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Admission Slip
Form of Proxy

Board of Directors

M J Jaffer
(Chairman)
Jonathan R Stoney
(Chief Executive)
* Mueen Afzal
Syed Imran Agha
Philip Gillett
Steve Hamlett
Asif Jooma
Tariq Iqbal Khan
Khursheed Marker
M Nawaz Tiwana

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
Jonathan R Stoney (by invitation)

Chief Financial Officer

Feroz Rizvi (alternate director) **

Company Secretary

Nausheen Ahmad

Executive Management Team

Jonathan R Stoney
* Syed Imran Agha
Nausheen Ahmad
Malik M Akram
Dr Amir Jafri
Asif Jooma
Jehanzeb Khan
Pervaiz A Khan
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
** nominated when required

Mr Jonathan R Stoney was appointed as Chief Executive of the Company w.e.f. 25 June 2003 to fill the vacancy created by the sad and untimely demise of Mr Azhar A Malik on 11 June 2003. Mr John Stoney has served as Chief Executive of Pakistan PTA Limited from 1 January 2002 to 25 June 2003, after having spent 35 years with the ICI Group mainly working in the UK. Before coming to Pakistan, he was a Business Director of ICI Petrochemicals in North East England.

Mr Waqar A Malik has been seconded to Pakistan PTA Limited and has been appointed Chief Executive and Director of Pakistan PTA Limited. Consequently, he resigned as a Director of ICI Pakistan Limited w.e.f. 26 June 2003. Mr Asif Jooma, Vice President Polyester Business was appointed Director of ICI Pakistan Limited w.e.f. 24 July 2003 to fill the casual vacancy created due to Mr Waqar A Malik's resignation.

Mr Mueen Afzal has been appointed to the Board of the Company w.e.f. 1 May 2003 under Section 182 of the Companies Ordinance 1984. He has held senior positions in the Government and retired as Secretary General Finance & Economic Affairs, Government of Pakistan.

The Directors take pleasure in presenting their Report together with the audited accounts of the Company for the year ended 31 December 2003.

Board of Directors

(top, left to right)

M J Jaffer Chairman

Jonathan R Stoney Chief Executive

Mueen Afzal Non-Executive Director

Syed Imran Agha Director

Philip Gillett Non-Executive Director

Steve Hamlett Non-Executive Director

Asif Jooma Director

Tariq Iqbal Khan Non-Executive Director

Khursheed Marker Non-Executive Director

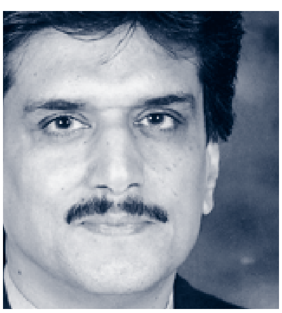
M Nawaz Tiwana Non-Executive Director

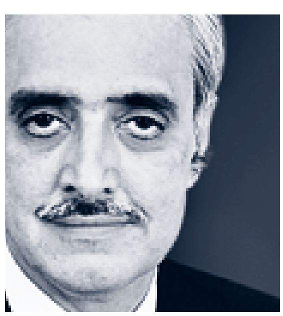
The Board of ICI Pakistan wishes to record its appreciation for the valuable contribution made by Mr Azhar A Malik during his tenure with the Company. He was a brilliant and professional manager and will be remembered by his colleagues and associates for his endearing qualities of head and heart.

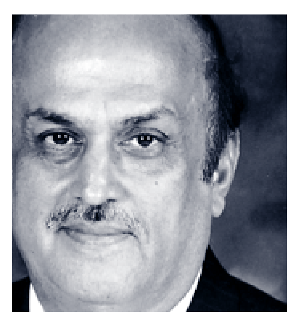
Overview

Pakistan's economy was in transition in 2003 - realigning itself in the backdrop of record foreign currency reserves and a strong Pakistani rupee, a financial market aflush with liquidity and easy credit. The year continued to present challenging conditions for manufacturing industries in Pakistan.

Regional fibre margins showed some improvement but profitability was limited by the inability of fibre manufacturers to pass on anything beyond the impact of feedstock price increases to downstream customers. The situation was aggravated for domestic manufacturers due to a local supply overhang and considerable price volatility during the year. In the Soda Ash Business, the import tariff was further reduced from 20% to 10% in the Federal Budget 2003-04. Imports continued to enter the market from China and Ukraine in increasing volumes, with many traders opportunistically switching between local and imported product throughout the year. Being import substitution industries, profitability for both, Polyester and Soda Ash Businesses, was also adversely affected by the continued strength of the Pakistani rupee versus the US dollar.







In Paints, the Business received a strong boost through revival of the construction sector and a booming automobile sector, both being driven by cheap financing available due to excess liquidity in the financial markets. The Life Sciences Business performed strongly with a number of synergistic additions to the product portfolio as well as an expansion of relationships with principals, both local and foreign.

The General Chemicals Business successfully commercialised new trading opportunities in fuel oil and aromatic solvents in 2003. Towards the end of the year, it further expanded its portfolio to include steam coal. Uniqema, however, continued to suffer on account of intense price competition and textile exporters' preference for cheaper, alternative raw material inputs.

Given the market conditions mentioned above, your Company focused on energetic sales and marketing alongwith continued thrust on manufacturing efficiencies to rationalise controllable costs. This helped to substantially mitigate lower operating profits in your Company's two major Businesses, Polyester and Soda Ash, and overall, achieve an operating profit of Rs 1,087.7 million, marginally higher than that achieved in 2002. This was supplemented by a substantial reduction in financial charges through a combination of re-pricing and re-structuring of a number of financial facilities, resulting in savings of Rs 240.4 million in interest costs compared to last year. Consequently, profit before taxation at Rs 806.6 million was 12% higher than that achieved in 2002.

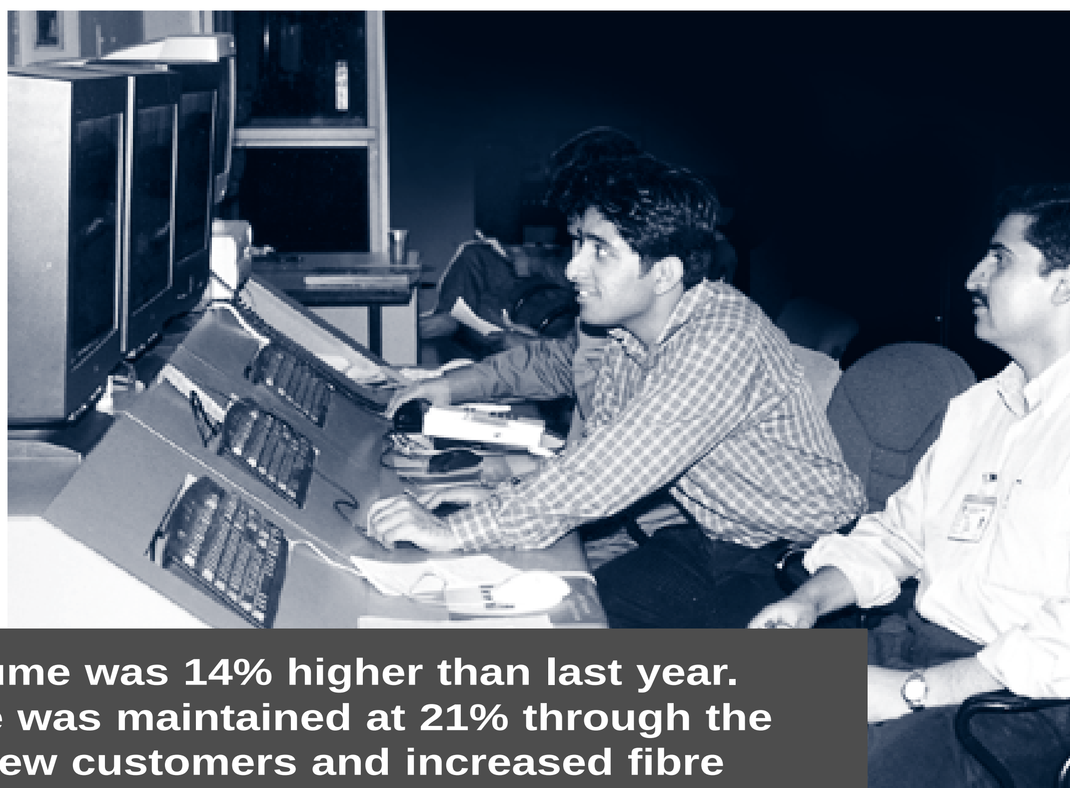
Your Directors are pleased to announce a dividend of 25% i.e. Rs 2.50 per share of Rs 10.0 each of the issued and paid-up capital of Rs 1,388,023,000.

Safety, Health & Environment (SHE)

Your Company maintains SHE as its first priority and during 2003, there were no Reportable Lost Time Injury Accidents to any employee or on-site contractors.

A detailed review follows.

"Record production of polyester fibre and POY chips was achieved during 2003..."



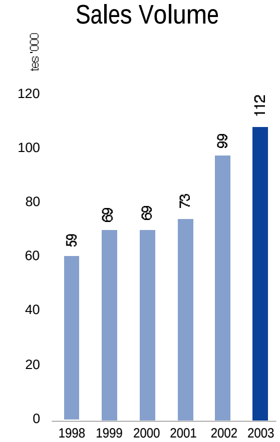
"Sales volume was 14% higher than last year. Market share was maintained at 21% through the addition of new customers and increased fibre consumption by existing ones."

