79,189

11.2 Guarantees given to a bank on behalf of ICI Pakistan PowerGen Limited for loan, running finances and other credit facilities amounting to Rs 140 million (2001: Rs 85.800 million).

11.3 Guarantees issued by the Company in respect of financial and operational obligations of Pakistan PTA Limited pursuant to the Scheme amounting to Rs 12,485.556 million (2001 : Rs 16,725.727 million) against which Pakistan PTA Limited has issued counter guarantees to the Company.

11.4 Commitments in respect of capital expenditure - Rs 22.342 million (2001: Rs 2.928 million).

11.5 Faysal Management Services (Private) Limited has floated Fayzan Manufacturing Modaraba ("the Modaraba") which has recently commissioned a spinning and processing plant ("Manufacturing Facility") at a capital cost of Rs 1,356 million. The Manufacturing Facility is producing Polyester Staple Fibre from polymer provided by ICI Pakistan Limited under a Toll Manufacturing Agreement. This agreement is for a period of four and half years from the commencement of commercial production and is renewable with mutual consent. At the completion of the agreement term or on its termination, the Company will purchase the Manufacturing Facility from the Modaraba at a price approximating the fair value of the Manufacturing Facility, provided the Modaraba is able to deliver free and unencumbered title to the Manufacturing Facility.

The Toll Manufacturing Agreement provides for a fee to be paid by the Company to the Modaraba, which is based on the quantity of polymer processed by the Modaraba and includes a capacity fee of Rs 7.968 million per month for making the Manufacturing Facility available to the Company.

11.6 Commitments for rentals under operating lease agreements in respect of vehicles and plant and machinery - Rs 109.183 million (2001: Rs 89.545 million) are as follows:

Year	**Vehicles**	**Plant and machinery (Rupees '000)**	**Total**
2003	48,607	84	**48,691**
2004	33,797	21	**33,818**
2005	21,293	-	**21,293**
2006	5,381	-	**5,381**
	109,078	**105**	**109,183**

Payable not later than one year	**48,691**
Payable later than one year but not later than five years	**60,492**
	109,183

The above operating lease agreements are renewable for a further period of three years at the discretion of the Company.

Amounts in Rs '000

12. Operating Assets

12.1 The following is a statement of operating assets:

	Cost and revaluation at 1 January 2002	Additions / (disposals)	Cost and revaluation at 31 December 2002	Accumulated depreciation at 1 January 2002	Charge for the year / (accumulated depreciation on disposals)	Accumulated depreciation at 31 December 2002	Book value at 31 December 2002	Depreciation rate on original cost and revaluation %
Freehold land	49,706	-	49,706	-	-	-	49,706	-
Leasehold land	83,471	-	83,471	15,885	10,825	26,710	56,761	2 to 4
Limebeds on freehold land	61,686	25,020	86,706	17,965	3,368	21,333	65,373	3.33 to 7.5
Buildings on freehold land	598,305	12,475	610,780	373,109	37,942	411,051	199,729	5 to 10
Buildings on leasehold land	596,441	99,416	695,857	226,155	34,315	260,470	435,387	2.5 to 10
Plant and machinery	10,653,270	223,777 (1,093)	10,875,954	5,913,026	502,208 (783)	6,414,451	4,461,503	3.33 to 10
Railway sidings	297	-	297	297	-	297	-	3.33
Rolling stock and vehicles	116,497	15,853 (6,722)	125,629	106,111	3,770 (2,332)	107,549	18,080	10 to 25
Furniture and equipment	412,486	59,999 (40,204)	432,281	276,970	38,332 (23,447)	291,855	140,426	10 to 33.33
2002	**12,572,159**	**436,540 (48,019)**	**12,960,681**	**6,929,518**	**630,760 (26,562)**	**7,533,716**	**5,426,965**	
2001	11,761,480	835,543 (24,864)	12,572,159	6,330,250	620,342 (21,074)	6,929,518	5,642,641	

12.2 The above balances represent the value of operating assets subsequent to revaluation on 1 October 1959 and 30 September 2000, which had resulted in a surplus of Rs 14.207 million and Rs 1,569.869 million respectively. The incremental values of the assets revalued on 1 October 1959 and 30 September 2000 are being depreciated over the remaining useful lives of the assets at the date of revaluation.

12.3 Had there been no revaluation, the net book value of specific classes of operating assets would have amounted to:

	Net Book Value	
	2002	2001
Freehold land	**20,929**	20,929
Leasehold land	**57**	61
Plant and machinery	**3,394,717**	3,528,335
Rolling stock and vehicles	**18,079**	7,276
Furniture and equipment	**140,421**	140,146
	3,574,203	3,696,747

12.4 Additions to plant and machinery include exchange losses in the amount of Rs Nil (2001: Rs 8.404 million).

12.5 The depreciation charge for the year has been allocated as follows:

	2002	2001
Cost of goods sold - note 26	**598,556**	584,912
Administration and selling expenses - note 27	**32,204**	35,430
	630,760	620,342

Amounts in Rs '000

12.6 Detail of assets disposed off during the year:

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Particulars of buyers
Plant and Machinery					
Sold by tender	557	274	283	30	Integrated Managing Services Ltd., Lahore
	167	142	25	20	M. Ismail
Written down value not exceeding Rs 5,000 each	368	368	-	123	Various
	1,092	784	308	173	
Rolling stock and vehicles					
Sold by tender	545	-	545	341	Alflah Motors, Multan
	551	-	551	365	Arif Shah, Jalil Abad
	588	-	588	421	Haji M Khalid, Multan
	402	-	402	330	Mian Brothers, Burewala
	39	-	39	601	Muhammad Imran, Karachi
	887	72	815	1,000	Nadeem-ul-Haq, Sargodha
	31	12	19	596	Naeem-ullah-Aslam Qiani, Islamabad
	255	64	191	2,794	Nazir Haji Usman, Karachi
	115	7	108	823	S N Enterprises, Karachi
	154	74	80	1,511	Shoaib Malik, Lahore
	45	-	45	596	Syed Arif Raza, Karachi
	39	-	39	615	M A Rashid (Ex-employee)
Sold by negotiations	625	520	105	451	Dr Asher
	665	430	235	522	Dr Khalid
	678	71	607	654	Dr Razzaq
Written down value not exceeding Rs 5,000 each	536	535	1	328	Various
	6,155	1,785	4,370	11,948	
Furniture and equipment					
Sold to employees - note 12.7	81	43	38	18	Abdul Jabbar Athar
	19	13	6	2	Abdul Sattar Khan
	44	14	30	17	Afzal Mehmood
	113	47	66	53	Agha Shaheen
	50	15	35	22	Ahmed Mubeen Awan
	124	69	55	76	Ahmed Nadeem Jamal (Ex-employee)
	226	69	157	58	Ahmed Rashid Vine
	28	14	14	2	Ahsan A Qayoom
	39	3	36	35	Ali Aamir
	436	72	364	54	Ali Asrar Agha
	64	26	38	17	Amer Iqbal
	167	26	141	128	Dr Amir Jafri
	56	36	20	8	Amjad Latif
	22	12	10	2	Amos Nadeem (Ex-employee)
	14	7	7	4	Aqueel Mehmood
	29	12	17	5	Asadul Azeem
	113	37	76	40	Asghar Sheraz
	63	26	37	19	Asghar Zaidi
	93	43	50	23	Aurangzeb Khan Jadoon
	26	8	18	15	Ayesha Chaudhry
	22	4	18	15	Bilal Khalid
	25	11	14	3	Bilal Masood
	62	35	27	10	Ch Mushtaq Ahmed
	93	59	34	13	Colonel Munir Ahmed
	100	63	37	13	Colonel Shaikh Masood
	115	93	22	11	Dr D N Farooqi
	120	40	80	44	Dr M Wasim Baig
	58	42	16	14	Dr Najma Nasreen Alvi
	22	12	10	2	Esar Ahmad Butt
	119	41	31	49	Faisal Farooq
	24	6	18	18	Faisal Saleem
	13	6	7	3	Farah Siddiq
	120	40	80	43	Farooq Ilyas Paracha
	47	11	36	24	Fatima Zuberi
	122	33	89	67	Fayyaz ul Moazam
	286	124	162	194	Feroz Rizvi
	45	18	27	17	Ghazala Ishrat
	79	17	62	45	Ghulam Farooq
	176	64	112	44	Hanif Shaikh
	176	86	90	56	Hassan N Ansari
	77	28	49	41	Ibrahim Arif
	97	26	71	46	Iftikhar Ahmed
	296	187	109	41	S Imran Agha
	69	46	23	15	Imran Ghani
	52	8	44	37	Imran Qureshi
	41	10	31	19	Iqleem Zahur
	231	61	170	162	Jehangir Bashir Nawaz
	60	5	55	47	Kehkashan Awan
	127	34	93	67	Khalid Mahmood
	27	-	27	24	Khalid Taqdees
	138	43	95	85	Khawaja Saqib Mahmood
	88	42	46	30	Khurram Qaweel Malik
	62	37	25	16	Liaquat Siddiq
	21	9	12	2	M A Rashid (Ex-employee)
	124	36	88	57	M Abdus Salam
	73	25	48	28	M Akbar Malik
	69	48	21	12	M Arif Qureshi
	139	66	73	43	M Asif Malik
	38	8	30	22	M Azher Zaman
	88	52	36	13	M Rafiq Sheikh
	89	37	52	25	M Taufeeq Cheema
	60	26	34	14	M Umar Mushtaq
	24	17	7	5	M Younas
	47	12	35	27	M Zafer Farid
	59	25	34	11	M Zahir Khan
	299	100	199	161	Malik M Akram
	29	11	18	15	Mansoor A Chaudhry (Ex-employee)
	39	17	22	9	Manzoor Ahmed
	423	56	367	50	Masood Ijaz Hussain
	26	4	22	17	Matin Amjad
	199	49	150	174	Mian Asad Rasheed
	32	20	12	3	Mohammad Akram
	88	40	48	22	Mohammad Bilal
	453	91	362	316	Mohammad Zahir
	52	6	46	62	Mohsin Ali
	22	13	9	2	Mohsin Usman

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Particulars of buyers
	131	50	81	40	Moughisuddin Tariq
	66	30	36	12	Naeem Ahmed
	85	53	32	10	Naeem Taqi Jafri
	59	6	53	63	Nasir A Ahsan
	182	42	140	118	Naufil Mahmud
	272	153	119	57	Nausheen Ahmed
	20	6	14	8	Naveed H Gilani
	468	288	180	33	Pervaiz A Khan
	120	90	30	17	Pervaiz Rahim
	42	18	24	7	Raja Tariq Ashraf
	13	6	7	3	Ramza Niaz
	130	118	12	125	Rana Muhammad Irshad
	35	20	15	3	Rauf Ahmed Mirza
	76	48	28	8	Raza Azar
	71	29	42	17	Rizwan Afzal
	58	31	27	11	Rizwan Aziz Bhatti
	26	13	13	2	Rubab Lakhani
	88	45	43	30	S Fasihuddin Biyabani
	196	55	141	127	S M Irfan Aqueel
	75	37	38	22	S Raza Mehdi Zaidi
	71	39	32	22	S Sohail Raza Zaidi
	26	6	20	18	Saad Tariq Haroon
	81	29	52	30	Saboor Ahmed
	129	43	86	47	Saeed Altaf Hussain
	59	21	38	23	Saeed Iqbal
	29	16	13	7	Safdar Iqbal Qureshi
	47	29	18	5	Sajjad A Lodhi
	22	11	11	2	Sajjad Haider
	165	92	73	43	Salim Khan
	50	18	32	20	Salim Rafi
	62	18	44	29	Samie Cashmeri
	34	18	16	10	Saqlain Ahmad
	14	7	7	2	Sarfraz Riaz
	38	19	19	5	Sh Mohammad Rizwan
	13	6	7	2	Shagufta Mobashir
	20	3	17	13	Shahazad Asad Khan
	49	7	42	35	Shahid A Malik
	28	14	14	2	Shahid Abbas
	185	85	100	71	Shahid Paracha
	63	23	40	31	Shahid Sultan Butt
	23	9	14	4	Shaikh Noman Farid
	130	73	57	26	Shakeel Qazi
	28	6	22	16	Shamim Ahmed
	71	44	27	19	Shariq Saifuddin
	35	14	21	9	Shaukat Hussain Jafri
	33	21	12	6	Sher Mohammad
	612	204	408	162	Suhail A Khan
	28	12	16	3	Suhail Ahmed
	138	66	72	32	Syed Iqbal Haider
	86	30	56	35	Syed Noor ul Ibad
	28	7	21	8	Tahir Majeed
	20	3	17	15	Tahir Munir
	64	28	36	14	Tanvir Iqbal Khan
	32	15	17	3	Tariq Mehmood
	22	5	17	12	Tariq Sajid Shaikh
	21	4	17	12	Tayyab Mukhtar
	14	7	7	3	Tehmina Mehfooz
	76	44	32	21	Touqir Husain
	89	30	59	39	Touseef H Naqvi
	109	36	73	41	Umar A Khan
	564	204	360	156	Waqar A Malik
	93	22	71	59	Waseem Khan
	43	8	35	23	Zeeshan T Khan
	117	44	73	46	Ziauddin Syed
	21	4	17	13	Zulfiqar Ahmed
Sold by negotiation	20	4	16	16	Abdul Ghaffar (Ex-employee)
	59	27	32	26	Adnan Ahmed (Ex-employee)
	22	10	12	10	Akram Rao (Ex-employee)
	107	63	44	10	Amjad Hussain Khan (Ex-employee)
	268	75	193	145	Asadullah Khan (Ex-employee)
	86	36	50	42	Attaullah Tahir Khan (Ex-employee)
	185	77	108	47	Bashir Makki (Ex-employee)
	23	9	14	11	Iqbal Ahmed Khan (Ex-employee)
	1,162	494	668	426	Jabir Shafiq Butt (Ex-Director)
	297	198	99	65	K B Osmany (Ex-employee)
	15	3	12	7	Mohammad Aziz Bhatti (Ex-employee)
	3,212	1,762	1,450	405	Munawar Hamid (Ex-Chaiman)
	191	55	136	79	Nariman Siddiqui (Ex-employee)
	62	21	41	42	Nasir Zaman Khan (Ex-employee)
	432	226	206	82	Rashiq Sufi (Ex-Director)
	15	5	10	6	Sajid Hasnain (Ex-employee)
	51	12	39	39	Syed Amir Rehman (Ex-employee)
	92	52	40	33	Tassawar Hussain (Ex-employee)
	27	9	18	5	Allah Tawakal Traders, Lahore
	174	37	137	27	Cellular Marketing, Lahore
	52	9	43	9	Global Cellular Network, Karachi
Sold by tender	991	689	302	336	ABC Nilam Ghar, Karachi
	1,370	1,300	70	275	Ikram Ghori / Dilbar Hussain, Mandi Bahauddin
	38	28	10	12	Roomi Cotton Group, Lahore
Insurance claim	317	216	101	249	Claims settled by the Insurer
Written-off	2,474	947	1,527	-	
Written down value not exceeding Rs 5,000 each	15,646	12,355	3,291	1,363	Various
	40,772	23,993	16,732	8,677	
2002	**48,019**	**26,562**	**21,457**	**20,798**	
2001	24,864	21,074	3,790	3,968	

12.7 Household furniture and equipment provided to certain members of management staff as per their entitlement were sold to those employees during the year. These assets were sold to employees as a result of a change in the Company's remuneration policy.