Record production of polyester fibre and POY chips was achieved during 2003, including production from the 44 ktpa expansion carried out through Fayzan Manufacturing Modaraba.

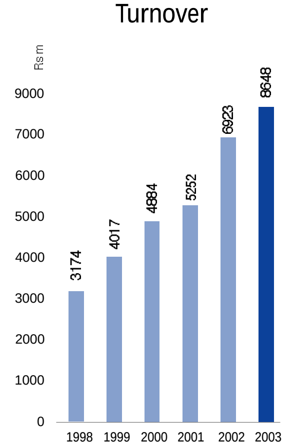
	Q4 2003	Variance*	FY 2003	Variance*
Sales Volume – Tonnes	26,252	1%	112,064	14%
Production Volume – Tonnes**	28,490	1%	113,029	16%
Operating Profit – Rs Million	7.2	(88%)	24.2	(66%)

*Compared to the same period last year
**Includes production from Fayzan Manufacturing Modaraba's Plant

Sales Volume



Turnover



The global textile industry experienced turbulent conditions during 2003. The combined effect of the Iraq war and the outbreak of the Severe Acute Respiratory Syndrome (SARS) bore heavily on downstream petrochemical industries and overall global consumer confidence. However, operating rates, which had collapsed, recovered to 90% as the epidemic gradually subsided. Overall, regional PSF demand grew by 6% in 2003, a return to the growth trend but still lower than the previous estimate of 10%. Fibre demand in the domestic market was adversely affected, especially in the first half of the year, by regional events. Demand recovered in the second half of the year through high cotton prices compared to fibre, but this did not translate into better margins due to high feedstock prices and aggressive marketing by competitors to gain market share.

The regulatory environment remained fluid throughout the year. Although the effective protection level was maintained after the budget, imported PSF was included in the Duty and Tax Remission on Exports (DTRE) Scheme. The inclusion of imported PSF into DTRE, however, did not significantly impact domestic fibre manufacturers as exporters procuring domestic fibre were allowed to claim duty drawback on deemed import basis. Continuation of this facility is necessary for the sustainability and continued growth of the PSF industry in Pakistan.

In an oversupplied market, your Company also adopted a positive marketing strategy, offering our customers variants on the standard product to meet particular needs. Sales volume was 14% higher than last year. Market share was maintained at 21% through the addition of new customers and increased fibre consumption by existing ones. Exports during 2003 were limited to 1,999 tonnes. Despite higher production and the strong sales, unit margins for the year were lower than last year as a consequence of market factors and the continued strength of the Pakistani rupee against the US dollar. Although focus on cost reduction was maintained in order to mitigate the impact of reduced margins, operating profit for the year at Rs 24.2 million was well below the Rs 71.5 million achieved in 2002.

SODA ASH

“Annual soda ash and sodium bicarbonate production set new records...”

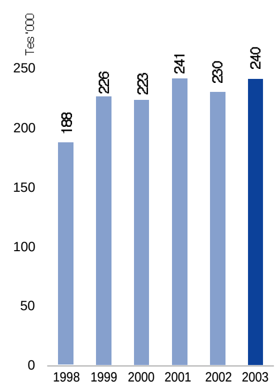
“... which combined with steady plant operations, had a positive impact on the overall conversion efficiencies and resulted in savings of Rs 49 million over 2002 in electricity and gas consumption.”

Annual soda ash and sodium bicarbonate production set new records, which combined with steady plant operations, had a positive impact on the overall conversion efficiencies and resulted in savings of Rs 49 million over 2002 in electricity and gas consumption.

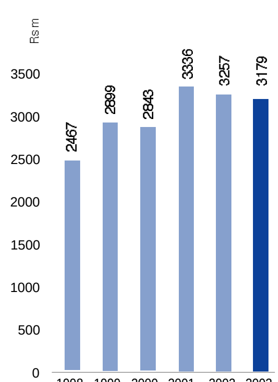
	Q4 2003	Variance*	FY 2003	Variance*
Sales Volume – Tonnes				
Soda Ash	57,505	6%	225,589	4%
Sodium Bicarbonate	3,271	(10%)	14,330	10%
Production Volume – Tonnes				
Soda Ash	61,695	0%	234,090	5%
Sodium Bicarbonate	3,271	(13%)	14,200	9%
Operating Profit – Rs Million	45.5	(73%)	414.6	(25%)

*Compared to the same period last year

Sales Volume



Turnover



The soda ash market grew by almost 8% in 2003, led by robust expansion in the Silicate and Glass segments of 18% and 16% respectively.

Prices of soda ash and sodium bicarbonate were revised downward in Q1 2003 due to a change in Distribution policy from ‘delivered’ to ‘ex-factory’ and ‘ex-warehouse’ basis. The resulting lower sales income was partly offset by savings in distribution costs.

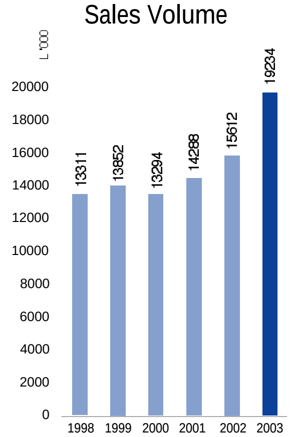
The price of soda ash was reduced again after the import duty was lowered from 20% to 10% in the Federal Budget, effective 1 July 2003. The duty reduction, coupled with regional oversupply, encouraged traders to book significant quantities of Chinese and Ukrainian soda ash for Pakistan. The Business reacted strongly to protect its market position and importers have been left carrying costly inventory.

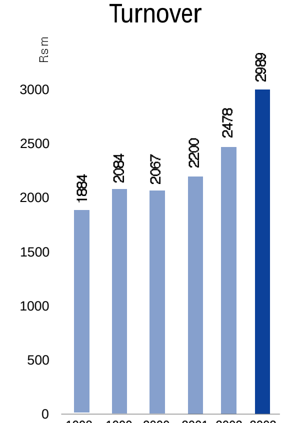
Overall, however, the adverse impact of cheaper imports resulted in the Business recording an operating profit for the twelve months ended 31 December 2003 that was 25% lower than last year, despite the higher annual sales volume.

"... sales volumes and turnover for the twelve months...grew by 23% and 21% respectively over last year."

"The Business has also made an agreement with Akzo Nobel (Netherlands) for distribution of powder coatings in Pakistan, which will enhance our offerings to the wider industrial segment, including home appliances."

The Business continued to promote safety awareness through a range of activities with active employee participation at all levels. This effort received recognition by the Business winning a regional safety award.





All three segments of the Business grew significantly during 2003. Growth in the Decorative segment was driven by the construction sector and overall improvement in key economic indicators. The Industrial segment grew strongly with the increasing output of the automobile industry. The Refinish segment also experienced improvement, supported by increased customer traffic at Sales, Spares & Service (SSS) dealerships. As a result, overall sales volumes and turnover for the twelve months ending 31 December 2003 grew by 23% and 21% respectively over last year.

	Q4 2003	Variance*	FY 2003	Variance*
Sales Volume – Kilolitres	5,169	25%	19,234	23%
Production Volume – Kilolitres	5,143	29%	19,838	26%
Operating Profit – Rs Million	68.2	(19%)	395.1	33%

*Compared to the same period last year

The Decorative segment energetically pursued dealer promotions and trade schemes throughout the year in order to gain market share, all the while maintaining current prices to support volume growth. The Dulux 'Model Shop' concept, launched in Q1 2003, was effectively established across the country with the aim of enhancing Dulux brand visibility and dealer loyalty. This, together with the enhancement of the dealer network in the key urban centres and smaller towns, strengthened the segment's distribution spread. Exports to Afghanistan registered healthy growth over last year.

The automobile sector dominated sales in the Industrial segment. New business was achieved with Honda Atlas Motors early in the year and the Business continues to emphasise effective customer service to strengthen its relationships. The Business worked with Pak Suzuki Motors in commissioning an electrostatic painting line and also started supplying electrostatic-deposition paint to Nissan Gandhara Motors. A start was made in supplying the emerging Chinese commercial vehicle segment. The Business has also made an agreement with Akzo Nobel (Netherlands) for distribution of powder coatings in Pakistan, which will enhance our offerings to the wider industrial segment, including home appliances.

The Refinish segment also witnessed a recovery in demand, driven by higher automobile production. Improved product off-take, together with selective price increases to compensate for rising raw material costs, encouraged dealers to invest heavily in stocks. The Business successfully launched its locally developed bodyshop software 'Car Max' for SSS dealerships, facilitating them in colour formulation, job costing and inventory management. A consignment of Refinish paint was exported to Afghanistan.

Overall, with higher sales volumes and continued vigilance in monitoring controllable costs, the Business achieved an operating profit of Rs 395.1 million for 2003, which was 33% higher than last year.

GENERAL CHEMICALS

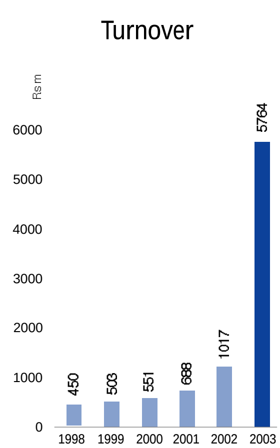
"Production for the year under review at 1,722 tonnes was 107% higher than last year."

"Operating profit was 41% higher than the same period last year, primarily as a result of improved performance in Polyurethanes and the incremental contribution from the new product activities."

Production for the year under review at 1,722 tonnes was 107% higher than last year mainly due to higher demand for locally blended Polyol.

In Polyurethanes, despite a highly competitive market, profitability improved through robust performance in the transport, appliances and footwear sectors. In the Trading Businesses, the strong rupee eroded dollar based indent commissions, but this was mitigated by introducing new product lines and increasing the proportion of ex-stock sales at better margins.

The Business had made a successful entry into the Furnace Oil market in the last quarter of 2002, supplying imported HSFO to industrial companies. However, from mid-2003, the Government disallowed the import of furnace oil in order to protect local refineries, since overall demand for furnace oil had reduced as more natural gas became available for power generation, and good monsoon rains increased the output from hydro-electric generation. As a result, the Business had to limit its activity in this segment during H2 2003. The effect on earnings was partially mitigated by engaging in import of steam coal for industrial customers with two consignments being received in the last quarter. Overall, with the introduction of new trading lines, net sales income of the Business for the twelve months to 31 December 2003 increased by more than five times compared to last year. Operating profit was 41% higher than the same period last year, primarily as a result of improved performance in Polyurethanes and the incremental contribution from the new product activities.



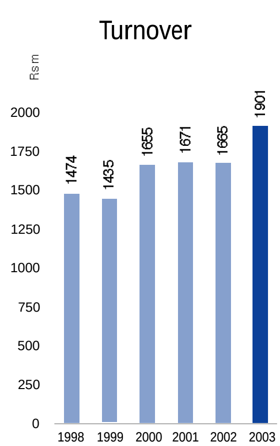
OTHERS (LIFE SCIENCES & UNIQEMA)

"The Life Sciences Business closed the year with strong performance from all three segments."

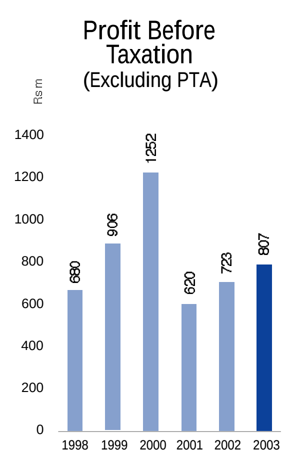
"... Medical segment, net sales income grew by 18% for the year and achieved its highest ever in-market sales in December 2003."

The Life Sciences Business closed the year with strong performance from all three segments. In the Medical segment, net sales income grew by 18% for the year and achieved its highest ever in-market sales in December 2003.

The Animal Health segment also posted a strong Q4 2003 and registered a 52% growth in net sales income for the year. Products from the Anthelmintics (anti parasitic) range continued to lead growth. The final quarter of 2003 was the busiest period for the Seeds segment, as it covered the peak season for sunflower sales. The Segment sold record sunflower seed volumes, liquidating its stock in the process. Overall for the Life Sciences Business, net sales income for the quarter was 11% higher than last year and also 20% higher for the year.



Uniqema faced challenging conditions in both textile auxiliaries and adhesives markets and gross margin remained constrained due to intense price competition. The paints industry continued to shift towards relatively cheaper PVAs as a result of higher demand for lower tier products but continuing demand for Acrylic Emulsion by the ICI Paints Business resulted in robust sales in this segment.

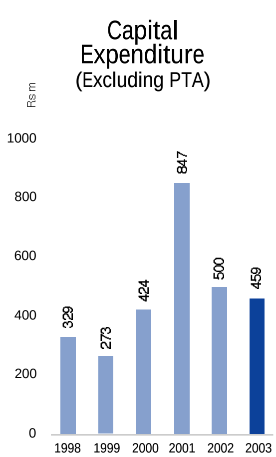


Profit, Finance & Taxation

Your Company achieved an operating profit of Rs 1,087.7 million, which was 1% higher than the previous year. This, together with a substantial reduction of Rs 240.4 million in financial charges, resulted in a profit before taxation of Rs 806.6 million, which was 12% higher than the profit for the twelve months ended 31 December 2002. The lower financial charges were made possible through renegotiated rates on a number of facilities as well as a re-financed medium-term loan from United Bank Limited. There was an exchange gain of Rs 30.5 million on foreign currency loans compared to Rs 75.8 million for the comparable twelve-month period of 2002.

Taxation for the full year ended 31 December 2003 was Rs 40.3 million, compared to a credit of Rs 1,131.6 million in 2002 due to recognition of a deferred tax asset arising on the adoption of International Accounting Standard 12 (Income Taxes) last year.

During the year, the Rs 1.2 billion medium-term syndicated finance facility, provided in 2002 by a consortium of financial institutions led by Pak Kuwait Investment Company, was refinanced through a loan from United Bank Limited, which resulted in an annualised saving of almost Rs 100 million. Another medium-term loan of Rs 800 million from Habib Bank Limited was rolled over in early 2003 at a lower mark-up rate. Through ongoing dialogue and supported by a continuing low interest rate environment, this loan was further re-priced in December 2003 at a lower mark-up rate. The mark-up rates on all working capital facilities available to your Company were also continually renegotiated downwards throughout the year.



Capital Expenditure

The Company spent Rs 459.1 million as sustenance capital in 2003 to maintain its existing assets and ensure continued integrity and efficiency. The main thrust has been towards implementing low cost improvement opportunities to reduce energy consumption and operating costs. Work has been initiated on the expansion of the Refined Sodium Bicarbonate Plant, at Khewra. With a capital investment of around Rs 100 million, the extra capacity is expected to come on-line by Q3 2004.

Future Outlook

The Polyester Business's performance in 2004 will depend upon market dynamics and consistency in the regulatory environment. Demand for fibre is expected to continue to grow but since capacities are being increased throughout the region, variations in the trend in final demand for textiles can have a marked effect on the supply balance and hence the competitive pressure. Within Pakistan, PSF has now been included in the DTRE Scheme, so continuity in the provision of deemed duty drawback on the usage of domestically produced fibre in exported textiles is essential for the industry. Your Company will continue to join in representing fibre manufacturers' interests to the Government to ensure the viability and growth of the sector.

In Soda Ash, domestic consumption is expected to continue to grow particularly in the Silicate and Glass segments. However, local manufacturers will remain under pressure from imported soda ash and the Business will need to continue with a determined sales and marketing strategy to be competitive.

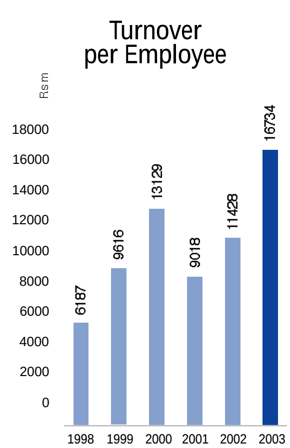
In Chemicals, the Trading Business anticipates that restrictions on import of furnace oil will continue. The Business will, therefore, focus on other products to find opportunities for profitable growth.

The Government of Pakistan's success in maintaining a stable to strong rupee and its policy of gradually reducing import tariff protection, mean that regional competitive pressure on your Company's major Polyester and Soda Ash Businesses will further intensify. The Businesses response is to initiate programmes for improved efficiencies and cost savings, which are aimed at assuring our competitiveness.

Human Resources

Manpower numbers at 31 December 2003 were 1,324, marginally higher than the year before. Additional resource has been added in Life Sciences and Chemicals where new product lines are being introduced and significant sales growth achieved.

Efforts continued to bring about further improvement in employee commitment and motivation. The results of the Employee Survey conducted by an external, US based agency indicated higher results in most categories against a benchmark of comparable multinationals based in Pakistan as well as global companies. These results were cascaded to all employees in 2003. Actions in areas requiring improvement were initiated at the Business and Corporate level.



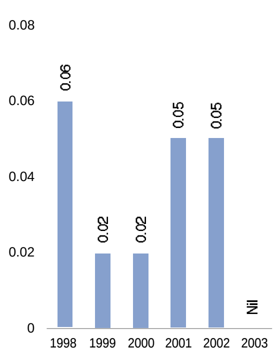
Union-Management relations continue to be friendly and industrial peace prevailed at all locations during the year under review. Biennial negotiations with the respective unions were amicably concluded at all Company locations within the approved remit. The impact of settlements has been positive on the overall environment and has contributed in reinforcing the relationship between unions, employees and management.

Safety, Security, Health & Environment (SSHE)

The Company had zero Reportable Injury Accidents (RIAs) in 2003, a performance truly reflective of the ‘RIA Free 2003’ initiative launched by the late Chief Executive at the beginning of 2003.

SHE Performance	2002	2003
Reportable Injury Accident (RIA)	2	0
Classified Injury Accident (CIA)	3	2
Distribution Incident	0	1
Occupational Illness	1	0
Category B, C & D Environmental Escapes	1	0

Reportable Injury Accident Rate



Full compliance with the Health Assessment and Work Environment monitoring programmes resulted in a year without a single reportable Occupational Illness. One reportable distribution accident occurred in 2003 and all manufacturing sites prevented any environmental loss of containments beyond the A Category (minor spills).

Your Company’s efforts and achievements in the field of environmental protection were recognised externally through the first-ever award under the Pakistan Environmental Reporting Award (PERA) Scheme. This initiative was launched through the co-ordinated efforts of World Wildlife Fund (WWF) and the Association of Certified Chartered Accountants (ACCA) with the support of the Lahore Chamber of Commerce and Industries.