Amounts in Rs '000

	2002	2001
13. Capital Work-in-Progress		
Designing, consultancy and engineering fee	25,201	535
Civil works and buildings	29,426	46,569
Plant and machinery	176,962	173,697
Miscellaneous equipment	54,688	57,051
Advances to suppliers / contractors	29,539	24,989
	315,816	302,841
14. Deferred Tax Asset - net		
Deductible / taxable temporary difference in respect of:		
- Recognised tax losses	1,784,518	-
- Other deductible / taxable temporary differences - net	(1,009,422)	-
	775,096	-
15. Investments		
Quoted		
Associated Undertaking		
- Pakistan PTA Limited - note 15.1		
378,551,727 ordinary shares (2001: 126,183,909) of Rs 10 each	2,114,960	600,753
Unquoted		
Subsidiary		
- ICI Pakistan PowerGen Limited (wholly owned) - note 15.2		
2,100,000 ordinary shares (2001: 2,100,000) of Rs 100 each	210,000	210,000
Others		
Equity security available for sale		
- Arabian Sea Country Club Limited	2,500	2,500
	2,327,460	813,253

15.1 The market value as at 31 December 2002 and breakup value (including surplus on revaluation of fixed assets) of the Company's 25% investment in Pakistan PTA Limited based on its audited accounts for the year ended 31 December 2002 amounts to Rs 2,668.790 million (2001 : Rs 391.171 million) and Rs 3,843.940 million (2001 : Rs 1,955.598 million) respectively.

15.2 The value of the Company's investment on the basis of net assets of the Subsidiary as disclosed in the audited accounts for the year ended 31 December 2002 amounted to Rs 189.347 million (2001: Rs 209.584 million).

16. Long-Term Loans and Advances - Considered Good

	2002	2001
Due from Associate - Unsecured		
- Subordinated loan - note 16.1	-	1,800,000
- Long term loan - note 16.2	300,000	-
Due from Directors, Executives and Employees - note 16.3	130,971	144,464
	430,971	1,944,464
Less: Current portions shown under current assets		
- Due from Associate - note 16.2	100,000	-
- Due from Directors, Executives and Employees - note 16.3	29,817	34,028
	129,817	34,028
	301,154	1,910,436

16.1 The loans have been settled to the extent of Rs 1,500 million and the balance amount has become un-subordinated during the year.

16.2 The loan carries a rate of return of 10.5 percent per annum (2001: 14 percent per annum) and is receivable in six half-yearly instalments, starting from April 2003.

Amounts in Rs '000

16.3 Due from Directors and Executives

	Motor car	House building	2002 Total	2001 Total
Due from:				
- Director	-	-	**-**	-
- Executives	75,156	29,547	**104,703**	117,392
	75,156	29,547	**104,703**	117,392
Less: Receivable within one year				
- Director	-	-	**-**	-
- Executives	10,265	12,709	**22,974**	27,628
	10,265	12,709	**22,974**	27,628
	64,891	16,838	**81,729**	89,764
Due from Employees			**26,268**	27,072
Less: Receivable within one year			**6,843**	6,400
			19,425	20,672
			101,154	110,436
Outstanding for period:				
- less than three years			**70,910**	81,777
- more than three years			**30,244**	28,659
			101,154	110,436

16.4 Loans for purchase of motor cars and house building assistance are repayable between two to ten years. These loans are granted to the employees of the Company in accordance with their terms of employment.

16.5 The maximum aggregate amount of long-term loans and advances due from the Directors and Executives at the end of any month during the year was Rs 0.098 million and Rs 124.514 million (2001: Rs Nil and Rs 119.163 million) respectively.

17. Long-Term Deposits and Prepayments

	2002	2001
Deposits	**16,841**	14,091
Prepayments	**4,842**	1,980
	21,683	16,071

18. Stores and Spares

	2002	2001
Stores (include in-transit Rs 1.845 million; 2001: Rs 3.271 million)	**85,516**	87,879
Spares (include in-transit Rs 3.608 million; 2001: Rs 3.802 million)	**566,945**	469,927
Consumables	**39,469**	23,142
	691,930	580,948
Less: Provision for slow moving and obsolete items	**45,289**	34,075
	646,641	546,873

Amounts in Rs '000

19. Stock-in-Trade

	2002	2001
Raw and packing material (include in-transit Rs 125.120 million; 2001: Rs 95.923 million)	746,564	996,976
Work-in-process	126,779	135,708
Finished goods (include in-transit Rs 94.972 million; 2001: Rs 62.737 million)	903,969	961,938
	1,777,312	2,094,622
Less: Provision for slow moving and obsolete stock	33,490	79,727
	1,743,822	2,014,895

20. Trade Debts

	2002	2001
Considered good		
- Secured	405,437	292,654
- Unsecured	338,111	362,331
	743,548	654,985
Considered doubtful	104,506	75,996
	848,054	730,981
Less: Provision for:		
- Doubtful debts	104,506	75,996
- Discounts payable	71,164	50,299
	175,670	126,295
	672,384	604,686

21. Loans and Advances

	2002	2001
Considered good		
Loans due from:		
Executives	22,974	27,628
Employees	6,843	6,400
Associate	100,000	-
	129,817	34,028
Advances to:		
Executives	2,745	2,598
Employees	705	1,823
Contractors and suppliers	159,765	32,462
Others	1,462	1,679
	164,677	38,562
	294,494	72,590
Considered doubtful	2,404	2,404
	296,898	74,994
Less: Provision for doubtful loans and advances	2,404	2,404
	294,494	72,590

21.1 The maximum aggregate amount of advances due from the Directors and Executives at the end of any month during the year was Rs 0.1 million and Rs 4.752 million (2001: Rs Nil and Rs 5.870 million) respectively.

Amounts in Rs '000

	2002	2001
22. Trade Deposits and Short-Term Prepayments		
Trade deposits	14,554	5,270
Short-term prepayments	76,999	67,232
Balances with statutory authorities	34,019	117,568
	125,572	190,070
23. Other Receivables		
Considered good		
Excise duty, sales tax and octroi refunds due	116,961	23,672
Due from Associate	42,384	32,112
Insurance claims	25,694	8,040
Commission receivable	22,651	26,314
Accrued return on loans due from Associate	-	249,425
Others	103,402	69,508
	311,092	409,071
Considered doubtful	6,906	8,210
	317,998	417,281
Less: Provision for doubtful receivables	6,906	8,210
	311,092	409,071

23.1 The maximum aggregate amount due from Associate at the end of any month during the year was Rs 42.384 million (2001: Rs 281.537 million).

	2002	2001
24. Cash and Bank Balances		
Deposit accounts	75,000	-
Current accounts	438,631	516,582
In hand		
Cheques	41,185	54,803
Cash	12,637	9,663
	567,453	581,048

Amounts in Rs '000

25. Operating Results

	Note	Polyester 2002	Polyester 2001	Soda Ash 2002	Soda Ash 2001	Paints 2002	Paints 2001	Others 2002	Others 2001	Company 2002	Company 2001
Sales											
Inter-segment		-	-	-	-	-	-	266,714	332,265	-	-
Others		6,923,092	5,252,520	3,256,980	3,336,188	2,478,176	2,199,753	2,374,682	1,981,856	15,032,930	12,770,317
		6,923,092	5,252,520	3,256,980	3,336,188	2,478,176	2,199,753	2,641,396	2,314,121	15,032,930	12,770,317
Commission income		-	-	-	-	-	-	40,883	45,114	40,883	45,114
Turnover		6,923,092	5,252,520	3,256,980	3,336,188	2,478,176	2,199,753	2,682,279	2,359,235	15,073,813	12,815,431
Sales tax		1,121,812	794,083	548,086	504,910	354,545	303,509	252,476	211,544	2,276,919	1,814,046
Commission and discounts to distributors and customers		41,088	13,000	104,551	74,436	243,611	175,151	188,707	169,225	577,957	431,812
		1,162,900	807,083	652,637	579,346	598,156	478,660	441,183	380,769	2,854,876	2,245,858
Net sales and commission income		5,760,192	4,445,437	2,604,343	2,756,842	1,880,020	1,721,093	2,241,096	1,978,466	12,218,937	10,569,573
Cost of goods sold	26	5,530,488	4,003,373	1,722,415	1,827,945	1,278,862	1,220,392	1,626,791	1,384,724	9,891,842	8,104,169
Gross profit / (loss)		229,704	442,064	881,928	928,897	601,158	500,701	614,305	593,742	2,327,095	2,465,404
Administration and selling expenses	27	158,181	106,468	327,477	285,706	303,981	260,150	460,342	414,218	1,249,981	1,066,542
Operating profit		71,523	335,596	554,451	643,191	297,177	240,551	153,963	179,524	1,077,114	1,398,862
25.1 Segment assets		4,377,151	4,987,917	3,875,155	4,693,636	617,420	808,822	1,557,350	1,551,422	10,427,076	12,041,797
25.2 Unallocated assets		-	-	-	-	-	-	-	-	3,359,798	1,354,432
										13,786,874	13,396,229
25.3 Segment liabilities		1,899,387	1,954,550	665,275	804,499	263,598	256,574	627,518	625,368	3,455,778	3,640,991
25.4 Unallocated liabilities		-	-	-	-	-	-	-	-	4,955,658	5,503,990
										8,411,436	9,144,981
25.5 Non-cash items (excluding depreciation)		4,937	29,203	10,399	30,371	1,696	13,825	3,103	14,477	20,135	87,876
25.6 Capital expenditure		104,254	183,184	263,706	656,487	36,173	25,062	45,382	31,497	449,515	896,230

25.7 Inter-segment sales

Inter-segment sales have been eliminated from the total.

25.8 Inter-segment pricing

Transactions among the business segments are recorded at fair value.

Amounts in Rs '000

26. Cost of Goods Sold

	Polyester		Soda Ash		Paints		Others		Company	Company
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Raw and packing materials consumed										
Opening stock	620,026	454,906	51,887	47,894	123,234	98,601	165,812	169,733	960,959	771,134
Purchases										
Inter-segment	-	-	-	-	266,714	332,265	-	-	-	-
Others	3,971,545	3,217,313	440,934	418,770	676,862	646,253	545,082	656,630	5,634,423	4,938,966
	3,971,545	3,217,313	440,934	418,770	943,576	978,518	545,082	656,630	5,634,423	4,938,966
	4,591,571	3,672,219	492,821	466,664	1,066,810	1,077,119	710,894	826,363	6,595,382	5,710,100
Closing stock	(429,957)	(620,026)	(50,405)	(51,887)	(111,018)	(123,234)	(135,590)	(165,812)	(726,970)	(960,959)
	4,161,614	3,052,193	442,416	414,777	955,792	953,885	575,304	660,551	5,868,412	4,749,141
Salaries, wages and benefits	178,313	164,961	254,921	259,273	55,712	46,407	30,929	30,120	519,875	500,761
Stores and spares consumed	46,311	54,957	83,815	82,902	2,715	1,024	551	404	133,392	139,287
Conversion fee paid to contract manufacturers	296,578	-	-	-	-	-	68,684	58,484	365,262	58,484
Oil, gas and electricity	441,588	333,491	533,171	518,997	7,466	7,442	4,288	4,547	986,513	864,477
Rent, rates and taxes	910	783	502	471	-	-	81	93	1,493	1,347
Insurance	36,086	17,546	20,532	5,111	7,269	3,422	759	962	64,646	27,041
Repairs and maintenance	4,700	4,169	6,954	5,691	6,530	5,681	1,654	2,142	19,838	17,683
Depreciation - note 12.5	268,221	267,592	301,341	291,210	17,659	14,484	11,335	11,626	598,556	584,912
Excise duty	-	-	-	-	203,836	183,529	1,791	1,228	205,627	184,757
Technical fees	-	-	-	-	9,900	3,665	-	-	9,900	3,665
General expenses	46,752	41,301	26,332	30,211	9,269	8,383	7,372	9,113	89,725	89,008
Opening stock of work-in-process	122,662	165,599	-	-	12,248	8,790	798	1,154	135,708	175,543
Closing stock of work-in-process	(110,813)	(122,662)	-	-	(15,194)	(12,248)	(772)	(798)	(126,779)	(135,708)
Cost of goods manufactured	5,492,922	3,979,930	1,669,984	1,608,643	1,273,202	1,224,464	702,774	779,626	8,872,168	7,260,398
Opening stock of finished goods	429,719	123,448	111,149	131,772	58,807	54,735	318,553	322,013	918,228	631,968
Finished goods purchased	-	334,183	36,272	198,679	-	-	970,273	613,320	1,006,545	1,146,182
	5,922,641	4,437,561	1,817,405	1,939,094	1,332,009	1,279,199	1,991,600	1,714,959	10,796,941	9,038,548
Closing stock of finished goods	(385,413)	(429,719)	(89,206)	(111,149)	(52,272)	(58,807)	(363,182)	(318,553)	(890,073)	(918,228)
Provision for obsolete stocks shown under administration and selling expenses	(5,000)	(2,729)	(5,784)	-	(875)	-	(1,627)	(11,682)	(13,286)	(14,411)
	5,532,228	4,005,113	1,722,415	1,827,945	1,278,862	1,220,392	1,626,791	1,384,724	9,893,582	8,105,909
Recovery from ICI Pakistan PowerGen Limited	(1,740)	(1,740)	-	-	-	-	-	-	(1,740)	(1,740)
	5,530,488	4,003,373	1,722,415	1,827,945	1,278,862	1,220,392	1,626,791	1,384,724	9,891,842	8,104,169

26.1 Inter-segment purchases

Inter-segment purchases have been eliminated from the total.

26.2 Staff retirement benefits

Salaries, wages and benefits include Rs. 47.379 million (2001: Rs 32.883 million) in respect of staff retirement benefits.