Social Responsibility & Community Work

Your Company's commitment for the continuous improvement of communities within which it operates remains a high priority. As a responsible corporate citizen, ICI Pakistan Limited through its trust, ICI Pakistan Foundation, provided financial assistance to various charitable and non-profit organisations during the year, including healthcare, education and social welfare organisations and projects that serve under privileged members of society.

The Winnington Hospital, which caters for the healthcare needs of the Company's own staff and the Khewra community, has modern day facilities to help all medical emergencies and additionally has an operating theatre for minor operations and surgeries. With support from the Layton Rahmatulla Benevolent Trust (LRBT), ICI Pakistan provides eye care for the town of Khewra and its vicinity. During 2003, the clinic's programme treated 7,101 out patients with 707 major and minor surgeries and 957 refractions.

Over the years, the Company's biggest contribution has been the Winnington School at Khewra, which is a high school providing English medium secondary level education to the community. Two thirds of the students in this school are from the community. A new building to house the high school has just been completed at a cost of over Rs 8 million.

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 2004, at a fee to be mutually agreed.

Compliance with the Code of Corporate Governance

As required under the Code of Corporate Governance dated March 28, 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.
- 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 6 years is summarised on Page 62.
- Outstanding taxes and levies are given in the Notes to the Accounts.

The value of investments made by the staff retirement funds as per their respective audited accounts for the year ended 31 December 2002, is as follows:

		Value (Rs '000's)
1	ICI Pakistan Management Staff Provident Fund	319,323
2	ICI Pakistan Management Staff Gratuity Fund	172,338
3	ICI Pakistan Management Staff Pension Fund	620,385
4	ICI Pakistan Non-Management Staff Provident Fund	255,584

During the year 4 (four) 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 M J Jaffer	4
2	Mr Jonathan R Stoney*	2
3	Mr Azhar A Malik**	2
4	Mr Mueen Afzal***	1
5	Mr Syed Imran Agha	4
6	Mr Steve Hamlett	3
7	Mr Asif Jooma****	2
8	Mr Tariq Iqbal Khan	2
9	Mr Waqar A Malik*****	2
10	Mr Khursheed Marker	3
11	Mr M Nawaz Tiwana	4
12	Mr Philip Gillett	2
13	Mr Feroz Rizvi (CFO)	4
14	Ms Nausheen Ahmad (Company Secretary)	4

*Appointed on the Board w.e.f. 25 June 2003
**Expired on 11 June 2003
***Appointed on the Board w.e.f. 1 May 2003
**** Appointed on the Board w.e.f. 24 July 2003
*****Resigned w.e.f. 26 June 2003

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

Statement of Compliance with the Best Practices on Transfer Pricing

The Company has fully complied with the best practices on Transfer Pricing as contained in the Listing Regulation No 38 of the Karachi Stock Exchange.

Pattern of Shareholding

A statement showing the pattern of shareholding in the Company and additional information as at 31 December 2003 appears on page 60.

ICI Omicron BV continues to hold 75.81% shares, while Institutions hold 15.84%, and individuals and foreign funds hold the balance 8.35%.

The highest and lowest market prices during 2003 were Rs 95.25 and Rs 41.05 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 sale of 1,400 shares by Mr S Imran Agha and purchase of 1 share by Mr Asif Jooma from Mr Waqar A Malik. This is reflected in the pattern of shareholding. All statutory returns in this connection were filed.

Group Accounts

The audited accounts of ICI Group for the year ended 31 December 2003 are attached. The ICI Pakistan Group comprises accounts of ICI Pakistan Limited, ICI Pakistan PowerGen Limited, a wholly owned subsidiary, and proportionate share in the profit and loss of Pakistan PTA Limited, an associate company.

M J Jaffer
Chairman

Jonathan R Stoney
Chief Executive

Dated 27 February 2004

Statement of Compliance with the Code of Corporate Governance for the year ended 31 December 2003

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of the stock exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance. The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes seven independent non-executive directors including one director appointed under Section 182 of the Companies Ordinance 1984 and another director nominated by a financial institution.

2. The directors voluntarily confirmed that none of them is serving as a director in more than ten listed companies, including ICI Pakistan Limited, 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 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 11 June 2003 and 26 June 2003. Both were filled on 25 June 2003 and 24 July 2003 respectively. The Company has filed the necessary 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 has been regularly circulated within the Company since 2001 and is in the knowledge of the Company's directors and employees.

6. An 'Employees Satisfaction Survey' has been conducted and action plans are being implemented under the supervision of the Board. Pursuant to this, a vision/mission statement will be developed and circulated to the employees of the Company. The Board of Directors in its meeting held on 27 February 2003 has approved and adopted a corporate strategy and significant policies. 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. Four meetings of the Board were held during the year and all 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. Orientation Courses, both in-house and external, were arranged for the Directors. They have also been provided with copies of the Listing

Regulations of the Stock Exchange, the Company's Memorandum and Articles of Association and the Code of Corporate Governance 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 Report of the Directors for the year ended 31 December 2003 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 four Audit Committee meetings during the year under review. The Directors have approved the revised terms of reference of the Audit Committee in light of the Code of Corporate Governance.

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 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.

Mahomed J Jaffer

M J Jaffer
Chairman

J Stoney

Jonathan R Stoney
Chief Executive

Dated 27 February 2004

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 ("the Company") to comply with the listing regulations of the respective Stock Exchanges, where the Company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance.

Dated: 27 February 2004

Karachi

Taseer Hadi Khalid & Co.
Chartered Accountants

We have audited the annexed balance sheet of ICI Pakistan Limited ("the Company") as at 31 December 2003 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion:

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

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2003 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 2004
Karachi

Taseer Hadi Khalid & Co.
Chartered Accountants

Amounts in Rs '000

	Note	2003	2002
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		**3,260,995**	2,737,146
		5,114,863	4,591,014
Surplus on Revaluation of Fixed Assets	5	**679,813**	784,424
Redeemable Capital	6	**-**	1,400,000
Long-Term Loan - Unsecured	7	**-**	-
Deferred Liability	8	**74,568**	78,895
Current Liabilities and Provisions			
Current portions of:			
Redeemable capital	6	**2,000,000**	933,333
Long-term loan	7	**2,011,800**	2,042,250
Short-term financing	9	**-**	341,641
Creditors, accrued and other liabilities	10	**3,903,777**	3,303,012
Dividend payable		**-**	312,305
Proposed dividend		**347,006**	-
		8,262,583	6,932,541
Contingencies and Commitments	11		
		14,131,827	13,786,874

Amounts in Rs '000

	Note	2003	2002
Tangible Fixed Assets			
Operating assets	12	**5,182,095**	5,426,965
Capital work-in-progress	13	**345,463**	315,816
		5,527,558	5,742,781
Deferred Tax Asset - net	14	**825,888**	775,096
Investments	15	**2,333,760**	2,327,460
Long-Term Loans and Advances	16	**114,675**	301,154
Long-Term Deposits and Prepayments	17	**24,054**	21,683
Current Assets			
Stores and spares	18	**652,196**	646,641
Stock-in-trade	19	**2,046,297**	1,743,822
Trade debts	20	**643,473**	672,384
Loans and advances	21	**80,290**	294,494
Trade deposits and short-term prepayments	22	**166,193**	125,572
Other receivables	23	**316,575**	311,092
Taxation recoverable		**356,840**	257,242
Cash and bank balances	24	**1,044,028**	567,453
		5,305,892	4,618,700
		14,131,827	13,786,874

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

M J Jaffer	Jonathan R Stoney	Feroz Rizvi
Chairman / Director	*Chief Executive*	*Chief Financial Officer*

Amounts in Rs '000

	Note	2003	2002
Turnover	25	**22,156,265**	15,073,813
Sales tax, commission and discounts	25	**(4,028,970)**	(2,854,876)
Net sales and commission income		**18,127,295**	12,218,937
Cost of goods sold	26	**(15,462,928)**	(9,891,842)
Gross profit		**2,664,367**	2,327,095
Administration and selling expenses	27	**(1,576,686)**	(1,249,981)
Operating profit		**1,087,681**	1,077,114
Other income	28	**187,243**	329,251
		1,274,924	1,406,365
Financial charges	29	**390,714**	631,122
Other charges	30	**77,658**	52,149
		(468,372)	(683,271)
Profit before taxation		**806,552**	723,094
Taxation	31	**40,308**	(1,131,638)
Profit after taxation		**766,244**	1,854,732
Unappropriated profit brought forward		**2,737,146**	501,644
Available for appropriation		**3,503,390**	2,356,376
TRANSFERS AND APPROPRIATION:			
Transfer from surplus on revaluation of fixed assets	5		
- prior years		**-**	588,914
- current year - net of tax		**104,611**	104,161
		104,611	693,075
Appropriation:			
Proposed final dividend @ Rs 2.5 (2002: @ Rs 2.25) per share		**(347,006)**	(312,305)
Unappropriated profit carried forward		**3,260,995**	2,737,146
		(Rupees)	(Rupees)
Earning per share	32	**5.52**	13.36

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

M J Jaffer
Chairman / Director

Jonathan R Stoney
Chief Executive

Feroz Rizvi
Chief Financial Officer

Amounts in Rs '000

	2003	2002
Cash Flows from Operating Activities		
Profit before taxation	**806,552**	723,094
Adjustments for:		
Depreciation	**647,677**	630,760
(Gain) / loss on disposal of fixed assets	**(41,145)**	659
Provision for diminution in the value of fixed assets	**21,400**	-
Provision for non-management staff gratuity and pensioners' medical scheme	**11,474**	20,135
Return on subordinated loans due from Associate and bank deposits	**(7,667)**	(211,386)
Interest / mark-up expense	**380,349**	591,332
	1,818,640	1,754,594
Movement in:		
Working capital	**436,816**	(39,040)
Long-term loans and advances	**(113,521)**	109,282
Long-term deposits and prepayments	**(2,371)**	(5,612)
Cash generated from operations	**2,139,564**	1,819,224
Payments for:		
Non-management staff gratuity and pensioners' medical scheme	**(15,801)**	(7,413)
Interest / mark-up	**(335,526)**	(758,091)
Taxation	**(190,698)**	(27,184)
Net cash generated from operating activities	**1,597,539**	1,026,536
Cash Flows from Investing Activities		
Long-term investments	**(6,300)**	(1,514,207)
Payments for capital expenditure	**(459,089)**	(499,951)
Proceeds from disposal of fixed assets	**54,496**	20,798
Profit / mark-up received	**7,667**	460,811
Repayment of loan by Associate	**300,000**	1,500,000
Net cash used in investing activities	**(103,226)**	(32,549)

Amounts in Rs '000

	2003	2002
Cash Flows from Financing Activities		
Long-term borrowings less repayments	**(363,783)**	(472,604)
Short-term borrowings less repayments	**(250,000)**	(215,500)
Dividend paid	**(312,314)**	(277,626)
Net cash used in financing activities	**(926,097)**	(965,730)
Net increase in cash and cash equivalents	**568,216**	28,257
Cash and cash equivalents at 1 January	**475,812**	447,555
Cash and cash equivalents at 31 December	**1,044,028**	475,812
Movement in Working Capital		
(Increase) / decrease in current assets		
Stores and spares	**(5,555)**	(99,768)
Stock-in-trade	**(302,475)**	271,073
Trade debts	**28,911**	(67,698)
Loans and advances	**214,204**	(221,903)
Trade deposits and short-term prepayments	**(40,621)**	64,498
Other receivables	**(5,483)**	(151,446)
	(111,019)	(205,244)
Increase in current liabilities		
Creditors, accrued and other liabilities	**547,835**	166,204
	436,816	(39,040)
Cash and cash equivalents at 31 December comprise of:		
Cash and bank balances	**1,044,028**	567,453
Running finances utilised under mark-up arrangements	**-**	(91,641)
	1,044,028	475,812

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

M J Jaffer	Jonathan R Stoney	Feroz Rizvi
Chairman / Director	*Chief Executive*	*Chief Financial Officer*

Amounts in Rs '000

	Issued, subscribed and paid-up capital	Capital reserves	Unappropriated profit	Total
Balance as on 1 January 2002	**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
Final dividend	-	-	(312,305)	(312,305)
Balance as on 31 December 2002	**1,388,023**	**465,845**	**2,737,146**	**4,591,014**
Net profit for the year ended 31 December 2003	-	-	766,244	766,244
Transfer from surplus on revaluation of fixed assets	-	-	104,611	104,611
Proposed final dividend	-	-	(347,006)	(347,006)
Balance as on 31 December 2003	**1,388,023**	**465,845**	**3,260,995**	**5,114,863**

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

M J Jaffer	Jonathan R Stoney	Feroz Rizvi
Chairman / Director	*Chief Executive*	*Chief Financial Officer*

1. Status and Nature of Business

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; marketing of seeds, toll manufactured and imported pharmaceuticals and animal health products; and merchanting of general chemicals. It also acts as an indenting agent.

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, certain exchange elements referred to in notes 2.7 and 2.12 have been incorporated in the cost of the relevant assets and certain staff retirement benefits have been recognised at values determined by actuary.

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.

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.

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 recognises deferred tax asset / liability on deficit / surplus on revaluation of fixed assets which is adjusted against the related deficit / surplus. The deferred tax debit balance not recognised in the accounts amounted to Rs 1,754.252 million (2002: Rs 2,105.346 million).

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 securities 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 Transactions with related parties

The Company enters into transactions with related parties on an arm’s length basis. Prices for transactions with related parties are determined using admissible valuation methods.

2.14 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.

2.15 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

2003	2002		2003	2002
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 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.

3.2 ICI Omicron B.V., which is a wholly owned subsidiary of Imperial Chemical Industries PLC, UK, held 105,229,125 (2002: 105,229,125) ordinary shares of Rs 10 each at 31 December 2003.

4. Capital Reserves

	2003	2002
Share premium	**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 were 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

		2003	2002
5.	**Surplus on Revaluation of Fixed Assets**		
	Balance as on 1 January	**784,424**	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)
		784,424	888,585
	Less: Transfer to retained earnings (unappropriated profit) in respect of incremental depreciation charged during the year-net of deferred tax	**(104,611)**	(104,161)
	Balance as on 31 December	**679,813**	784,424

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	2003	2002
6.1	Habib Bank Limited	half-yearly	2001-2003	7.5	-	-	333,333
6.2	Habib Bank Limited	at maturity	2002-2004	3.5	16,340	**800,000**	800,000
6.3	Pakistan Kuwait Investment Co. (Pvt.) Limited	at maturity	2002-2003	Variable	-	-	1,200,000
6.4	United Bank Limited	at maturity	2003-2004	Variable	19,083	**1,200,000**	-
						2,000,000	2,333,333
	Less: Current portion shown under current liabilities					**2,000,000**	933,333
						-	1,400,000

Amounts in Rs '000

Details of long-term finances utilised under mark-up arrangements are as follows:

6.1 Secured by first pari passu hypothecation charge over plant, machinery, equipment and other movables / fixed assets of the Soda Ash Business. The loan has been fully repaid on 28 April 2003.

6.2 Secured by first pari passu hypothecation charge over plant and machinery of the Polyester Business.

6.3 Secured by first pari passu hypothecation charge over plant, machinery, equipment and other movables / fixed assets of the Soda Ash Business (including Sodium Bicarbonate). The loan carries mark-up comprising a base rate plus 3.5 percent per annum with a floor of 13 percent per annum and a cap of 15.25 percent per annum where the base rate is the SBP discount rate prevailing two days before commencement of semi-annual period for which the mark-up is being computed. The loan has been fully repaid on 1 April 2003.

6.4 Secured by first pari passu hypothecation charge over plant, machinery, equipment and other movables / fixed assets of the Soda Ash Business (including Sodium Bicarbonate) carrying mark-up which is the average of the last three cut-offs of the three months Treasury Bills preceding the quarter for which mark-up was due plus a fixed spread of 1.8 percent.

7. Long-Term Loan - Unsecured

	Instalments payable	Repayment period	Interest rate	2003	2002
Mortar Investments International Ltd - Associated company - USD 35 million (2002: USD 35 million)	at maturity	2004	6 months LIBOR plus a fixed spread of 1.0%	**2,011,800**	2,042,250
Less: Current portion shown under current liabilities				**2,011,800**	2,042,250
				-	-

8. Deferred Liability

	2003	2002
Provisions for non-management staff gratuity and pensioners' medical schemes	**74,568**	78,895

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	51,583	4,360
Interest cost	78,059	6,852
Expected return on plan assets	(68,828)	-
Past service cost	26,935	2,226
Recognition of loss	5,445	640
Charge for the year	93,194	14,078
Year 2002	89,198	21,378

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

Opening balance	(42,862)	(79,248)
Charge for the year	(93,194)	(14,078)
Contributions / payments during the year	72,473	14,780
Closing balance	(63,583)	(78,546)

The amounts recognised in the balance sheet are as follows:

Fair value of plan assets	910,381	-
Present value of defined benefit obligation	(1,179,766)	(109,469)
Deficit	(269,385)	(109,469)
Unrecognised net loss	205,802	30,923
Recognised liability	(63,583)	(78,546)
Year 2002	(42,862)	(79,248)

These figures are based on the latest actuarial valuation, as at 31 December 2003. 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 2003 was Rs 85 million (2002: Rs 167 million).

The Company contributed Rs 33.828 million (2002: Rs 31.110 million) to the provident fund during the year.

Amounts in Rs '000

		2003	2002
9.	**Short-Term Financing**		
	Running finances utilised under mark-up arrangements - note 9.1	**-**	91,641
	Term finances - note 9.2	**-**	250,000
		-	341,641

9.1 The facilities for running finance available from various banks amount to Rs 2,645 million (2002: Rs 2,743 million) and carry mark-up ranging from 2.48 to 5 percent per annum (2002: 7.6 to 17 percent per annum). The purchase prices are payable on various dates by 30 June 2004. The facilities are secured by hypothecation charge over the present and future stock-in-trade and receivables of the Company.

9.2 The facilities for term finance available from various banks amount to Rs 550 million (2002: Rs 550 million). However no such facility was utilised as on 31 December 2003.

10. Creditors, Accrued and Other Liabilities

	2003	2002
Trade creditors- note 10.1	**1,344,100**	1,300,086
Bills payable	**1,235,968**	894,584
Sales tax, excise and custom duties	**149,517**	178,545
Mark-up accrued on:		
Redeemable capital	**18,683**	40,426
Short-term financing	**1,990**	11,256
Accrued interest / return on unsecured loan	**298,498**	222,666
Accrued expenses	**310,747**	273,034
Workers' profit participation fund - note 10.2	**47,819**	42,671
Distributors' security deposits - payable on termination of distributorship - note 10.3	**53,875**	54,131
Contractors' earnest / retention money	**16,771**	18,778
Advances from customers	**105,991**	52,172
Unclaimed dividends	**4,669**	4,678
Payable for capital expenditure	**20,068**	11,952
Payable for staff retirement benefit schemes	**77,720**	42,720
Others	**217,361**	155,313
	3,903,777	3,303,012

10.1 The above balances include amounts due to associated undertakings amounting to Rs 249.776 million (2002: Rs 356.360 million).