Amounts in Rs '000

27. Administration and Selling Expenses

	Polyester 2002	Polyester 2001	Soda Ash 2002	Soda Ash 2001	Paints 2002	Paints 2001	Others 2002	Others 2001	Company 2002	Company 2001
Salaries and benefits	74,610	64,782	115,634	106,418	133,125	119,587	258,172	254,731	581,541	545,518
Repairs and maintenance	2,734	2,261	4,191	3,446	3,582	3,565	6,439	5,670	16,946	14,942
Advertising and sales promotion	2,563	3,941	5,273	5,022	53,749	41,709	24,393	41,161	85,978	91,833
Rent, rates and taxes	2,254	802	5,033	1,522	5,631	5,359	10,483	7,044	23,401	14,727
Insurance	-	819	6,943	6,142	2,210	317	10,973	9,614	20,126	16,892
Lighting, heating and cooling	1,876	1,686	3,886	4,448	4,141	4,446	5,964	6,609	15,867	17,189
Depreciation - note 12.5	2,477	2,943	6,772	8,436	8,045	7,188	14,910	16,863	32,204	35,430
Outward freight and handling	27,959	2,189	116,227	108,601	36,284	36,188	33,629	15,380	214,099	162,358
Provision for doubtful debts										
- trade	2,500	-	-	-	6,500	320	33,000	3,390	42,000	3,710
- others	-	-	-	-	-	-	7,175	1,102	7,175	1,102
Provision for obsolete stock	5,000	2,729	5,784	-	875	-	1,627	11,682	13,286	14,411
Travelling expenses	9,980	6,924	9,401	5,714	16,009	11,895	48,462	40,510	83,852	65,043
Postage, telegram, telephone and telex	3,616	2,760	4,711	4,613	9,872	10,024	14,429	14,095	32,628	31,492
General expenses	22,852	14,872	43,622	31,344	23,958	19,552	70,712	55,304	161,144	121,072
	158,421	106,708	327,477	285,706	303,981	260,150	540,368	483,155	1,330,247	1,135,719
Less: Recovery from ICI Pakistan PowerGen Limited	240	240	-	-	-	-	-	-	240	240
Less: Service charges from Pakistan PTA Limited	-	-	-	-	-	-	80,026	68,937	80,026	68,937
	158,181	106,468	327,477	285,706	303,981	260,150	460,342	414,218	1,249,981	1,066,542

27.1 Staff retirement benefits

Salaries and benefits include Rs. 89.616 million (2001: Rs 64.123 million) in respect of staff retirement benefits.

27.2 Service charges from Associate

This represents amount charged by the Company for certain administrative services rendered by it to the Associate in accordance with the Service Level Agreement between the two companies.

28. Other Income

	2002	2001
Profit on short-term and call deposits	827	1,214
Return on loans due from Associate	210,559	272,000
Scrap sales	22,137	19,563
Gain on disposal of fixed assets	-	308
Insurance claims	17,789	-
Provisions and accruals no longer required written back	319	242
Exchange gain	71,374	-
Others	6,246	23,243
	329,251	316,570

Amounts in Rs '000

		2002	2001
29.	**Financial Charges**		
	Mark-up on:		
	Short-term financing	131,366	222,932
	Redeemable capital	245,033	301,704
	Interest on:		
	Long-term loans	155,823	285,848
	Workers' profit participation fund	3,835	-
	Discounting charges on receivables	84,590	82,170
	Exchange losses	-	143,598
	Others	10,475	13,721
		631,122	1,049,973
30.	**Other Charges**		
	Auditors' remuneration - note 30.1	4,054	4,627
	Donations - note 30.2	9,378	8,435
	Workers' profit participation fund	38,058	32,620
	Loss on disposal of fixed assets	659	-
		52,149	45,682
30.1	**Auditors' remuneration**		
	Audit fee	1,730	1,730
	Certifications including half yearly review and group reporting	2,071	2,400
	Out-of-pocket expenses	253	497
		4,054	4,627

Additionally the auditors' remuneration also includes an amount of Rs 2.430 million in respect of professional services rendered in connection with Information Risk Management Assurance Review of the SAP Implementation, which has been included in Capital work-in-progress.

30.2 Donations include Rs 8.899 million (2001: Rs 7.686 million) to ICI Pakistan Foundation. Mr Azhar A Malik, Chief Executive, Mr S Imran Agha and Mr Waqar A Malik, Directors of the Company, are amongst the Trustees of the Foundation.

		2002	2001
31.	**Taxation**		
	Current - note 31.1	61,696	53,159
	Deferred - note 31.2 and 31.3	(1,193,334)	-
		(1,131,638)	53,159

31.1 In view of the available tax losses, provision for current year taxation represents minimum tax payable under section 113 of the Income Tax Ordinance, 2001 at the rate of one-half of one percent of turnover of the Company.

31.2 As mentioned in note 2.6 the Company has changed its accounting policy for recording deferred tax assets. The cumulative effect of this change in policy under the allowed alternative treatment of International Accounting Standard - 8: Net Profit or Loss for the Period, Fundamental Errors and Change in Accounting Policies (IAS-8) has been adjusted in the accounts for the current year. As required by IAS - 8 the proforma information of profit and loss account and statement of changes in equity assuming the accounting policy had been applied retrospectively is given below:

Amounts in Rs '000

	2002	2001 (Restated)
Proforma profit and loss account		
Profit before taxation as reported	723,094	619,777
Taxation		
- Current	(61,696)	(53,159)
- Deferred	(202,826)	(216,922)
	(264,522)	(270,081)
Profit after taxation as restated	458,572	349,696
Proforma statement of changes in equity - Unappropriated profit		
Balance as on 1 January 2001 as previously reported	212,631	
Effect of change in accounting policy with respect to recognition of deferred tax asset	1,613,082	
Opening retained earnings as restated	1,825,713	
Net profit for the year ended 31 December 2001 as restated	349,696	
Interim dividend	(277,605)	
Balance as at 31 December 2001	1,897,804	
Net profit for the year ended 31 December 2002 as restated	458,572	
Transfer from Surplus on revaluation of fixed assets		
- Prior years	588,914	
- Current year - net of tax	104,161	
	693,075	
Proposed final dividend	(312,305)	
Balance as on 31 December 2002	2,737,146	

31.3 Includes deferred tax credited to profit and loss account amounting to Rs. 50.257 million on surplus on revaluation of fixed assets transferred to retained earnings (unappropriated profit) equivalent to incremental depreciation charged during the current year.

32. Earning per Share - Basic and Diluted

	2002	2001
Profit after taxation for the year	1,854,732	566,618
	Number of shares	
Average number of ordinary shares in issue during the year	138,802,300	128,286,974
	(Rupees)	
Earning per share	13.36	4.42

Amounts in Rs '000

33. Remuneration of Directors and Executives

The aggregate amounts charged in the accounts for the remuneration, including all benefits, to the Chairman, Chief Executive, Directors and Executives of the Company were as follows:

	Chairman		Chief Executive		Directors		Executives		Total	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001
Managerial remuneration	**-**	-	**7,281**	10,179	**8,411**	12,275	**297,523**	307,887	**313,215**	330,341
Retirement benefits	**-**	-	**2,249**	2,922	**2,907**	3,491	**94,577**	92,122	**99,733**	98,535
Group insurance	**-**	-	**27**	22	**107**	67	**4,207**	1,443	**4,341**	1,532
Rent and house maintenance	**349**	-	**5,514**	1,540	**1,070**	3,260	**95,059**	96,544	**101,992**	101,344
Utilities	**285**	-	**750**	787	**1,180**	1,137	**46,769**	32,636	**48,984**	34,560
Medical expenses	**55**	-	**168**	33	**137**	793	**17,378**	15,387	**17,738**	16,213
Leave passage	**-**	-	**228**	-	**68**	174	**561**	483	**857**	657
	689	-	**16,217**	15,483	**13,880**	21,197	**556,074**	546,502	**586,860**	583,182
Number of persons	**1**	-	**1**	1	**4**	3	**548**	533	**554**	537

33.1 The comparative figures of Chief Executive represent aggregate amounts charged for the remuneration including all benefits to the Ex-Chairman and Chief Executive.

33.2 The Directors and certain Executives are provided with free use of Company cars in accordance with their entitlement. The Chief Executive is provided with Company owned and maintained furnished accommodation and free use of Company car.

33.3 Aggregate amount charged in the accounts for fee to three Directors was Rs 1.217 million (2001: three Directors Rs 3,500).

34. Transactions with Related Parties

The related parties comprise parent company (ICI Omicron B.V., UK), related group companies, local associated company, directors and executives. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables, amounts due from executives are shown under receivables and remuneration of directors and executives are disclosed in note 33. Other significant transactions with related parties are as follows:

	2002	2001
Purchase of goods, material and services	**3,925,432**	3,368,047
Investment in Associate	**1,514,207**	-
Loans from group companies - net	**1,566,750**	227,804
Interest on loans from group companies	**138,198**	278,885
Provision of services and other receipts	**86,110**	83,620
Sale of fixed assets	-	751
Receipt of interest / return on loans to Associate	**459,983**	272,000
Repayment of loan by Associate	**1,500,000**	-

Transactions with related parties are entered into and recorded at fair value.

Amounts in Rs '000

35. Plant Capacity and Annual Production

- in metric tonnes except Paints and Agrochemicals which are in thousands of litres:

	2002		2001	
	Annual Name Plate Capacity	Production	Annual Name Plate Capacity	Production
Polyester	56,000	67,499	55,533	72,911
Soda Ash - note 35.2	225,000	223,730	185,000	219,450
Paints	-	15,798	-	14,443
Agrochemicals - note 35.3	-	-	-	493
Chemicals	-	5,979	-	6,283
Sodium Bicarbonate	10,000	13,049	10,000	11,543

35.1 The capacity of Paints, Agrochemicals and Chemicals is indeterminable because these are multi-product plants involving varying processes of manufacture.

35.2 Soda Ash was produced as per market demand.

35.3 During the year the Agrochemicals plant was mothballed pending restructure of the Agrochemical and seeds business.

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 indicate their effective interest / mark-up rates at the balance sheet date and the periods in which they will re-price or mature:

		Interest / mark-up bearing				
	Effective Mark-up rates %	Maturity upto one year	Maturity one to five years	Maturity after five years	Non-interest /mark-up bearing	Total
Financial Assets						
Long term loans	10.5	100,000	200,000	-	130,971	430,971
Long term deposits	-	-	-	-	16,841	16,841
Trade debts	-	-	-	-	672,384	672,384
Trade deposits	-	-	-	-	14,554	14,554
Other receivables	-	-	-	-	311,092	311,092
Cash and bank balances	3.85	75,000	-	-	492,453	567,453
		175,000	200,000	-	1,638,295	2,013,295
Financial Liabilities						
Redeemable capital	10.5 - 13	933,333	1,400,000	-	-	2,333,333
Long-term loans	1% above 6 months LIBOR	2,042,250	-	-	-	2,042,250
Short-term financing	7.6 - 17	341,641	-	-	-	341,641
Creditors, accrued and other liabilities	-	-	-	-	3,303,012	3,303,012
Proposed dividend	-	-	-	-	312,305	312,305
		3,317,224	1,400,000	-	3,615,317	8,332,541
Net financial assets / (liabilities)	**2002**	**(3,142,224)**	**(1,200,000)**	**-**	**(1,977,022)**	**(6,319,246)**
Net financial assets / (liabilities)	2001	(4,365,454)	(1,051,556)	1,828,659	(1,629,118)	(5,217,469)

Amounts in Rs '000

38. Credit and Concentration of Credit Risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual customer. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

The sector wise analysis of receivables, comprising trade debts, deposits, advances to suppliers, loans excluding loans to associates and other receivables is given below:

	2002	2001
Public Sector		
- Government	160,286	158,095
- Communication	502	477
- Oil and gas	2,830	8,078
- Health	85	301
- Others	27,278	19,614
	190,981	186,565
Private Sector		
- Institutional	11,875	33,997
- Trade	672,384	604,686
- Others	503,864	225,844
	1,188,123	864,527
	1,379,104	1,051,092

39. Foreign Exchange Risk Management

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company is exposed to foreign currency risk on sales, purchases and borrowings that are entered in a currency other than Pak Rupees. The Company uses forward foreign exchange contracts to hedge its foreign currency risk, when considered appropriate.

40. Number of Employees

	2002	2001
Number of employees at 31 December	1,319	1,421

41. Date of Authorisation

These financial statements were authorised for issue in the Board of Directors meeting held on 27 February 2003.

42. General

Figures have been rounded off to the nearest thousand rupees.

M J Jaffer
Chairman / Director

Azhar A Malik
Chief Executive

Feroz Rizvi
Chief Financial Officer

PATTERN OF SHAREHOLDING AS AT 31 DECEMBER 2002

No. of Shareholders	Categories				No. of Shares
7113	From	1	To	100	280,176
7595	From	101	To	500	1,768,382
2017	From	501	To	1,000	1,431,667
2233	From	1,001	To	5,000	4,532,394
275	From	5,001	To	10,000	1,959,120
99	From	10,001	To	15,000	1,223,509
46	From	15,001	To	20,000	822,100
23	From	20,001	To	25,000	520,355
20	From	25,001	To	30,000	556,692
13	From	30,001	To	35,000	431,292
8	From	35,001	To	40,000	304,804
3	From	40,001	To	45,000	130,780
7	From	45,001	To	50,000	339,853
18	From	50,001	To	55,000	970,113
6	From	55,001	To	60,000	350,005
4	From	60,001	To	65,000	248,749
2	From	65,001	To	70,000	132,123
4	From	70,001	To	75,000	292,578
5	From	75,001	To	80,000	388,043
5	From	80,001	To	85,000	414,062
2	From	85,001	To	90,000	175,111
4	From	95,001	To	100,000	395,878
2	From	100,001	To	105,000	205,480
5	From	105,001	To	110,000	540,968
1	From	110,001	To	115,000	112,200
1	From	140,001	To	145,000	141,000
1	From	145,001	To	150,000	145,432
1	From	155,001	To	160,000	159,203
2	From	170,001	To	175,000	346,721
2	From	175,001	To	180,000	358,273
2	From	180,001	To	185,000	363,300
1	From	185,001	To	190,000	187,000
1	From	190,001	To	195,000	194,400
2	From	195,001	To	200,000	398,000
1	From	205,001	To	210,000	205,200
1	From	210,001	To	215,000	211,676
1	From	225,001	To	230,000	230,000
2	From	240,001	To	245,000	480,800
1	From	245,001	To	250,000	247,800
1	From	260,001	To	265,000	263,000
2	From	315,001	To	320,000	637,900
1	From	350,001	To	355,000	352,200
1	From	355,001	To	360,000	358,026
2	From	370,001	To	375,000	748,112
1	From	380,001	To	385,000	381,300
1	From	495,001	To	500,000	499,610
1	From	545,001	To	550,000	549,100
1	From	565,001	To	570,000	569,498
1	From	795,001	To	800,000	795,300
1	From	860,001	To	865,000	864,276
1	From	910,001	To	915,000	911,700
1	From	1,020,001	To	1,025,000	1,020,500
1	From	1,105,001	To	1,110,000	1,108,630
1	From	1,135,001	To	1,140,000	1,137,384
1	From	1,180,001	To	1,185,000	1,181,400
1	From	105,225,001	To	105,230,000	105,229,125
19548					**138,802,300**

Categories of Shareholders	Number	Shares Held	Percentage
INDIVIDUALS	13,830	6,052,377	4.35
INVESTMENTCOMPANIES	35	32,572	0.02
INSURANCE COMPANIES	15	1,449,103	1.04
JOINTSTOCK COMPANIES	48	198,503	0.15
ASSOCIATED COMPANIES (a)	1	105,229,125	75.81
FINANCIALINSTITUTIONS	20	187,827	0.14
MODARABACOMPANIES	7	1,941	0.00
OTHERS	19	223,874	0.16
FOREIGN FUNDS	3	9,075	0.01
CENTRALDEPOSITORY COMPANY (b)	5,570	25,417,903	18.32
	19,548	**138,802,300**	**100.00**

(a) Represents the 75.81% shareholding of the ICI Omicron, UK a subsidiary of ICI Plc, UK
(b) CATEGORIES OF ACCOUNT HOLDERS AND SUB ACCOUNT HOLDERSAS PER CENTRALDEPOSITORY REGISTER

CHARITABLE TRUSTS	3	9,604	0.01
FINANCIALINSTITUTIONS	50	7,363,730	5.31
INDIVIDUALS	5,308	11,498,579	8.28
INSURANCE COMPANIES	12	563,205	0.41
INVESTMENTCOMPANIES	8	199,053	0.14
JOINTSTOCK COMPANIES	134	4,648,690	3.35
LEASING COMPANIES	9	235,730	0.17
MODARABAMANAGEMENTCOMPANIES	3	62,505	0.04
MODARABAS	11	507,511	0.37
OTHERS	32	329,296	0.24
	5,570	**25,417,903**	**18.32**

ADDITIONAL INFORMATION

Shareholder's Category	Number of Shareholders	Number of Shares Held
Associated Companies (name wise details)		
ICI Omicron B.V.	1	105,229,125
Pakistan PTA Limited		NIL
ICI Pakistan PowerGen Limited		NIL
NIT & ICP (name wise details)		
Investment Corporation of Pakistan (ICP)	1	22,584
National Bank of Pakistan, Trustee Department (NIT)	1	1,303,761
Directors, CEO and their spouse and minor children (name wise details)		
M J Jaffer	1	21,325
Azhar A Malik	1	68
S Imran Agha	1	1,401
Waqar A Malik	1	01
Khursheed Marker	1	01
M Nawaz Tiwana	1	01
Mrs Khatoon M. Jaffer W/o Mr. M J Jaffer	1	15,989
Mr Akbar Jaffer S/o Mr. M J Jaffer	1	15,081
Executives	108	41,938
Public sector companies & corporation		
Banks, Development Finance Institutions Non-Banking Finance Institutions, Insurance Companies, Modarabas & Mutual Funds	139	8,143,944
Shareholders holding 10% or more voting interest (name wise details)		
ICI Omicron B.V.	1	105,229,125
Directors' shareholdings in Associated Companies		
Pakistan PTA Limited		
Azhar A Malik	1	94 Shares
Steve Hamlett	1	01 Share
ICI Pakistan PowerGen Limited		
Azhar A Malik	1	01 Share
S Imran Agha	1	01 Share
Waqar A Malik	1	01 Share

COMPARISON OF RESULTS FOR 10 YEARS

	1993	1994	1995	1996	1997	1998 Continued	1998 Discontinued
Net Assets							
Fixed Assets	1,000,138	1,726,216	1,746,032	1,711,687	4,643,682		
Capital Work-in-Progress	362,997	306,366	1,537,442	13,475,967	18,307,928		
Long-term Investments	100,000	100,000	162,000	212,000	212,500		
Other Net Assets	250,943	86,845	1,176,808	3,513,632	(491,434)		
Total Net Assets	1,714,078	2,219,427	4,622,282	18,913,286	22,672,676		
Financed by							
Ordinary Share Capital	579,889	579,889	1,851,560	7,870,976	7,886,494		
Reserves	672,348	901,926	1,201,460	1,418,739	1,535,273		
Surplus on Revaluation of Fixed Assets	14,207	14,207	14,207	14,207	14,207		
Shareholders'Equity	1,266,444	1,496,022	3,067,227	9,303,922	9,435,974		
Long-term & Deferred Liabilities	447,634	723,405	1,555,055	9,609,364	13,236,702		
Total Funds Invested	1,714,078	2,219,427	4,622,282	18,913,286	22,672,676		
Turnover & Profits / (Loss)							
Turnover	4,620,421	5,587,499	7,013,259	8,152,486	8,471,700	9,400,408	2,645,408
Operating Profit/(Loss)	748,119	936,639	1,017,978	975,477	719,999	887,619	(1,867,659)
Profit/(Loss) before loan Interest & Taxation	666,460	826,710	944,443	856,987	437,116	953,396	(2,407,872)
Profit/(Loss) before Taxation	639,519	808,651	888,020	814,457	223,047	680,092	(3,149,236)
Taxation	(250,501)	(289,128)	(298,541)	(272,440)	(106,513)	(140,309)	465,163
Profit/(Loss) after Taxation	389,018	519,523	589,479	542,017	116,534	539,783	(2,684,073)
Dividend	260,950	289,945	289,945	324,738			
Transfer to General Reserve	100,000	200,000	250,000	200,000			
Profit/(Loss) after Taxation, dividend and General reserves	28,068	29,578	49,534	17,279	116,534	539,783	(2,684,073)
Earnings & Dividends per Rs 10 share							
Earnings before Tax, excluding Extraordinary Items	12.87	13.94	11.21	3.46	0.28		
Dividends	4.50	5.00	5.00	1.75			
Profit Before Loan Interest & Taxation as a Percentage on Average Assets Employed excluding Capital Work-in-Progress (%)	51	51	38	20	9	22	(28)

COMPARISON OF RESULTS FOR 10 YEARS

Amounts in Rs'000

		1999			2000		2001	2002
Company	Continued	Discontinued	Company	Continued	Discontinued	Company		
28,038,754			26,820,703	5,431,230		5,431,230	5,642,641	**5,426,965**
174,621			242,600	242,155		242,155	302,841	**315,816**
212,500			212,500	212,500		212,500	813,258	**2,327,460**
(6,468,507)			(5,244,382)	(1,657,971)		(1,657,971)	(1,307,981)	**(1,215,908)**
21,957,368			22,031,421	4,227,914		4,227,914	5,450,754	**6,854,333**
7,886,494			12,618,391	1,261,839		1,261,839	1,388,023	**1,388,023**
(609,017)			(4,419,252)	214,119		214,119	967,489	**3,202,991**
1,772,424			1,772,424	1,895,736		1,895,736	1,895,736	**784,424**
9,049,901			9,971,563	3,371,694		3,371,694	4,251,248	**5,375,438**
12,907,467			12,059,858	856,220		856,220	1,199,506	**1,478,895**
21,957,368			22,031,421	4,227,914		4,227,914	5,450,754	**6,854,333**
11,061,937	10,613,556	7,286,833	16,510,405	11,715,055	8,760,473	18,839,719	12,815,431	**15,073,813**
(980,040)	1,112,341	(1,845,171)	(732,830)	1,542,154	(368,602)	1,173,552	1,398,862	**1,077,114**
(1,454,476)	1,019,797	(2,582,590)	(1,562,793)	1,463,243	(1,351,159)	112,084	1,207,329	**1,123,950**
(2,469,144)	906,121	(4,642,356)	(3,736,235)	1,251,588	(2,923,265)	(1,671,677)	619,777	**723,094**
324,854	(50,000)	(24,000)	(74,000)	(49,142)	(29,511)	(78,653)	(53,159)	**1,131,638**
(2,144,290)	856,121	(4,666,356)	(3,810,235)	1,202,446	(2,952,776)	(1,750,330)	566,618	**1,854,732**
							277,605	**312,305**
(2,144,290)	856,121	(4,666,356)	(3,810,235)	1,202,446	(2,952,776)	(1,750,330)	289,013	**2,235,502**
(3.13)			(4.12)			(1.17)	4.83	**5.21**
							2.00	**2.25**
(11)	22	(15)	(7)	34		1	30	**26**

AUDITORS' REPORT TO THE MEMBERS

We have examined the annexed consolidated financial statements comprising consolidated balance sheet of ICI Pakistan Limited (the Holding Company) and ICI Pakistan PowerGen Limited (the Subsidiary) as at 31 December 2002 and the related consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the accounts of the Holding Company and the Subsidiary.

It is the responsibility of the Holding 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 consolidated financial 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.

In our opinion the consolidated financial statements examined by us present fairly the financial position of the Holding Company and its Subsidiary as at 31 December 2002, and the results of their operations, their cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Date: 27 February 2003
Karachi

Taseer Hadi Khalid & Co.
Chartered Accountants

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2002

Amounts in Rs '000

	Note	2002	2001
Share Capital and Reserves			
Authorised capital			
1,500,000,000 ordinary shares of Rs 10 each		**15,000,000**	15,000,000
Issued, subscribed and paid-up capital	4	**1,388,023**	1,388,023
Capital reserves	5	**465,845**	465,845
Unappropriated profit		**2,331,866**	363,575
		4,185,734	2,217,443
Surplus on Revaluation of Fixed Assets	6	**784,424**	1,895,736
Redeemable Capital	7	**1,415,000**	1,153,333
Long-Term Loans	8	**-**	-
Deferred Liability	9	**79,248**	66,468
Current Liabilities and Provisions			
Current portions of:			
Redeemable capital	7	**968,333**	50,000
Long-term loans	8	**2,042,250**	3,664,854
Short-term financing	10	**356,250**	599,573
Creditors, accrued and other liabilities	11	**3,426,683**	3,491,430
Dividend payable		**-**	277,605
Proposed dividend		**312,305**	-
		7,105,821	8,083,462
Contingencies and Commitments	12		
		13,570,227	13,416,442

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2002

Amounts in Rs '000

	Note	2002	2001
Tangible Fixed Assets			
Operating assets	13	**5,630,236**	5,851,617
Capital work-in-progress	14	**348,784**	306,478
		5,979,020	6,158,095
Deferred Tax Asset - net	15	**775,096**	-
Investments	16	**1,732,833**	465,600
Long-Term Loans and Advances	17	**301,418**	1,910,878
Long-Term Deposits and Prepayments	18	**21,683**	16,071
Current Assets			
Stores and spares	19	**672,467**	573,733
Stock-in-trade	20	**1,773,519**	2,032,133
Trade debts	21	**698,242**	634,659
Loans and advances	22	**302,203**	81,657
Trade deposits and short-term prepayments	23	**125,726**	190,910
Other receivables	24	**315,839**	417,435
Taxation recoverable		**256,286**	287,750
Cash and bank balances	25	**615,895**	647,521
		4,760,177	4,865,798
		13,570,227	13,416,442

The annexed notes 1 to 43 form an integral part of these accounts.

M J Jaffer	**Azhar A Malik**	**Feroz Rizvi**
Chairman / Director	*Chief Executive*	*Chief Financial Officer*

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

Amounts in Rs '000

	Note	2002	2001
Turnover	26	15,073,813	12,823,459
Sales tax, commission and discounts	26	(2,890,252)	(2,277,656)
Net sales and commission income		12,183,561	10,545,803
Cost of goods sold	27	(9,856,787)	(8,103,053)
Gross profit		2,326,774	2,442,750
Administration and selling expenses	28	(1,250,241)	(1,066,813)
Operating profit		1,076,533	1,375,937
Other income	29	333,914	322,686
		1,410,447	1,698,623
Financial charges	30	655,274	1,064,134
Other charges	31	52,317	45,835
		(707,591)	(1,109,969)
Share in post acquisition loss of associate before taxation		(616,816)	(135,003)
Profit before taxation		86,040	453,651
Taxation	32	(1,114,017)	58,570
Profit after taxation		1,200,057	395,081
Unappropriated profit brought forward		363,575	246,099
Share of surplus on revaluation of fixed assets transferred to retained earnings (accumulated loss) by the Associate		387,464	-
Available for appropriation		1,951,096	641,180
TRANSFERS AND APPROPRIATIONS:			
Transfer from surplus on revaluation of fixed assets	6		
- prior years		588,914	-
- current year - net of tax		104,161	-
		693,075	-
Appropriations:			
Interim dividend @ Rs Nil (2001: Rs 2.00) per share		-	(277,605)
Proposed final dividend @ Rs 2.25 (2001: Rs Nil) per share		(312,305)	-
Unappropriated profit carried forward		2,331,866	363,575
		(Rupees)	(Rupees)
Earning per share	33	8.65	3.08

The annexed notes 1 to 43 form an integral part of these accounts.

M J Jaffer	**Azhar A Malik**	**Feroz Rizvi**
Chairman / Director	*Chief Executive*	*Chief Financial Officer*

Amounts in Rs '000

	2002	2001
Cash Flows from Operating Activities		
Profit before taxation	86,040	453,651
Adjustments for:		
Depreciation	656,747	643,675
Share in post acquisition loss of Associate	616,816	135,003
Loss / (gain) on disposal of fixed assets	703	(308)
Provision for long service bonus scheme	-	73,980
Provision for non-management staff gratuity and pensioners' medical scheme	20,193	13,874
Net book value of fixed assets donated	-	130
Return on subordinated loans due from Associate and placements	(211,641)	(278,373)
Interest / mark-up expense	615,483	906,815
	1,784,341	1,948,447
Movement in:		
Working capital	(55,684)	219,419
Long-term loans and advances	109,460	(13,537)
Long-term deposits and prepayments	(5,612)	(6,715)
Cash generated from operations	1,832,505	2,147,614
Payments for:		
Non-management staff gratuity and pensioners' medical scheme	(7,413)	(1,185)
Long service bonus scheme	-	(210,069)
Interest / mark-up	(781,203)	(764,645)
Taxation	(30,232)	(200,528)
Net cash generated from operating activities	1,013,657	971,187
Cash Flows from Investing Activities		
Long-term investments	(1,514,207)	(10,212)
Payments for capital expenditure	(549,640)	(878,452)
Proceeds from disposal of fixed assets	21,050	3,772
Profit / mark-up received	461,067	70,369
Repayment of loan by Associate	1,500,000	-
Net cash used in investing activities	(81,730)	(814,523)

Amounts in Rs '000

	2002	2001
Cash Flows from Financing Activities		
Long-term borrowings less repayments	(442,604)	(374,568)
Short-term borrowings less repayments	(215,500)	465,500
Dividend paid	(277,626)	(96)
Net cash (used in) / generated from financing activities	(935,730)	90,836
Net (decrease) / increase in cash and cash equivalents	(3,803)	247,500
Cash and cash equivalents at 1 January	513,448	265,948
Cash and cash equivalents at 31 December	509,645	513,448
Movement in Working Capital		
(Increase) / decrease in current assets		
Stores and spares	(98,734)	(52,567)
Stock-in-trade	258,614	(426,675)
Trade debts	(63,583)	(186,549)
Loans and advances	(220,545)	(6,747)
Trade deposits and short-term prepayments	65,184	(36,713)
Other receivables	(147,828)	(48,991)
	(206,892)	(758,242)
Increase in current liabilities		
Creditors, accrued and other liabilities	151,208	977,661
	(55,684)	219,419
Cash and cash equivalents at 31 December comprise of:		
Cash and bank balances	615,895	647,521
Running finances utilised under mark-up arrangements	(106,250)	(134,073)
	509,645	513,448

The annexed notes 1 to 43 form an integral part of these accounts.