10.2 Workers' profit participation fund

	2003	2002
Balance as on 1 January	**42,671**	33,135
Allocation for the year	**43,250**	38,058
	85,921	71,193
Interest on funds utilised in the Company's businesses at 16.9 percent per annum	**3,571**	3,835
	89,492	75,028
Less:		
- Amount paid on behalf of the Fund	**3,801**	3,169
- Deposited with the Government of Pakistan	**37,872**	29,188
	41,673	32,357
Balance as on 31 December	**47,819**	42,671

10.3 Interest on security deposits from certain distributors is payable at 7.5 percent per annum as specified in the agreements.

Amounts in Rs '000

		2003	2002
11.	**Contingencies and Commitments**		
11.1	Claims against the Company not acknowledged as debts are as follows:		
	Local bodies	**60,753**	31,228
	Sales Tax authorities	**67,677**	67,426
	Others	**50,151**	50,151
		178,581	148,805

11.2 The income tax authorities have re-assessed the income tax liability of the Company in respect of assessment year 1998-99 under section 122 of the Income Tax Ordinance 2001 and have raised a demand of Rs 72.138 million. The Company has filed an appeal against this demand with the Income Tax Appellate Tribunal and is confident of a favorable decision in this regard.

11.3 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 (2002: Rs 140 million).

11.4 Guarantees issued by the Company in respect of financial and operational obligations of Pakistan PTA Limited pursuant to the Scheme amounting to Rs 7,195.412 million (2002 : Rs 12,485.556 million) against which Pakistan PTA Limited has issued counter guarantees to the Company.

11.5 Guarantee issued by the Company in respect of Senior Executive amounting to Rs 3.5 million (2002: Rs Nil).

11.6 Commitments in respect of capital expenditure - Rs 3.244 million (2002: Rs 22.342 million).

11.7 Faysal Management Services (Private) Limited has floated Fayzan Manufacturing Modaraba ("the Modaraba") which commissioned a spinning and processing plant ("Manufacturing Facility") in April 2002 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 4.416 million (2002: Rs 7.968 million) per month for making the Manufacturing Facility available to the Company. The Company also provides chemicals and other raw materials to the Modaraba at market price.

11.8 Commitments for rentals under operating lease agreements in respect of vehicles and plant and machinery amounting to Rs 107.541 million (2002: Rs 109.183 million) are as follows:

Year	**Vehicles**	**Plant and machinery**	**Total**
		(Rupees '000)	
2004	46,845	1,054	**47,899**
2005	36,026	1,033	**37,059**
2006	17,267	1,033	**18,300**
2007	3,381	902	**4,283**
	103,519	**4,022**	**107,541**

Payable not later than one year	**47,899**
Payable later than one year but not later than five years	**59,642**
	107,541

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

11.9 Outstanding forward contracts as at 31 December 2003 entered into by the Company to hedge foreign currency transactions maturing within the next twelve months amounted to Rs 441.037 million (2002: Rs 231.673 million).

Amounts in Rs '000

12. Operating Assets

12.1 The following is a statement of operating assets:

	Cost and revaluation at 1 January 2003	Additions / (disposals)	Cost and revaluation at 31 December 2003	Accumulated depreciation at 1 January 2003	Charge for the year / (accumulated depreciation on disposals) Adjustments*	Accumulated depreciation at 31 December 2003	**Book value at 31 December 2003**	Depreciation rate on original cost and revaluation %
Freehold land	49,706	-	49,706	-	-	-	**49,706**	-
Leasehold land	83,471	-	83,471	26,710	10,285	36,995	**46,476**	2 to 4
Limebeds on freehold land	86,706	18,366	105,072	21,333	4,380	25,713	**79,359**	3.33 to 7.5
Buildings on freehold land	610,780	62,481 (10,696)	662,565	411,051	37,888 (10,162)	438,777	**223,788**	5 to 10
Buildings on leasehold land	695,857	2,688 (8,480)	690,065	260,470	33,998 (1,762)	292,706	**397,359**	2.5 to 10
Plant and machinery	10,875,954	302,789 (16,049)	11,162,694	6,414,451	512,234 (14,001) 21,400 *	6,934,084	**4,228,610**	3.33 to 10
Railway sidings	297	-	297	297	-	297	-	3.33
Rolling stock and vehicles	125,629	3,698 (5,523)	123,804	107,549	3,575 (3,722)	107,402	**16,402**	10 to 25
Furniture and equipment	432,281	47,536 (7,059)	472,758	291,855	45,317 (4,809)	332,363	**140,395**	10 to 33.33
2003	**12,960,681**	**437,558** **(47,807)**	**13,350,432**	**7,533,716**	**647,677** **(34,456)** **21,400 ***	**8,168,337**	**5,182,095**	
2002	12,572,160	436,540 (48,019)	12,960,681	6,929,518	630,760 (26,562)	7,533,716	5,426,965	

*Represents provision for diminution in the value of plant and machinery of Agrochemicals Business.

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	
	2003	2002
Freehold land	**20,929**	20,929
Leasehold land	**52**	57
Plant and machinery	**3,328,344**	3,394,717
Rolling stock and vehicles	**16,402**	18,079
Furniture and equipment	**140,395**	140,421
	3,506,122	3,574,203

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

Cost of goods sold - note 26	**613,126**	598,556
Administration and selling expenses - note 27	**34,551**	32,204
	647,677	630,760

Amounts in Rs '000

12.5 Detail of assets disposed off during the year:

	Cost	Accumulated depreciation	Book value	Sale proceeds	Particulars of buyers
Land					
Written-off	10,622	10,088	534	-	Various
Written down value not exceeding Rs 5,000 each	74	74	-	2	Various
	10,696	10,162	534	2	
Building					
Sold by tender	8,480	1,762	6,718	40,000	Muslim Commercial Bank Ltd., Karachi
Plant & machinery					
Sold by negotiations	3,918	3,918	-	1,959	Pakistan State Oil Co. Ltd., Karachi
	3,566	1,544	2,022	1,732	Pakistan State Oil Co. Ltd., Karachi
	94	68	26	39	Rana Mukhtar Ahmed, Lahore
Written-off	4,661	4,661	-	-	Various
Written down value not exceeding Rs 5,000 each	3,810	3,810	-	2,518	Various
	16,049	14,001	2,048	6,248	
Rolling stock & vehicles					
Sold by tender	167	-	167	648	Faisal Mahmood Butt, Lahore
	157	-	157	563	Faisal Mahmood, Lahore
	160	-	160	613	M Iqbal, Lahore
	156	3	153	566	M Zahid Siddiqui, Lahore
	167	-	167	593	Raza Ahmed Khan, Lahore
	443	-	443	506	Raza Ahmed Khan, Lahore
Sold by negotiations	42	3	39	695	Malik M Imtiaz, Lahore
	167	132	35	595	Mohammad Ahsan, Lahore
	93	8	85	700	Quick Filling CNG Station, Lahore
Sold by auction	557	163	394	380	Haji Mohammad Aslam, Multan
Written down value not exceeding Rs 5,000 each	3,414	3,413	1	913	Chaudhry Waseem Manzoor, Lahore
	5,523	3,722	1,801	6,772	
Furniture and equipment					
Sold by negotiations	14	7	7	1	Abdul Khaliq, Khewra
	15	2	13	11	Abdul Latif Khan, Khewra
	15	2	13	11	Abrar Ul Haq, Khewra
	112	52	60	15	Al-Asad Traders, Lahore
	11	5	6	5	Bashir Ahmed, Khewra
	12	5	7	1	Ghazanfar Hussain, Khewra
	14	2	12	9	Ghulam Rabbani, Khewra
	47	9	38	5	HM Aslam, Lahore

Amounts in Rs '000

	Cost	Accumulated depreciation	Book value	Sale proceeds	Particulars of buyers
	14	2	12	11	Ikramuddin, Khewra
	13	6	7	1	Khalid Mahmood, Khewra
	1,764	416	1,348	1,016	Lubna Malik, wife of late CEO, Karachi
	30	14	16	15	M Sharif, Lahore
	15	7	8	3	M Waqar Khawaja, Khewra
	17	4	13	8	Mazhar Hussain, Khewra
	14	6	8	1	Misbah Ul Hassan, Khewra
	7	1	6	6	Mohammad Akram, Khewra
	15	5	10	6	Mohammad Azeem, Khewra
	13	8	5	1	Mohammad Bashir, Khewra
	7	1	6	6	Mohammad Hanif, Khewra
	7	1	6	6	Mohammad Munawar, Khewra
	13	4	9	6	Mohammad Riaz, Khewra
	14	2	12	10	Mohammad Safdar, Khewra
	12	9	3	1	Mussadiq Hussain,Khewra
	16	6	10	5	Najeeb Ullah, Khewra
	15	9	6	1	Nizam Din, Khewra
	14	7	7	3	Raghab Hassan, Khewra
	14	2	12	10	Riasat Ali, Khewra
	14	2	12	10	Sabir Hussain, Khewra
	15	5	10	4	Safdar Hussain, Khewra
	14	7	7	3	Shabir Ahmed Malik, Khewra
	185	105	80	36	Sohail House Hold Traders, Lahore
	14	5	9	6	Syed Ahmed Shah, Khewra
	47	38	9	3	United Mobile, Karachi
	20	6	14	6	United Mobile, Karachi
	32	6	26	8	United Mobile, Karachi
	21	6	15	4	United Mobile, Karachi
	15	3	12	3	United Mobile, Karachi
	15	2	13	10	Zulfiqar Hussain Shah, Khewra
Insurance claim	357	344	13	82	Claim settled by insurer
Written-off	1,173	913	260	-	Various
Written down value not exceeding Rs 5,000 each	2,883	2,773	110	125	Various
	7,059	4,809	2,250	1,474	
2003	**47,807**	**34,456**	**13,351**	**54,496**	
2002	48,019	26,562	21,457	20,798	