M J Jaffer
Chairman / Director

Azhar A Malik
Chief Executive

Feroz Rizvi
Chief Financial Officer

Amounts in Rs '000

	Issued, subscribed and paid-up capital	Capital reserves	Unappropriated profit	Total
Balance as on 1 January 2001	**1,261,839**	**1,488**	**246,099**	**1,509,426**
Net profit for the year ended 31 December 2001	-	-	395,081	395,081
Issue of share capital pursuant to the Scheme	126,184	-	-	126,184
Share premium	-	464,357	-	464,357
Interim dividend	-	-	(277,605)	(277,605)
Balance as on 31 December 2001	**1,388,023**	**465,845**	**363,575**	**2,217,443**
Net profit for the year ended 31 December 2002	-	-	1,200,057	1,200,057
Share of surplus on revaluation of fixed assets transferred to retained earnings (accumulated loss) by the Associate	-	-	387,464	387,464
Transfer from surplus on revaluation of fixed assets:				
- prior years	-	-	588,914	588,914
- current year - net of tax	-	-	104,161	104,161
	-	-	693,075	693,075
Proposed final dividend	-	-	(312,305)	(312,305)
Balance as on 31 December 2002	**1,388,023**	**465,845**	**2,331,866**	**4,185,734**

The annexed notes 1 to 43 form an integral part of these accounts.

M J Jaffer	**Azhar A Malik**	**Feroz Rizvi**
Chairman / Director	*Chief Executive*	*Chief Financial Officer*

1. Status and Nature of Business

1.1 The Group consists of:

- ICI Pakistan Limited; and
- ICI Pakistan PowerGen Limited.

ICI Pakistan Limited ("the Company") is incorporated in Pakistan and is listed on Karachi, Lahore and Islamabad Stock Exchanges.

ICI Pakistan PowerGen Limited ("the Subsidiary") is incorporated in Pakistan as an unlisted public company and is a wholly owned subsidiary company of ICI Pakistan Limited.

The Company is engaged in the manufacture of polyester staple fibre, POY chips, soda ash, paints, specialty chemicals, sodium bicarbonate and polyurethanes; formulation of agrochemicals; marketing of seeds, toll manufactured and imported pharmaceuticals and animal health products; and merchanting of general chemicals. It also acts as an indenting agent.

The Subsidiary is engaged in generating, selling and supplying electricity to the Company.

1.2 With effect from 1 October 2000 the Pure Terephthalic Acid (PTA) Business of the Company was demerged under a Scheme of Arrangement ("the Scheme") dated 12 December 2000 approved by the shareholders and sanctioned by the High Court of Sindh.

2. Basis of Presentation

The consolidated financial statements include the accounts of ICI Pakistan Limited and ICI Pakistan PowerGen Limited. The accounts of the Subsidiary have been consolidated on a line-by-line basis.

All inter company balances and transactions have been eliminated.

3. Summary of Significant Accounting Policies

3.1 Statement of compliance

These accounts have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

3.2 Accounting convention

These accounts have been prepared under the historical cost convention, except that certain fixed assets have been included at revalued amounts and certain exchange elements referred to in notes 3.7 and 3.12 have been incorporated in the cost of the relevant assets.

3.3 Staff retirement benefits

The Company's retirement benefit plans comprise of provident funds, pension and gratuity schemes and a medical scheme for pensioners. The Subsidiary participates in staff retirement benefit plans operated by the Company. There are two registered provident funds. These are defined contribution schemes providing lump sum benefits. All other schemes are defined benefit schemes.

The pension and gratuity schemes are salary schemes providing pension and lump sums, respectively. Pension and gratuity schemes for management staff are invested through two approved trust funds. The Group contributes to both funds on the basis of actuarial recommendations. The gratuity scheme for non-management staff and the pensioners' medical scheme are unfunded.

An actuarial valuation of all defined benefit schemes is conducted at the end of every year. The valuation uses the Projected Unit Credit method. Actuarial (unrecognised) gains and losses are amortized over the expected average remaining working lives of employees. Transitional liability is being amortised over a period of five years.

3.4 Provisions

Aprovision is recognised in the balance sheet when the Group 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.

3.5 Trade and other payables

Trade and other payables are stated at their cost.

3.6 Taxation

Current

Provision for current taxation for the Company is based on taxable income at the current rates of taxation after taking into account available tax credits and rebates, if any, or one-half of one percent of turnover, whichever is higher.

The profits and gains derived by the Subsidiary from power generation are exempt from tax under clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 and by virtue of clause 15 of Part IV of the Second Schedule of the said Ordinance are also not liable to a minimum tax at the rate of one-half of one percent of turnover under section 113 of the above Ordinance.

Deferred

Deferred tax is provided using balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the current rates of taxation.

During the year the Company has changed its accounting policy in respect of deferred tax to comply with the requirements of International Accounting Standard: IAS – 12 “Income Taxes” which became applicable during the current year. As required by this IAS, the Company recognises a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Further, the Company now also recognises deferred tax asset / liability on deficit / surplus on revaluation of fixed assets which is adjusted against the related deficit / surplus. The remaining deferred tax debit balance not recognised in the accounts of the Company (after adjusting for business losses disallowed by Tax Authorities) amounted to Rs 2,105.346 million (2001: Rs 3,017.468 million).

As a result of above changes in accounting policy profit after tax of the Company has increased by Rs 1,193.334 million (Refer note 32.2).

3.7 Tangible fixed assets and depreciation

Operating assets, except for freehold land, are stated at cost or revalued amounts less accumulated depreciation and impairment losses. Freehold land is stated at cost or revalued amount and capital work-in-progress is stated at cost. Cost of certain fixed assets comprises historical cost, exchange differences referred to in note 3.12, cost of exchange risk cover in respect of foreign currency loans obtained for the acquisition of fixed assets upto the commencement of commercial production and the cost of borrowings during construction period in respect of loans taken for specific projects.

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 without taking into account any residual value. The cost of leasehold land is amortised in equal instalments over the lease period. The net exchange differences relating to an asset at the end of each year are amortised in equal instalments over its remaining useful life. Depreciation on additions is charged from the month in which the asset is put to use and on disposals up to the month of disposal.

Incremental depreciation charged for the period on revalued assets is transferred from surplus on revaluation of fixed assets to retained earnings (unappropriated profit) during the current year.

Maintenance and normal repairs are charged to income as and when incurred; major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets are taken to the profit and loss account, except that the related surplus on revaluation of fixed assets is transferred directly to retained earnings (unappropriated profit).

3.8 Investments

Investments in associates

Investment in associates is accounted for under the equity method of accounting.

Investments in other companies

Investments in non-listed equity security classified as available for sale are stated at cost less provision for impairment.

3.9 Stores and spares

Stores and spares are valued at moving average cost. Items in-transit are valued at cost comprising invoice values plus other charges incurred thereon.

3.10 Stock-in-trade

Raw and packing materials except for those in-transit are valued at lower of moving average cost and net realisable value.

Work-in-process is valued at material cost only. Conversion costs are not included as these are not significant. Finished goods, with the exception of imported general chemicals, are valued at lower of average cost and net realisable value. Imported general chemicals are valued at lower of cost, as determined on a first-in-first-out basis, and net realisable value. All manufactured finished goods include prime cost and an appropriate portion of production overheads.

Items in-transit are valued at cost comprising invoice values plus other charges incurred thereon.

Net realisable value signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and selling expenses.

3.11 Trade debts and other receivables

Trade debts and other receivables are stated at cost less impairment losses.

3.12 Foreign currency translation

Transactions denominated in foreign currencies are translated to Pak Rupees at the foreign exchange rate ruling at the date of transaction. Assets and liabilities in foreign currencies are translated into Pak Rupees at the foreign exchange rates approximating those prevailing at the balance sheet date.
In respect of foreign currency loans obtained for the acquisition of fixed assets, the cost of exchange risk cover is capitalised in the relevant assets upto the date of commencement of commercial production whereas exchange differences on principal amount are included in the cost of the relevant assets over the period of these loans.

All other exchange differences are taken to the profit and loss account.

3.13 Revenue recognition

- Sales are recorded on despatch of goods to customers.
- Revenue from power generation is recognised on transmission of electricity to consumers.
- Commission income is recognised on receipt of credit advice from suppliers.
- Profit on short-term deposits is accounted for on time-apportioned basis on the principal outstanding and at the rate applicable.
- Dividend income is recognised when the right to receive payment is established.

3.14 Segment reporting

A segment is a distinguishable component within a Group that is engaged in providing products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Amounts in Rs '000

4. Issued, Subscribed and Paid-up Capital

2002	2001		2002	2001
125,840,190	125,840,190	Ordinary shares of Rs 10 each fully paid in cash	1,258,402	1,258,402
318,492	318,492	Ordinary shares of Rs 10 each issued as fully paid for consideration other than cash	3,185	3,185
25,227	25,227	Ordinary shares of Rs 10 each issued as fully paid bonus shares	252	252
12,618,391	12,618,391	Ordinary shares issued pursuant to the Scheme as fully paid for consideration of investment in associate	126,184	126,184
138,802,300	138,802,300		1,388,023	1,388,023

4.1 ICI Omicron B.V., UK, which is a wholly owned subsidiary of Imperial Chemical Industries PLC, UK, held 105,229,125 (2001: 105,229,125) ordinary shares of Rs 10 each at 31 December 2002.

5. Capital Reserves

	2002	2001
Share premium		
Balance as on 1 January	465,259	902
Issue of share capital during the year	-	464,357
Balance as at 31 December	465,259	465,259
Capital receipts	586	586
	465,845	465,845

5.1 Share premium includes the premium amounting to Rs 0.902 million received on shares issued for the Company's Polyester Plant installation in 1980 and share premium of Rs 464.357 million representing the difference between nominal value of Rs 10 per share of 12,618,391 ordinary shares issued by the Company and the market value of Rs 590.541 million of the 126,183,909 ordinary shares corresponding to 25% holding acquired in Pakistan PTA Limited, an associate, at the date of acquisition i.e. 2 November 2001 and the number of shares that have been issued has been determined in accordance with the Scheme in the ratio between market value of the shares of two companies based on the mean of the middle market quotation of the Karachi Stock Exchange over the ten trading days between 22 October 2001 to 2 November 2001.

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

Amounts in Rs '000

	2002	2001
6. Surplus on Revaluation of Fixed Assets		
Balance as on 1 January	**1,895,736**	1,895,736
Less: Surplus relating to incremental depreciation charged on related assets in prior years transferred to retained earnings (unappropriated profit)	**(588,914)**	-
	1,306,822	1,895,736
Related deferred tax liability on balance of surplus on revaluation of fixed assets	**(418,237)**	-
	888,585	1,895,736
Less: Transfer to retained earnings (unappropriated profit) in respect of incremental depreciation charged during the year-net of deferred tax	**(104,161)**	-
Balance as on 31 December	**784,424**	1,895,736

6.1 During the year, the Companies (Amendment) Ordinance, 2002 was promulgated which introduced certain amendments in the Companies Ordinance, 1984. One of these amendments relates to section 235 of the Companies Ordinance, 1984 under which the surplus on revaluation of fixed assets can now be utilised to the extent of the incremental depreciation charged on these assets.

As a result of the amendment in law, the surplus on revaluation of fixed assets to the extent of the incremental depreciation charged for the year on the related assets is now transferred to retained earnings (unappropriated profit). In accordance with the above change in law, as clarified by the Securities and Exchange Commission of Pakistan, an amount equal to the incremental depreciation charged on these assets till 31 December 2001 has also been transferred from surplus on revaluation of fixed assets to retained earnings (unappropriated profit) in the current year.

Transfer of prior years' incremental depreciation to retained earnings (unappropriated profit) also includes an amount of Rs 311.660 million representing the difference between the amount of revaluation surplus relating to the specific classes of operating assets of the PTABusiness and the actual amount of revaluation surplus allocated and transferred to Pakistan PTALimited which was determined on the basis of 80:20 split of share capital, capital and revenue reserves, accumulated loss and revaluation surplus which had been sanctioned by the Court.

Amounts in Rs '000

7. Redeemable Capital - Secured (Non-participatory)

This represents long-term finances utilised under mark-up arrangements availed from following financial institutions:

	Financier	Instalments payable	Repayment period	Rate of Mark-up %	Mark-up not due	2002	2001
7.1	Habib Bank Limited	half-yearly	2001-2003	13	14,009	333,333	383,333
7.2	Habib Bank Limited	at maturity	2002-2004	10.5	79,134	800,000	800,000
7.3	Deutsche Bank, AG	at maturity	2004	12	1,878	50,000	20,000
7.4	Pakistan Kuwait Investment Co. (Pvt.) Limited	at maturity	2002-2004	13	183,353	1,200,000	-
						2,383,333	1,203,333
	Less: Current portion shown under current liabilities					968,333	50,000
						1,415,000	1,153,333

Long-term finances utilised under mark-up arrangements are secured as follows:

7.1 First pari passu hypothecation over plant, machinery, equipment and other movables / fixed assets of the Soda Ash Business.

7.2 First pari passu hypothecation over plant and machinery of the Polyester Business.

7.3 Hypothecation over stock-in-trade and book debts of the Subsidiary.

7.4 First pari passu hypothecation over plant, machinery, equipment and other movables / fixed assets of the Soda Ash Business (including Sodium Bicarbonate).

8. Long-Term Loans

	Lender	Instalments payable	Repayment period	Interest rate	2002	2001
	Secured Loan					
8.1	Australia and New Zealand Banking Group Ltd USD Nil (2001: USD 0.929 million)	half-yearly	1998-2002	1.5 % above 6 months LIBOR per annum	-	55,854
	Unsecured Loan					
8.2	Mortar Investments International Ltd - Associate USD 35 million (2001: USD 60 million)	at maturity	2003	1.0 % above 6 months LIBOR per annum	2,042,250	3,609,000
					2,042,250	3,664,854
	Less: Current portion shown under current liabilities					
	- Secured loan				-	55,854
	- Unsecured loan				2,042,250	3,609,000
					2,042,250	3,664,854
					-	-

Amounts in Rs '000

	2002	2001
9. Deferred Liability		
Provisions for non-management staff gratuity and pensioners' medical schemes	79,248	66,468

9.1 Staff Retirement Benefits

The amounts recognised in the profit and loss account against defined benefit schemes are as follows:

	Funded	Unfunded
Current service cost	45,335	4,508
Interest cost	117,953	11,661
Expected return on plan assets	(112,642)	-
Past service cost	38,739	4,180
Recognition of actuarial (losses) / gains	(187)	1,029
Charge for the year	89,198	21,378
Year 2001	69,378	17,483

Movements in the net liability recognised in the balance sheet are as follows:

	Funded	Unfunded
Opening balance	(18,150)	(66,468)
Charge for the year	(89,198)	(21,378)
Contributions / payments during the year	64,486	8,598
Closing balance	(42,862)	(79,248)

The amounts recognised in the balance sheet are as follows:

	Funded	Unfunded
Fair value of plan assets	888,718	-
Present value of defined benefit obligation	(1,039,640)	(92,895)
Deficit	(150,922)	(92,895)
Unrecognised transitional liability	26,935	2,226
Actuarial loss	81,125	11,421
Recognised liability	(42,862)	(79,248)
Year 2001	(18,150)	(66,468)

These figures are based on the latest actuarial valuation, as at 31 December 2002. The valuation used the Projected Unit Credit method. Actuarial gains and losses are amortised over the expected future service of current members.

The discount rate was taken as 8 percent per annum. Salary inflation was assumed to average 6 percent per annum over the future working lives of current employees. Medical cost trend was assumed to average 3 percent per annum in the long term. Return on plan assets was assumed equal to the discount rate. Actual return on plan assets during 2002 was Rs 167 million (2001: Rs 158 million).

The Group contributed Rs 31.4 million (2001: Rs 32.128 million) to the provident fund during the year.

Amounts in Rs '000

10. Short-Term Financing

	2002	2001
Running finances utilised under mark-up arrangements - note10.1	**106,250**	134,073
Term finances - note10.2	**250,000**	465,500
	356,250	599,573

10.1 The facilities for running finance available from various banks amount to Rs 2,883 million (2001: Rs 1,420 million) and carry mark-up ranging from 7.6 to 17 percent per annum (2001: 13 to 17 percent per annum). The purchase prices are payable on various dates by 31 December 2003. The facilities are secured by hypothecation over stock-in-trade and book debts of the Group.

10.2 The facilities for term finance available from various banks amount to Rs 550 million (2001: Rs 465.5 million) and are repayable by 15 January 2003. The facilities from Faysal Bank Limited and Al-Meezan Investment Bank Limited are secured by way of floating charge over plant, machinery, equipment and other moveable / fixed assets of the Soda Ash Business while the rest are secured by hypothecation over stock-in-trade and book debts of the Company.

11. Creditors, Accrued and Other Liabilities

	2002	2001
Trade creditors	**1,406,998**	1,488,226
Bills payable	**894,584**	748,925
Sales tax, excise and custom duties	**181,853**	162,595
Mark-up accrued on:		
Redeemable capital	**41,499**	12,636
Short-term financing	**11,256**	67,642
Accrued interest / return on unsecured loan	**222,666**	360,864
Accrued expenses	**275,260**	252,913
Workers' profit participation fund - note 11.2	**42,671**	33,135
Distributors' security deposits - payable on termination of distributorship - note 11.3	**54,131**	51,607
Contractors' earnest / retention money	**18,778**	15,417
Advances from customers	**52,172**	42,642
Unclaimed dividends	**4,678**	4,699
Payable for capital expenditure	**12,175**	62,388
Payable for staff retirement benefit schemes	**42,862**	18,150
Others	**165,100**	169,591
	3,426,683	3,491,430

11.1 The above balances include amounts due to associated undertakings amounting to Rs. 356.360 million (2001: Rs 191.631 million).

11.2 Workers' profit participation fund

	2002	2001
Balance as on 1 January	**33,135**	1,245
Allocation for the year	**38,058**	32,620
	71,193	33,865
Interest on funds utilised in the Company's businesses at 15 percent per annum	**3,835**	-
	75,028	33,865
Less:		
- Amount paid to and on behalf of the fund	**3,169**	730
- Deposited with the Government of Pakistan	**29,188**	-
	32,357	730
Balance as on 31 December	**42,671**	33,135

11.3 Interest on security deposits from certain distributors is payable at 10 percent per annum as specified in the agreements.

Amounts in Rs '000

	2002	2001

12. Contingencies and Commitments

12.1 Claims against the Group not acknowledged as debts are as follows:

	2002	2001
Local bodies	31,228	22,525
Tax authorities	72,196	55,207
Others	45,381	1,457
	148,805	79,189

12.2 Guarantees given to a bank on behalf of the Subsidiary for loan, running finances and other credit facilities amounting to Rs 140 million (2001: Rs 85.8 million).

12.3 Guarantees issued by the Company in respect of financial and operational obligations of Pakistan PTA Limited pursuant to the Scheme amounting to Rs 12,485.556 million (2001 : Rs 16,725.727 million) against which Pakistan PTA Limited has issued counter guarantees to the Company.

12.4 Commitments in respect of capital expenditure - Rs 22.342 million (2001: Rs 2.928 million).

12.5 Faysal Management Services (Private) Limited has floated Fayzan Manufacturing Modaraba ("the Modaraba") which has commissioned a spinning and processing plant ("Manufacturing Facility") at a capital cost of Rs 1,356 million. The Manufacturing Facility is producing Polyester Staple Fibre from polymer provided by ICI Pakistan Limited under a Toll Manufacturing Agreement. This agreement is for a period of four and half years from the commencement of commercial production and is renewable with mutual consent. At the completion of the agreement term or on its termination the Company will purchase the Manufacturing Facility from the Modaraba at a price approximating the fair value of the Manufacturing Facility, provided the Modaraba is able to deliver free and unencumbered title to the Manufacturing Facility.

The Toll Manufacturing Agreement provides for a fee to be paid by the Company to the Modaraba, which is based on the quantity of polymer processed by the Modaraba and includes a capacity fee of Rs 7.968 million per month for making the Manufacturing Facility available to the Company.

12.6 Commitments for rentals under operating lease agreements in respect of vehicles and plant and machinery - Rs 109.183 million (2001: Rs 89.545 million) are as follows:

Year	Vehicles	Plant and machinery	Total
		(Rupees '000)	
2003	48,607	84	48,691
2004	33,797	21	33,818
2005	21,293	-	21,293
2006	5,381	-	5,381
	109,078	105	109,183
Payable not later than one year			48,691
Payable later than one year but not later than five years			60,492
			109,183

The above operating lease agreements are renewable for a further period of three years at the discretion of the Company.

Amounts in Rs '000

13. Operating Assets

13.1 The following is a statement of operating assets:

	Cost and revaluation at 1 January 2002	Additions / (disposals)	Cost and revaluation at 31 December 2002	Accumulated depreciation at 1 January 2002	Charge for the year / (accumulated depreciation on disposals)	Accumulated depreciation at 31 December 2002	Book value at 31 December 2002	Depreciation rate on original cost and revaluation %
Freehold land	49,706	-	49,706	-	-	-	49,706	-
Leasehold land	83,471	-	83,471	15,885	10,825	26,710	56,761	2 to 4
Limebeds on freehold land	61,686	25,020	86,706	17,965	3,368	21,333	65,373	3.33 to 7.5
Buildings on freehold land	598,305	12,475	610,780	373,109	40,453	413,562	197,218	5 to 10
Buildings on leasehold land	621,557	99,416	720,973	244,750	34,315	279,065	441,908	2.5 to 10
Plant and machinery	11,038,893	244,351 (1,093)	11,282,151	6,096,796	525,593 (783)	6,621,606	4,660,545	3.33 to 10
Railway sidings	297	-	297	297	-	297	-	3.33
Rolling stock and vehicles	116,497	15,853 (6,722)	125,628	106,111	3,770 (2,332)	107,549	18,079	10 to 25
Furniture and equipment	413,533	60,004 (40,569)	432,968	277,415	38,423 (23,516)	292,322	140,646	10 to 33.33
2002	**12,983,945**	**457,119** **(48,384)**	**13,392,680**	**7,132,328**	**656,747** **(26,631)**	**7,762,444**	**5,630,236**	
2001	12,137,839	870,762 (24,656)	12,983,945	6,509,715	643,675 (21,062)	7,132,328	5,851,617	

13.2 The above balances represent the value of operating assets subsequent to revaluation on 1 October 1959 and 30 September 2000, which had resulted in a surplus of Rs 14.207 million and Rs 1,569.869 million respectively. The incremental values of the assets revalued on 1 October 1959 and 30 September 2000 are being depreciated over the remaining useful lives of the assets at the date of revaluation.

13.3 Had there been no revaluation, the net book value of specific classes of operating assets would have amounted to:

	Net Book Value	
	2002	2001
Freehold land	**20,929**	20,929
Leasehold land	**57**	61
Plant and machinery	**3,593,759**	3,730,188
Rolling stock and vehicles	**18,079**	7,276
Furniture and equipment	**140,641**	140,748
	3,773,465	3,899,202

13.4 Additions to plant and machinery include exchange losses in the amount of Rs Nil (2001: Rs 8.404 million).

13.5 The depreciation charge for the year has been allocated as follows:

Cost of goods sold - note 27	**624,543**	608,245
Administration and selling expenses - note 28	**32,204**	35,430
	656,747	643,675

Amounts in Rs '000

13.6 Detail of assets disposed off during the year:

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Particulars of buyers
Plant and Machinery					
Sold by tender	557	274	283	30	Integrated Managing Services Ltd., Lahore
	167	142	25	20	M. Ismail
Written down value not exceeding Rs 5,000 each	368	368	-	123	Various
	1,092	784	308	173	
Rolling stock and vehicles					
Sold by tender	545	-	545	341	Alflah Motors, Multan
	551	-	551	365	Arif Shah, Jalil Abad
	588	-	588	421	Haji M Khalid, Multan
	402	-	402	330	Mian Brothers, Burewala
	39	-	39	601	Muhammad Imran, Karachi
	887	72	815	1,000	Nadeem-ul-Haq, Sargodha
	31	12	19	596	Naeem-ullah-Aslam Qiani, Islamabad
	255	64	191	2,794	Nazir Haji Usman, Karachi
	115	7	108	823	S N Enterprises, Karachi
	154	74	80	1,511	Shoaib Malik, Lahore
	45	-	45	596	Syed Arif Raza, Karachi
	39	-	39	615	M A Rashid (Ex-employee)
Sold by negotiations	625	520	105	451	Dr Asher
	665	430	235	522	Dr Khalid
	678	71	607	654	Dr Razzaq
Written down value not exceeding Rs 5,000 each	536	535	1	328	Various
	6,155	1,785	4,370	11,948	
Furniture and equipment					
Sold to employees - note 13.7	81	43	38	18	Abdul Jabbar Athar
	19	13	6	2	Abdul Sattar Khan
	44	14	30	17	Afzal Mehmood
	113	47	66	53	Agha Shaheen
	50	15	35	22	Ahmed Mubeen Awan
	124	69	55	76	Ahmed Nadeem Jamal (Ex-employee)
	226	69	157	58	Ahmed Rashid Vine
	28	14	14	2	Ahsan A Qayoom
	39	3	36	35	Ali Aamir
	436	72	364	54	Ali Asrar Agha
	64	26	38	17	Amer Iqbal
	167	26	141	128	Dr Amir Jafri
	56	36	20	8	Amjad Latif
	22	12	10	2	Amos Nadeem(Ex-employee)
	14	7	7	4	Aqueel Mehmood
	29	12	17	5	Asadul Azeem
	113	37	76	40	Asghar Sheraz
	63	26	37	19	Asghar Zaidi
	93	43	50	23	Aurangzeb Khan Jadoon
	26	8	18	15	Ayesha Chaudhry
	22	4	18	15	Bilal Khalid
	25	11	14	3	Bilal Masood
	62	35	27	10	Ch Mushtaq Ahmed
	93	59	34	13	Colonel Munir Ahmed
	100	63	37	13	Colonel Shaikh Masood
	115	93	22	11	Dr D N Farooqi
	120	40	80	44	Dr M Wasim Baig
	58	42	16	14	Dr Najma Nasreen Alvi
	22	12	10	2	Esar Ahmad Butt
	119	41	31	49	Faisal Farooq
	24	6	18	18	Faisal Saleem
	13	6	7	3	Farah Siddiq
	120	40	80	43	Farooq Ilyas Paracha
	47	11	36	24	Fatima Zuberi
	122	33	89	67	Fayyaz ul Moazam
	286	124	162	194	Feroz Rizvi
	45	18	27	17	Ghazala Ishrat
	79	17	62	45	Ghulam Farooq
	176	64	112	44	Hanif Shaikh
	212	105	107	55	Hassan N Ansari
	77	28	49	41	Ibrahim Arif
	97	26	71	46	Iftikhar Ahmed
	296	187	109	41	S Imran Agha
	69	46	23	15	Imran Ghani
	52	8	44	37	Imran Qureshi
	41	10	31	19	Iqleem Zahur
	231	61	170	162	Jehangir Bashir Nawaz
	60	5	55	47	Kehkashan Awan
	127	34	93	67	Khalid Mahmood
	27	-	27	24	Khalid Taqdees
	138	43	95	85	Khawaja Saqib Mahmood
	88	42	46	30	Khurram Qaweel Malik
	62	37	25	16	Liaquat Siddiq
	21	9	12	2	M A Rashid (Ex-employee)
	124	36	88	57	M Abdus Salam
	73	25	48	28	M Akbar Malik
	69	48	21	12	M Arif Qureshi
	139	66	73	43	M Asif Malik
	38	8	30	22	M Azher Zaman
	88	52	36	13	M Rafiq Sheikh
	89	37	52	25	M Taufeeq Cheema
	60	26	34	14	M Umar Mushtaq
	24	17	7	5	M Younas
	47	12	35	27	M Zafer Farid
	59	25	34	11	M Zahir Khan
	299	100	199	161	Malik M Akram
	29	11	18	15	Mansoor A Chaudhry (Ex-employee)
	39	17	22	9	Manzoor Ahmed
	423	56	367	50	Masood Ijaz Hussain
	26	4	22	17	Matin Amjad
	199	49	150	174	Mian Asad Rasheed
	32	20	12	3	Mohammad Akram
	88	40	48	22	Mohammad Bilal
	453	91	362	316	Mohammad Zahir
	52	6	46	62	Mohsin Ali