Amounts in Rs '000

		2003	2002
13.	**Capital Work-in-Progress**		
	Designing, consultancy and engineering fee	**41,266**	25,201
	Civil works and buildings	**11,540**	29,426
	Plant and machinery	**184,011**	176,962
	Miscellaneous equipment	**72,683**	54,688
	Advances to suppliers / contractors	**35,963**	29,539
		345,463	315,816
14.	**Deferred Tax Asset - net**		
	Deductible temporary differences		
	Recognised tax losses	**1,674,377**	1,784,518
	Taxable temporary differences		
	Surplus on revaluation of fixed assets	**(317,188)**	(367,980)
	Other taxable temporary differences	**(531,301)**	(641,442)
		825,888	775,096
15.	**Investments**		
	Quoted		
	Associated Undertaking		
	- Pakistan PTA Limited - note 15.1		
	378,551,727 ordinary shares (2002: 378,551,727) of Rs 10 each	**2,121,260**	2,114,960
	Unquoted		
	Subsidiary		
	- ICI Pakistan PowerGen Limited (wholly owned) - note 15.2		
	2,100,000 ordinary shares (2002: 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
		2,333,760	2,327,460

15.1 The market value as at 31 December 2003 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 2003 amounts to Rs 5,053.666 million (2002 : Rs 2,668.790 million) and Rs 1,007.453 million (2002 : Rs 3,843.940 million) respectively. Further, the increase in the cost of investment represents additional demerger cost recognised during the year under the Scheme.

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 2003 amounted to Rs 198.388 million (2002: Rs 189.347 million).

		2003	2002
16.	**Long-Term Loans and Advances - Considered Good**		
	Due from Associate - Unsecured		
	- Long-term loan - note 16.1	**-**	300,000
	- Due from Directors, Executives and Employees - note 16.2	**149,476**	130,971
		149,476	430,971
	Less: Current portions shown under current assets		
	- Due from Associate - note 16.1	**-**	100,000
	- Due from Directors, Executives and Employees - note 16.2	**34,801**	29,817
		34,801	129,817
		114,675	301,154

16.1 The loan carried a rate of return of 6.5 percent per annum (2002: 10.5 percent per annum). The loan has been fully repaid by the Associate on 1 April 2003.

Amounts in Rs '000

16.2 Due from Directors and Executives

	Motor car	House building	2003 Total	2002 Total
Due from:				
- Director	-	-	-	-
- Executives	86,795	35,448	**122,243**	104,703
	86,795	35,448	**122,243**	104,703
Less: Receivable within one year				
- Director	-	-	-	-
- Executives	12,133	15,891	**28,024**	22,974
	12,133	15,891	**28,024**	22,974
	74,662	19,557	**94,219**	81,729
Due from Employees			**27,233**	26,268
Less: Receivable within one year			**6,777**	6,843
			20,456	19,425
			114,675	101,154
Outstanding for period:				
- less than three years			**66,048**	70,910
- more than three years			**48,627**	30,244
			114,675	101,154

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

16.4 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 Nil and Rs 123.153 million (2002: Rs 0.098 million and Rs 124.514 million) respectively.

17. Long-Term Deposits and Prepayments

	2003	2002
Deposits	**16,766**	16,841
Prepayments	**7,288**	4,842
	24,054	21,683

18. Stores and Spares

	2003	2002
Stores (include in-transit Rs 4.548 million; 2002: Rs 1.845 million)	**39,759**	85,516
Spares (include in-transit Rs 3.069 million; 2002: Rs 3.608 million)	**575,537**	566,945
Consumables	**82,189**	39,469
	697,485	691,930
Less: Provision for slow moving and obsolete items	**45,289**	45,289
	652,196	646,641

		Amounts in Rs '000	
		2003	2002
19.	**Stock-in-Trade**		
	Raw and packing materials (include in-transit Rs 140.237 million; 2002: Rs 125.120 million)	**798,648**	746,564
	Work-in-process	**79,969**	126,779
	Finished goods (include in-transit Rs 53.615 million; 2002: Rs 94.972 million)	**1,200,419**	903,969
		2,079,036	1,777,312
	Less: Provision for slow moving and obsolete stock	**32,739**	33,490
		2,046,297	1,743,822
20.	**Trade Debts**		
	Considered good		
	- Secured	**360,116**	405,437
	- Unsecured	**364,552**	338,111
		724,668	743,548
	Considered doubtful	**161,317**	104,506
		885,985	848,054
	Less: Provision for:		
	- Doubtful debts	**161,317**	104,506
	- Discounts payable	**81,195**	71,164
		242,512	175,670
		643,473	672,384
21.	**Loans and Advances**		
	Considered good		
	Loans due from:		
	Executives	**28,024**	22,974
	Employees	**6,777**	6,843
	Associate	**-**	100,000
		34,801	129,817
	Advances to:		
	Executives	**2,651**	2,745
	Employees	**49**	705
	Contractors and suppliers	**40,834**	159,765
	Others	**1,955**	1,462
		45,489	164,677
		80,290	294,494
	Considered doubtful	**9,003**	2,404
		89,293	296,898
	Less: Provision for doubtful loans and advances	**9,003**	2,404
		80,290	294,494

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 Nil and Rs 4.153 million (2002: Rs 0.1 million and Rs 4.752 million) respectively.

Amounts in Rs '000

		2003	2002
22.	**Trade Deposits and Short-Term Prepayments**		
	Trade deposits	**20,269**	14,554
	Short-term prepayments	**84,583**	76,999
	Balances with statutory authorities	**61,341**	34,019
		166,193	125,572

		2003	2002
23.	**Other Receivables**		
	Considered good		
	Excise duty, sales tax and octroi refunds due	**122,785**	116,961
	Due from Associate	**55,984**	42,384
	Insurance claims	**1,713**	25,694
	Commission receivable	**29,938**	22,651
	Others	**106,155**	103,402
		316,575	311,092
	Considered doubtful	**14,951**	6,906
		331,526	317,998
	Less: Provision for doubtful receivables	**14,951**	6,906
		316,575	311,092

23.1 The maximum aggregate amount due from Associate at the end of any month during the year was Rs 55.984 million (2002: Rs 42.384 million).

		2003	2002
24.	**Cash and Bank Balances**		
	Deposit accounts	**-**	75,000
	Current accounts	**1,014,839**	438,631
	In hand		
	Cheques	**13,794**	41,185
	Cash	**15,395**	12,637
		1,044,028	567,453

Amounts in Rs '000

25. Operating Results

	Polyester		General Chemicals		Soda Ash		Paints		Others		Company	Company
	2003	2002	**2003**	2002	**2003**	2002	**2003**	2002	**2003**	2002	**2003**	2002
Sales												
Inter-segment	-	-	**275,391**	216,409	-	-	-	-	**50,014**	50,305	-	-
Others	**8,648,117**	6,923,092	**5,439,434**	760,001	**3,179,488**	3,256,980	**2,988,826**	2,478,176	**1,851,310**	1,614,681	**22,107,175**	15,032,930
	8,648,117	6,923,092	**5,714,825**	976,410	**3,179,488**	3,256,980	**2,988,826**	2,478,176	**1,901,324**	1,664,986	**22,107,175**	15,032,930
Commission income	-	-	**49,090**	40,883	-	-	-	-	-	-	**49,090**	40,883
Turnover	**8,648,117**	6,923,092	**5,763,915**	1,017,293	**3,179,488**	3,256,980	**2,988,826**	2,478,176	**1,901,324**	1,664,986	**22,156,265**	15,073,813
Sales tax	**1,437,863**	1,121,812	**780,589**	150,747	**534,369**	548,086	**420,797**	354,545	**75,238**	101,729	**3,248,856**	2,276,919
Commission and discounts to distributors and customers	**105,823**	41,088	**20,078**	-	**121,755**	104,551	**286,841**	243,611	**245,617**	188,707	**780,114**	577,957
	1,543,686	1,162,900	**800,667**	150,747	**656,124**	652,637	**707,638**	598,156	**320,855**	290,436	**4,028,970**	2,854,876
Net sales and commission income	**7,104,431**	5,760,192	**4,963,248**	866,546	**2,523,364**	2,604,343	**2,281,188**	1,880,020	**1,580,469**	1,374,550	**18,127,295**	12,218,937
Cost of goods sold 26	**6,881,008**	5,530,488	**4,453,818**	701,758	**1,804,645**	1,722,415	**1,554,118**	1,278,862	**1,094,744**	925,033	**15,462,928**	9,891,842
Gross profit	**223,423**	229,704	**509,430**	164,788	**718,719**	881,928	**727,070**	601,158	**485,725**	449,517	**2,664,367**	2,327,095
Administration and selling expenses 27	**199,235**	158,181	**388,310**	78,894	**304,073**	327,477	**331,991**	303,981	**353,077**	381,448	**1,576,686**	1,249,981
Operating profit	**24,188**	71,523	**121,120**	85,894	**414,646**	554,451	**395,079**	297,177	**132,648**	68,069	**1,087,681**	1,077,114
25.1 Segment assets	**4,492,652**	4,377,151	**860,972**	388,176	**3,801,296**	3,875,155	**743,922**	617,420	**716,497**	1,169,174	**10,615,339**	10,427,076
25.2 Unallocated assets	-	-	-	-	-	-	-	-	-	-	**3,516,488**	3,359,798
											14,131,827	13,786,874
25.3 Segment liabilities	**1,972,713**	1,899,387	**467,825**	222,725	**476,037**	665,275	**283,748**	263,598	**456,172**	404,793	**3,656,495**	3,455,778
25.4 Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	**4,680,656**	4,955,658
											8,337,151	8,411,436
25.5 Non-cash items (excluding depreciation)	**3,066**	4,937	**45**	608	**6,721**	10,399	**1,115**	1,696	**21,927**	2,495	**32,874**	20,135
25.6 Capital expenditure	**204,183**	104,254	**6,863**	6,931	**181,841**	263,706	**45,772**	36,173	**28,546**	38,451	**467,205**	449,515