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Particulars of buyers
	22	13	9	2	Mohsin Usman
	131	50	81	40	Moughisuddin Tariq
	66	30	36	12	Naeem Ahmed
	85	53	32	10	Naeem Taqi Jafri
	59	6	53	63	Nasir A Ahsan
	182	42	140	118	Naufil Mahmud
	272	153	119	57	Nausheen Ahmed
	20	6	14	8	Naveed H Gilani
	468	288	180	33	Pervaiz A Khan
	120	90	30	17	Pervaiz Rahim
	42	18	24	7	Raja Tariq Ashraf
	13	6	7	3	Ramza Niaz
	130	118	12	125	Rana Muhammad Irshad
	35	20	15	3	Rauf Ahmed Mirza
	76	48	28	8	Raza Azar
	71	29	42	17	Rizwan Afzal
	58	31	27	11	Rizwan Aziz Bhatti
	26	13	13	2	Rubab Lakhani
	88	45	43	30	S Fasihuddin Biyabani
	196	55	141	127	S M Irfan Aqueel
	75	37	38	22	S Raza Mehdi Zaidi
	71	39	32	22	S Sohail Raza Zaidi
	26	6	20	18	Saad Tariq Haroon
	81	29	52	30	Saboor Ahmed
	129	43	86	47	Saeed Altaf Hussain
	59	21	38	23	Saeed Iqbal
	29	16	13	7	Safdar Iqbal Qureshi
	47	29	18	5	Sajjad A Lodhi
	22	11	11	2	Sajjad Haider
	165	92	73	43	Salim Khan
	50	18	32	20	Salim Rafi
	62	18	44	29	Samie Cashmeri
	34	18	16	10	Saqlain Ahmad
	14	7	7	2	Sarfraz Riaz
	38	19	19	5	Sh Mohammad Rizwan
	13	6	7	2	Shagufta Mobashir
	20	3	17	13	Shahazad Asad Khan
	49	7	42	35	Shahid A Malik
	28	14	14	2	Shahid Abbas
	185	85	100	71	Shahid Paracha
	63	23	40	31	Shahid Sultan Butt
	23	9	14	4	Shaikh Noman Farid
	130	73	57	26	Shakeel Qazi
	28	6	22	16	Shamim Ahmed
	71	44	27	19	Shariq Saifuddin
	35	14	21	9	Shaukat Hussain Jafri
	33	21	12	6	Sher Mohammad
	612	204	408	162	Suhail A Khan
	28	12	16	3	Suhail Ahmed
	138	66	72	32	Syed Iqbal Haider
	86	30	56	35	Syed Noor ul Ibad
	28	7	21	8	Tahir Majeed
	20	3	17	15	Tahir Munir
	64	28	36	14	Tanvir Iqbal Khan
	32	15	17	3	Tariq Mehmood
	22	5	17	12	Tariq Sajid Shaikh
	21	4	17	12	Tayyab Mukhtar
	14	7	7	3	Tehmina Mehfooz
	76	44	32	21	Touqir Husain
	89	30	59	39	Touseef H Naqvi
	109	36	73	41	Umar A Khan
	564	204	360	156	Waqar A Malik
	93	22	71	59	Waseem Khan
	43	8	35	23	Zeeshan T Khan
	117	44	73	46	Ziauddin Syed
	21	4	17	13	Zulfiqar Ahmed
	61	14	47	35	Jaffer Vaqar Naqvi
	163	26	137	128	Agha Zafer Abbas
	105	10	95	90	Shahid Hameed
Sold by negotiation	20	4	16	16	Abdul Ghaffar (Ex-employee)
	59	27	32	26	Adnan Ahmed (Ex-employee)
	22	10	12	10	Akram Rao (Ex-employee)
	107	63	44	10	Amjad Hussain Khan (Ex-employee)
	268	75	193	145	Asadullah Khan (Ex-employee)
	86	36	50	42	Attaullah Tahir Khan (Ex-employee)
	185	77	108	47	Bashir Makki (Ex-employee)
	23	9	14	11	Iqbal Ahmed Khan (Ex-employee)
	1,162	494	668	426	Jabir Shafiq Butt (Ex-Director)
	297	198	99	65	K B Osmany (Ex-employee)
	15	3	12	7	Mohammad Aziz Bhatti (Ex-employee)
	3,212	1,762	1,450	405	Munawar Hamid (Ex-Chaiman)
	191	55	136	79	Nariman Siddiqui (Ex-employee)
	62	21	41	42	Nasir Zaman Khan (Ex-employee)
	432	226	206	82	Rashiq Sufi (Ex-Director)
	15	5	10	6	Sajid Hasnain (Ex-employee)
	51	12	39	39	Syed Amir Rehman (Ex-employee)
	92	52	40	33	Tassawar Hussain (Ex-employee)
	27	9	18	5	Allah Tawakal Traders, Lahore
	174	37	137	27	Cellular Marketing, Lahore
	52	9	43	9	Global Cellular Network, Karachi
Sold by tender	991	689	302	336	ABC Nilam Ghar, Karachi
	1,370	1,300	70	275	Ikram Ghori / Dilbar Hussain, Mandi Bahauddin
	38	28	10	12	Roomi Cotton Group, Lahore
Insurance claim	317	216	101	249	Claims settled by the Insurer
Written-off	2,474	947	1,527	-	
Written down value not exceeding Rs 5,000 each	15,646	12,355	3,291	1,363	Various
	41,137	24,062	17,028	8,929	
2002	**48,384**	**26,631**	**21,753**	**21,050**	
2001	24,656	21,062	3,594	3,772	

13.7 Household furniture and equipment provided to certain members of management staff as per their entitlement were sold to those employees during the year. These assets were sold to employees as a result of a change in the Holding Company's remuneration policy.

Amounts in Rs '000

14. Capital Work-in-Progress

	2002	2001
Designing, consultancy and engineering fee	**25,201**	535
Civil works and buildings	**29,426**	46,569
Plant and machinery	**209,930**	177,334
Miscellaneous equipment	**54,688**	57,051
Advances to suppliers / contractors	**29,539**	24,989
	348,784	306,478

15. Deferred Tax Asset - net

	2002	2001
Deductible / taxable temporary difference of the Company in respect of:		
- Recognised tax losses	**1,784,518**	-
- Other deductible / taxable temporary differences - net	**(1,009,422)**	-
	775,096	-

16. Investments

	2002	2001
Quoted		
Associated Undertaking		
- Pakistan PTA Limited - note 16.1		
378,551,727 ordinary shares (2001: 126,183,909) of Rs 10 each		
Balance as on 1 January	**463,100**	-
Investment made during the year	**1,514,207**	600,753
Share of post acquisition loss after taxation for the year	**(634,438)**	(137,653)
Share of surplus on revaluation of fixed assets transferred to retained earnings (accumulated loss) by the Associate	**387,464**	-
Balance as on 31 December	**1,730,333**	463,100
Unquoted		
Equity security available for sale		
- Arabian Sea Country Club Limited	**2,500**	2,500
	1,732,833	465,600

16.1 The market value as at 31 December 2002 and breakup value (including Surplus on revaluation of fixed assets) of the Company's 25% investment in Pakistan PTALimited based on its audited accounts for the year ended 31 December 2002 amounts to Rs 2,668.790 million (2001 : Rs 391.171 million) and Rs 3,843.940 million (2001 : Rs 1,955.598 million) respectively. Further, the carrying value of investment does not include the proportionate share of total surplus on revaluation of fixed assets of Pakistan PTALimited amounting to Rs 6,033 million (2001: Rs 7,583 million) in view of the provisions of section 235 of Companies Ordinance, 1984.

17. Long-Term Loans and Advances - Considered Good

	2002	2001
Due from Associate - Unsecured		
- Subordinated loan - note 17.1	**-**	1,800,000
- Long term loan - note 17.2	**300,000**	-
Due from Directors, Executives and Employees - note 17.3	**131,309**	145,220
	431,309	1,945,220
Less: Current portion shown under current assets		
- Due from Associate - note 17.2	**100,000**	-
- Due from Directors, Executives and Employees - note 17.3	**29,891**	34,342
	129,891	34,342
	301,418	1,910,878

Amounts in Rs '000

17.1 The loans have been settled to the extent of Rs 1,500 million and the balance amount has become un-subordinated during the year.

17.2 The loan carries a rate of return of 10.5 percent per annum (2001: 14 percent per annum) and is receivable in six half-yearly instalments, starting from April 2003.

17.3 Due from Directors and Executives

	Motor car	Housing building	2002 Total	2001 Total
Due from				
- Director	-	-	-	-
- Executives	75,338	29,547	104,885	118,082
	75,338	29,547	104,885	118,082
Less: Receivable within one year				
- Director	-	-	-	-
- Executives	10,294	12,709	23,003	27,911
	10,294	12,709	23,003	27,911
	65,044	16,838	81,882	90,171
Due from Employees			26,424	27,138
Less: Receivable within one year			6,888	6,431
			19,536	20,707
			101,418	110,878
Outstanding for periods:				
- less than three years			71,015	82,182
- more than three years			30,403	28,696
			101,418	110,878

17.4 Loans for purchase of motor cars and house building assistance are repayable between two to ten years. All loans are granted to the employees of the Group in accordance with their terms of employment.

17.5 The maximum aggregate amount of long-term loans and advances due from the Directors and Executives of the Company Limited at the end of any month during the year was Rs 0.098 million and Rs 124.514 million (2001: Rs Nil and Rs 119.163 million) respectively.

17.6 The maximum aggregate amount of long-term loans and advances due from the Executives of the Subsidiary at the end of any month during the year was Rs 1.306 million (2001: Rs 1.762 million).

18. Long-Term Deposits and Prepayments

	2002	2001
Deposits	16,841	14,091
Prepayments	4,842	1,980
	21,683	16,071

Amounts in Rs '000

	2002	2001
19. Stores and Spares		
Stores (include in-transit Rs 1.845 million; 2001: Rs 3.271 million)	88,656	89,613
Spares (include in-transit Rs 3.608 million; 2001: Rs 3.802 million)	592,331	497,753
Consumables	39,469	23,142
	720,456	610,508
Less: Provision for slow moving and obsolete items	47,989	36,775
	672,467	573,733
20. Stock-in-Trade		
Raw and packing materials (include in-transit Rs 130.835 million; 2001: Rs 95.923 million)	776,261	1,014,214
Work-in-process	126,779	135,708
Finished goods (include in-transit Rs 94.972 million; 2001: Rs 62.737 million)	903,969	961,938
	1,807,009	2,111,860
Less: Provision for slow moving and obsolete stock	33,490	79,727
	1,773,519	2,032,133
21. Trade Debts		
Considered good		
- Secured	431,210	292,654
- Unsecured	338,196	392,304
	769,406	684,958
Considered doubtful	104,506	75,996
	873,912	760,954
Less: Provision for		
- Doubtful debts	104,506	75,996
- Discounts payable	71,164	50,299
	175,670	126,295
	698,242	634,659
22. Loans and Advances		
Considered good		
Loans due from:		
Executives	23,003	27,911
Employees	6,888	6,431
Associate	100,000	-
	129,891	34,342
Advances to:		
Executives	2,745	2,598
Employees	705	1,996
Contractors and suppliers	167,371	41,208
Others	1,491	1,513
	172,312	47,315
	302,203	81,657
Considered doubtful	2,404	2,404
	304,607	84,061
Less: Provision for doubtful loans and advances	2,404	2,404
	302,203	81,657

Amounts in Rs '000

22.1 The maximum aggregate amount of advances due from the Directors and Executives of the Company at the end of any month during the year was Rs 0.1 and Rs 4.752 million (2001: Rs Nil and Rs 5.870 million) respectively.

23. Trade Deposits and Short-Term Prepayments

	2002	2001
Trade deposits	14,554	5,270
Short-term prepayments	77,153	68,072
Balances with statutory authorities	34,019	117,568
	125,726	190,910

24. Other Receivables

	2002	2001
Considered good		
Excise duty, sales tax and octroi refunds due	120,369	26,012
Due from Associate	42,384	32,112
Insurance claims	25,694	8,040
Commission receivable	22,651	26,314
Accrued return on loans due from Associate	-	249,425
Others	104,741	75,532
	315,839	417,435
Considered doubtful	6,906	8,210
	322,745	425,645
Less: Provision for doubtful receivables	6,906	8,210
	315,839	417,435

24.1 The maximum aggregate amount due from associated undertakings at the end of any month during the year was Rs 42.384 million (2001: Rs 281.537 million).

25. Cash and Bank Balances

	2002	2001
Deposit accounts	75,000	-
Current accounts	487,073	583,055
In hand		
Cheques	41,185	54,803
Cash	12,637	9,663
	615,895	647,521

Amounts in Rs '000

26. Operating Results

	Note	Polyester 2002	Polyester 2001	Soda Ash 2002	Soda Ash 2001	Paints 2002	Paints 2001	Others 2002	Others 2001	Group 2002	Group 2001
Sales											
Inter-segment		-	-	-	-	-	-	537,888	566,615	-	-
Others		6,923,092	5,252,520	3,256,980	3,336,188	2,478,176	2,199,753	2,374,682	1,989,884	15,032,930	12,778,345
		6,923,092	5,252,520	3,256,980	3,336,188	2,478,176	2,199,753	2,912,570	2,556,499	15,032,930	12,778,345
Commission income		-	-	-	-	-	-	40,883	45,114	40,883	45,114
Turnover		6,923,092	5,252,520	3,256,980	3,336,188	2,478,176	2,199,753	2,953,453	2,601,613	15,073,813	12,823,459
Sales tax		1,121,812	794,083	548,086	504,910	354,545	303,509	287,852	243,303	2,312,295	1,845,805
Commission and discounts to distributors and customers		41,088	13,000	104,551	74,436	243,611	175,151	188,707	169,264	577,957	431,851
		1,162,900	807,083	652,637	579,346	598,156	478,660	476,559	412,567	2,890,252	2,277,656
Net sales and commission income		5,760,192	4,445,437	2,604,343	2,756,842	1,880,020	1,721,093	2,476,894	2,189,046	12,183,561	10,545,803
Cost of goods sold	27	5,530,488	4,003,373	1,722,415	1,827,945	1,278,862	1,220,392	1,862,910	1,617,958	9,856,787	8,103,053
Gross profit		229,704	442,064	881,928	928,897	601,158	500,701	613,984	571,088	2,326,774	2,442,750
Administration and selling expenses	28	158,181	106,468	327,477	285,706	303,981	260,150	460,602	414,489	1,250,241	1,066,813
Operating profit		71,523	335,596	554,451	643,191	297,177	240,551	153,382	156,599	1,076,533	1,375,937
26.1 Segment assets		4,377,151	4,987,917	3,875,155	4,693,636	617,420	808,822	1,936,286	1,588,603	10,806,012	12,078,978
26.2 Unallocated assets		-	-	-	-	-	-	-	-	2,764,215	1,337,464
										13,570,227	13,416,442
26.3 Segment liabilities		1,899,387	1,954,550	665,275	804,499	263,598	256,574	765,078	783,650	3,593,338	3,799,273
26.4 Unallocated liabilities		-	-	-	-	-	-	-	-	5,006,731	5,503,990
										8,600,069	9,303,263
26.5 Non-cash items (excluding depreciation)		4,937	29,203	10,399	30,371	1,696	13,825	3,161	14,456	20,193	87,855
26.6 Capital expenditure		104,254	183,184	263,706	656,487	36,173	25,062	95,294	63,223	499,427	927,956

26.7 Inter-segment sales

Inter-segment sales have been eliminated from the total.

26.8 Inter-segment pricing

Transactions among the business segments are recorded at fair value.

Amounts in Rs '000

27. Cost of Goods Sold

	Polyester		Soda Ash		Paints		Others		Group	Group
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Raw and packing materials consumed										
Opening stock	620,026	454,906	51,887	47,894	123,234	98,601	183,050	196,546	978,197	797,947
Purchases										
Inter-segment	-	-	-	-	266,714	332,265	-	-	-	-
Others	3,971,545	3,217,313	440,933	418,770	676,863	646,253	738,788	830,903	5,828,129	5,113,239
	3,971,545	3,217,313	440,933	418,770	943,577	978,518	738,788	830,903	5,828,129	5,113,239
	4,591,571	3,672,219	492,820	466,664	1,066,811	1,077,119	921,838	1,027,449	6,806,326	5,911,186
Closing stock	(429,957)	(620,026)	(50,405)	(51,887)	(111,018)	(123,234)	(165,202)	(183,050)	(756,582)	(978,197)
	4,161,614	3,052,193	442,415	414,777	955,793	953,885	756,636	844,399	6,049,744	4,932,989
Salaries, wages and benefits	178,313	164,961	254,921	259,273	55,712	46,407	38,106	37,997	527,052	508,638
Stores and spares consumed	46,311	54,957	83,815	82,902	2,715	1,024	14,577	12,983	147,418	151,866
Conversion fee paid to contract manufacturers	296,578	-	-	-	-	-	68,684	58,484	365,262	58,484
Oil, gas and electricity	441,588	333,191	533,171	518,997	7,466	7,442	4,288	4,847	715,339	630,127
Rent, rates and taxes	910	363	502	471	-	-	777	973	2,189	1,807
Insurance	36,086	17,546	20,532	5,111	7,269	3,422	2,371	2,146	66,258	28,225
Repairs and maintenance	4,700	3,749	6,954	5,691	6,530	5,681	1,774	2,519	19,958	17,640
Depreciation - note 13.5	268,221	267,592	301,341	291,210	17,659	14,484	37,322	34,959	624,543	608,245
Excise duty	-	-	-	-	203,836	183,529	1,791	2,421	205,627	185,950
Technical fees	-	-	-	-	9,900	3,665	-	-	9,900	3,665
General expenses	45,012	40,701	26,333	30,211	9,268	8,383	12,541	10,776	93,154	90,071
Opening stock of work-in-process	122,662	165,599	-	-	12,248	8,790	798	1,154	135,708	175,543
Closing stock of work-in-process	(110,813)	(122,662)	-	-	(15,194)	(12,248)	(772)	(798)	(126,779)	(135,708)
Cost of goods manufactured	5,491,182	3,978,190	1,669,984	1,608,643	1,273,202	1,224,464	938,893	1,012,860	8,835,373	7,257,542
Opening stock of finished goods	429,719	123,448	111,149	131,772	58,807	54,735	318,553	322,013	918,228	631,968
Finished goods purchased	-	334,183	36,272	198,679	-	-	970,273	613,320	1,006,545	1,146,182
	5,920,901	4,435,821	1,817,405	1,939,094	1,332,009	1,279,199	2,227,719	1,948,193	10,760,146	9,035,692
Closing stock of finished goods	(385,413)	(429,719)	(89,206)	(111,149)	(52,272)	(58,807)	(363,182)	(318,553)	(890,073)	(918,228)
Provision for obsolete stocks shown under administration and selling expenses	(5,000)	(2,729)	(5,784)	-	(875)	-	(1,627)	(11,682)	(13,286)	(14,411)
	5,530,488	4,003,373	1,722,415	1,827,945	1,278,862	1,220,392	1,862,910	1,617,958	9,856,787	8,103,053

27.1 Inter-segment purchases
Inter-segment purchases have been eliminated from the total.

27.2 Oil, gas and electricity includes inter-segment purchases of Rs 271.174 million (2001: Rs 234.350 million) which have been eliminated from the total.

27.3 Staff retirement benefits
Salaries, wages and benefits include Rs 48.012 million (2001: Rs 33.538 million) in respect of staff retirement benefits.

Amounts in Rs '000

28. Administration and Selling Expenses

	Polyester		Soda Ash		Paints		Others		Group	Group
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Salaries and benefits	74,610	64,782	115,634	106,418	133,125	119,587	258,172	254,731	581,541	545,518
Repairs and maintenance	2,734	2,261	4,191	3,446	3,582	3,565	6,439	5,670	16,946	14,942
Advertising and sales promotion	2,563	3,941	5,273	5,022	53,749	41,709	24,393	41,161	85,978	91,833
Rent, rates and taxes	2,254	802	5,033	1,522	5,631	5,359	10,483	7,044	23,401	14,727
Insurance	-	819	6,943	6,142	2,210	317	10,973	9,614	20,126	16,892
Lighting, heating and cooling	1,876	1,686	3,886	4,448	4,141	4,446	5,964	6,609	15,867	17,189
Depreciation - note 13.5	2,477	2,943	6,772	8,436	8,045	7,188	14,910	16,863	32,204	35,430
Outward freight and handling	27,959	2,189	116,227	108,601	36,284	36,188	33,629	15,380	214,099	162,358
Provision for doubtful debts										
- trade	2,500	-	-	-	6,500	320	33,000	3,390	42,000	3,710
- others	-	-	-	-	-	-	7,175	1,102	7,175	1,102
Provision for obsolete stock	5,000	2,729	5,784	-	875	-	1,627	11,682	13,286	14,411
Travelling expenses	9,980	6,924	9,401	5,714	16,009	11,895	48,462	40,510	83,852	65,043
Postage, telegram, telephone and telex	3,616	2,760	4,711	4,613	9,872	10,024	14,429	14,095	32,628	31,492
General expenses	22,612	14,632	43,622	31,344	23,958	19,552	70,972	55,575	161,164	121,103
	158,181	106,468	327,477	285,706	303,981	260,150	540,628	483,426	1,330,267	1,135,750
Less: Service charges from Pakistan PTA Limited	-	-	-	-	-	-	80,026	68,937	80,026	68,937
	158,181	106,468	327,477	285,706	303,981	260,150	460,602	414,489	1,250,241	1,066,813

28.1 Staff retirement benefits

Salaries and benefits include Rs 89.616 million (2001: Rs 64.123 million) in respect of staff retirement benefits.

28.2 Service charges from Associate

This represents amount charged by the Company for certain administrative services rendered by it to the Associate in accordance with the Service Level Agreement.

29. Other Income

	2002	2001
Profit on bank deposits	1,082	6,373
Return on loans due from Associate	210,559	272,000
Scrap sales	23,545	20,520
Gain on disposal of fixed assets	-	308
Provisions and accruals no longer required written back	319	242
Technical fee from Fayzan Manufacturing Modaraba	3,000	-
Exchange gain	71,374	-
Insurance claims	17,789	-
Others	6,246	23,243
	333,914	322,686

Amounts in Rs '000

		2002	2001
30.	**Financial Charges**		
	Mark-up on:		
	Short-term financing	134,169	237,093
	Redeemable capital	248,884	301,704
	Interest on:		
	Long-term loans	155,823	285,848
	Workers' profit participation fund	3,835	-
	Discounting charges on receivables	102,087	82,170
	Exchange losses	-	143,598
	Others	10,476	13,721
		655,274	1,064,134
31.	**Other Charges**		
	Auditors' remuneration - note 31.1	4,179	4,780
	Donations - note 31.2	9,377	8,435
	Workers' profit participation fund	38,058	32,620
	Loss on disposal of fixed assets	703	-
		52,317	45,835
31.1	**Auditors' remuneration**		
	Audit fee	1,855	1,855
	Certifications including half-yearly review and group reporting	2,071	2,400
	Out-of-pocket expenses	253	525
		4,179	4,780

Additionally the auditors' remuneration also includes an amount of Rs 2.430 million in respect of professional services rendered in connection with Information Risk Management Assurance Review of the SAP Implementation, which has been included in Capital work-in-progress.

31.2 Donations include Rs 8.899 million (2001: Rs 7.686 million) to ICI Pakistan Foundation. Mr Azhar A Malik, Chief Executive, Mr S Imran Agha and Mr Waqar AMalik, Directors of the Company, are amongst the Trustees of the Foundation.

		2002	2001
32.	**Taxation**		
	Current - note 32.1	79,317	58,570
	Deferred - note 32.2 and 32.3	(1,193,334)	-
		(1,114,017)	58,570

32.1 In view of the available tax losses, provision for current year taxation represents minimum tax payable under section 113 of the Income Tax Ordinance, 2001 at the rate of one-half of one percent of turnover of the Company.

32.2 As mentioned in note 3.6 the Company has changed its accounting policy for recording deferred tax assets. The cumulative effect of this change in policy under the allowed alternative treatment of International Accounting Standard - 8: Net Profit or Loss for the Period, Fundamental Errors and Change in Accounting Policies (IAS-8) has been adjusted in the accounts for the current year. However, had this accounting policy been applied retrospectively then profit after tax would have been lower by Rs 1,143.077 million.

32.3 Includes deferred tax credited to profit and loss account amounting to Rs 50.257 million on surplus on revaluation of fixed assets transferred to retained earnings (unappropriated profit) equivalent to incremental depreciation charged during the current year.

Amounts in Rs '000

	2002	2001
33. Earning per Share - Basic and Diluted		
Profit after taxation for the year	1,200,057	395,081
	Number of shares	
Average number of ordinary shares in issue during the year	138,802,300	128,286,974
	(Rupees)	
Earning per share	8.65	3.08

34. Remuneration of Directors and Executives

The aggregate amounts charged in the accounts for the remuneration, including all benefits, to the Chairman, Chief Executive, Directors and Executives of the Company were as follows:

	Chairman		Chief Executive		Directors		Executives		Total	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Managerial remuneration	-	-	7,281	10,179	8,411	12,275	297,523	307,887	313,215	330,341
Retirement benefits	-	-	2,249	2,922	2,907	3,491	94,577	92,122	99,733	98,535
Group insurance	-	-	27	22	107	67	4,207	1,443	4,341	1,532
Rent and house maintenance	349	-	5,514	1,540	1,070	3,260	95,059	96,544	101,992	101,344
Utilities	285	-	750	787	1,180	1,137	46,769	32,636	48,984	34,560
Medical expenses	55	-	168	33	137	793	17,378	15,387	17,738	16,213
Leave passage	-	-	228	-	68	174	561	483	857	657
	689	-	16,217	15,483	13,880	21,197	556,074	546,502	586,860	583,182
Number of persons	1	-	1	1	4	3	548	533	554	537

34.1 The comparative figures of Chief Executive represent aggregate amounts charged for the remuneration including all benefits to the Ex-Chairman / Chief Executive.

34.2 The Directors and certain Executives are provided with free use of Company cars in accordance with their entitlement. The Chief Executive is provided with Company owned and maintained furnished accommodation and free use of Company car.

34.3 Aggregate amount charged in the accounts for fee to three Directors was Rs 1.217 million (2001: three Directors Rs 3,500).

35. Transactions with Related Parties

The related parties comprise Parent Company (ICI Omicron B.V., UK), related group companies, local associated company, directors and executives. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables, amounts due from executives are shown under receivables and remuneration of directors and executives are disclosed in note 34. Other significant transactions with related parties are as follows:

	2002	2001
Purchase of goods, material and services	**3,689,647**	3,164,488
Investment in Associate	**1,514,207**	-
Loans from group companies - net	**1,566,750**	227,804
Interest on loans from group companies	**138,198**	278,885
Provision of services and other receipts	**84,130**	81,640
Sale of fixed assets	**-**	555
Receipt of interest / return on loans from Associate	**459,983**	272,000
Repayment of loan by Associate	**1,500,000**	-

Transactions with related parties are entered into and recorded at fair value.

36. Plant Capacity and Annual Production

- in metric tonnes except Paints and Agrochemicals which are in thousands of litres and PowerGen which is in thousand of Kilowatts:

	2002		2001	
	Annual Name Plate Capacity	**Production**	Annual Name Plate Capacity	Production
Polyester	**56,000**	**67,499**	55,533	72,911
Soda Ash - note 36.2	**225,000**	**223,730**	185,000	219,450
Paints	**-**	**15,798**	-	14,443
Agrochemicals - note 36.3	**-**	**-**	-	493
Chemicals	**-**	**5,979**	-	6,283
Sodium Bicarbonate	**10,000**	**13,049**	10,000	11,543
PowerGen - note 36.4	**122,640**	**66,113**	122,640	63,716

36.1 The capacity of Paints, Agrochemicals and Chemicals is indeterminable because these are multi-product plants involving varying processes of manufacture.

36.2 Soda Ash was produced as per market demand.

36.3 During the year the Agrochemicals plant was mothballed pending restructure of the Agrochemical and seeds business.

36.4 Electricity by PowerGen is produced as per market demand.

Amounts in Rs '000

37. Fair Value of Financial Assets and Liabilities

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

38. 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 indicate their effective interest / mark-up rates at the balance sheet date and the periods in which they will re-price or mature:

		Interest / mark-up bearing				
	Effective Mark-up rates %	Maturity upto one year	Maturity one to five years	Maturity after five years	Non-interest /mark-up bearing	Total
Financial Assets						
Long term loans	10.5	100,000	200,000	-	131,309	431,309
Long term deposits	-	-	-	-	16,841	16,841
Trade debts	-	-	-	-	698,242	698,242
Trade deposits	-	-	-	-	14,554	14,554
Other receivables	-	-	-	-	315,839	315,839
Cash and bank balances	3.85	75,000	-	-	540,895	615,895
		175,000	200,000	-	1,717,680	2,092,680
Financial Liabilities						
Redeemable capital	10.5 - 13	968,333	1,415,000	-	-	2,383,333
Long-term loans	1% above 6 months LIBOR	2,042,250	-	-	-	2,042,250
Short-term financing	7.6 - 17	356,250	-	-	-	356,250
Creditors, accrued and other liabilities	-	-	-	-	3,426,683	3,426,683
Proposed dividend	-	-	-	-	312,305	312,305
		3,366,833	1,415,000	-	3,738,988	8,520,821
Net financial assets / (liabilities)	**2002**	**(3,191,833)**	**(1,215,000)**	**-**	**(2,021,308)**	**(6,428,141)**
Net financial assets / (liabilities)	2001	(4,366,034)	(1,071,151)	1,828,696	(1,661,210)	(5,269,699)

Amounts in Rs '000

39. Credit and Concentration of Credit Risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter-parties failed completely to perform as contracted. The Group does not have significant exposure to any individual customer. To reduce exposure to credit risk the Group has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

The sector wise analysis of receivables, comprising trade debts, deposits, advances to suppliers, loans excluding loans to associates and other receivables is given below:

	2002	2001
Public Sector		
- Government	160,286	158,095
- Communication	502	477
- Oil and gas	2,830	8,078
- Health	85	301
- Others	27,278	19,614
	190,981	186,565
Private Sector		
- Institutional	11,875	33,997
- Trade	698,242	634,658
- Others	516,738	244,557
	1,226,855	913,212
	1,417,836	1,099,777

40. Foreign Exchange Risk Management

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company is exposed to foreign currency risk on sales, purchases and borrowings that are entered in a currency other than Pak Rupees. The Company uses forward foreign exchange contracts to hedge its foreign currency risk, when considered appropriate.

41. Number of Employees

	2002	2001
Number of employees at 31 December	1,333	1,453

42. Date of Authorisation

These financial statements were authorised for issue in the Board of Directors meeting held on 27 February 2003.

43. General

Figures have been rounded off to the nearest thousand rupees.

M J Jaffer	**Azhar A Malik**	**Feroz Rizvi**
Chairman / Director	*Chief Executive*	*Chief Financial Officer*