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 arm's length prices using admissible valuation methods.

Amounts in Rs '000

26. Cost of Goods Sold

	Polyester 2003	Polyester 2002	General Chemicals 2003	General Chemicals 2002	Soda Ash 2003	Soda Ash 2002	Paints 2003	Paints 2002	Others 2003	Others 2002	Company 2003	Company 2002
Raw and packing materials consumed												
Opening stock	429,957	620,026	18,462	10,434	50,405	51,887	111,018	123,234	117,128	155,378	726,970	960,959
Purchases												
Inter-segment	-	-	-	-	-	-	325,405	266,714	-	-	-	-
Others	5,602,636	3,971,545	130,883	72,877	484,836	440,934	861,444	676,862	484,431	472,205	7,564,230	5,634,423
	5,602,636	3,971,545	130,883	72,877	484,836	440,934	1,186,849	943,576	484,431	472,205	7,564,230	5,634,423
	6,032,593	4,591,571	149,345	83,311	535,241	492,821	1,297,867	1,066,810	601,559	627,583	8,291,200	6,595,382
Closing stock	(501,917)	(429,957)	(26,124)	(18,462)	(48,123)	(50,405)	(85,186)	(111,018)	(120,802)	(117,128)	(782,152)	(726,970)
	5,530,676	4,161,614	123,221	64,849	487,118	442,416	1,212,681	955,792	480,757	510,455	7,509,048	5,868,412
Salaries, wages and benefits	187,496	178,313	2,845	1,275	298,958	254,921	65,783	55,712	30,367	29,654	585,449	519,875
Stores and spares consumed	57,307	46,311	63	-	79,336	83,815	1,050	2,715	1,425	551	139,181	133,392
Conversion fee paid to contract manufacturers												
- Modaraba	290,123	296,578	-	-	-	-	-	-	-	-	290,123	296,578
- Others	-	-	-	-	-	-	-	-	80,137	68,684	80,137	68,684
Oil, gas and electricity	493,652	441,588	382	186	519,059	533,171	8,212	7,466	3,339	4,102	1,024,644	986,513
Rent, rates and taxes	873	910	-	-	633	502	-	-	50	81	1,556	1,493
Insurance	35,166	36,086	-	-	21,741	20,532	8,353	7,269	541	759	65,801	64,646
Repairs and maintenance	5,926	4,700	110	118	5,150	6,954	8,661	6,530	1,177	1,536	21,024	19,838
Depreciation - note 12.4	273,009	268,221	469	605	314,738	301,341	18,340	17,659	6,570	10,730	613,126	598,556
Excise duty	-	-	-	-	-	-	245,327	203,836	1,629	1,791	246,956	205,627
Technical fees	2,271	-	-	-	-	-	7,234	9,900	-	-	9,505	9,900
Royalty	-	-	13,025	-	-	-	-	-	-	-	13,025	-
General expenses	60,338	46,752	791	434	32,980	26,332	12,424	9,269	5,238	6,938	111,771	89,725
Opening stock of work-in-process	110,813	122,662	-	-	-	-	15,194	12,248	772	798	126,779	135,708
Closing stock of work-in-process	(59,393)	(110,813)	-	-	-	-	(19,008)	(15,194)	(1,568)	(772)	(79,969)	(126,779)
Cost of goods manufactured	6,988,257	5,492,922	140,906	67,467	1,759,713	1,669,984	1,584,251	1,273,202	610,434	635,307	10,758,156	8,872,168
Opening stock of finished goods	385,413	429,719	121,178	68,209	89,206	111,149	52,272	58,807	242,004	250,344	890,073	918,228
Finished goods purchased	-	-	4,579,559	687,260	34,924	36,272	-	-	394,632	283,013	5,009,115	1,006,545
	7,373,670	5,922,641	4,841,643	822,936	1,883,843	1,817,405	1,636,523	1,332,009	1,247,070	1,168,664	16,657,344	10,796,941
Closing stock of finished goods	(490,922)	(385,413)	(387,825)	(121,178)	(79,198)	(89,206)	(82,405)	(52,272)	(143,826)	(242,004)	(1,184,176)	(890,073)
Provision for obsolete stocks shown under administration and selling expenses	-	(5,000)	-	-	-	(5,784)	-	(875)	(8,500)	(1,627)	(8,500)	(13,286)
	6,882,748	5,532,228	4,453,818	701,758	1,804,645	1,722,415	1,554,118	1,278,862	1,094,744	925,033	15,464,668	9,893,582
Recovery from ICI Pakistan PowerGen Limited	(1,740)	(1,740)	-	-	-	-	-	-	-	-	(1,740)	(1,740)
	6,881,008	5,530,488	4,453,818	701,758	1,804,645	1,722,415	1,554,118	1,278,862	1,094,744	925,033	15,462,928	9,891,842

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. 51.120 million (2002: Rs 47.379 million) in respect of staff retirement benefits.

Amounts in Rs '000

27. Administration and Selling Expenses

	Polyester		General Chemicals		Soda Ash		Paints		Others		Company	Company
	2003	2002	**2003**	2002	**2003**	2002	**2003**	2002	**2003**	2002	**2003**	2002
Salaries and benefits	**96,127**	74,610	**42,730**	34,408	**143,717**	115,634	**142,575**	133,125	**222,416**	223,764	**647,565**	581,541
Repairs and maintenance	**3,390**	2,734	**751**	666	**5,324**	4,191	**5,316**	3,582	**5,092**	5,773	**19,873**	16,946
Advertising and sales promotion	**4,193**	2,563	**1,334**	1,019	**7,350**	5,273	**64,270**	53,749	**30,225**	23,374	**107,372**	85,978
Rent, rates and taxes	**2,939**	2,254	**1,096**	1,330	**5,744**	5,033	**5,541**	5,631	**4,568**	9,153	**19,888**	23,401
Insurance	**1,045**	1,060	**5,766**	2,799	**5,875**	6,943	**3,020**	2,210	**6,424**	8,174	**22,130**	21,186
Lighting, heating and cooling	**2,523**	1,876	**637**	450	**5,518**	3,886	**4,328**	4,141	**5,417**	5,514	**18,423**	15,867
Depreciation - note 12.4	**6,049**	2,477	**2,985**	1,951	**12,498**	6,772	**5,945**	8,045	**7,074**	12,959	**34,551**	32,204
Outward freight and handling	**15,357**	27,959	**285,708**	20,603	**56,014**	116,227	**49,598**	36,284	**11,579**	13,026	**418,256**	214,099
Provision for doubtful debts												
- trade	**32,800**	2,500	**14,800**	-	-	-	**900**	6,500	**9,186**	33,000	**57,686**	42,000
- others	-	-	-	-	-	-	-	-	-	7,175	-	7,175
Provision for obsolete stocks	-	5,000	-	-	-	5,784	-	875	**8,500**	1,627	**8,500**	13,286
Travelling expenses	**8,159**	9,980	**7,798**	4,720	**8,842**	9,401	**14,846**	16,009	**36,542**	43,742	**76,187**	83,852
Postage, telegram, telephone and telex	**3,125**	3,616	**5,665**	2,079	**6,337**	4,711	**10,015**	9,872	**13,473**	12,350	**38,615**	32,628
General expenses	**23,768**	21,792	**19,040**	8,869	**46,854**	43,622	**25,637**	23,958	**52,596**	62,419	**167,895**	160,660
	199,475	158,421	**388,310**	78,894	**304,073**	327,477	**331,991**	303,981	**413,092**	462,050	**1,636,941**	1,330,823
Less: Recovery from ICI Pakistan PowerGen Limited	**240**	240	-	-	-	-	-	-	-	-	**240**	240
Less: Service charges from Pakistan PTA Limited	-	-	-	-	-	-	-	-	**60,015**	80,602	**60,015**	80,602
	199,235	158,181	**388,310**	78,894	**304,073**	327,477	**331,991**	303,981	**353,077**	381,448	**1,576,686**	1,249,981

27.1 Staff retirement benefits

Salaries and benefits include Rs 68.610 million (2002: Rs 89.616 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

	2003	2002
Profit on short-term and call deposits	**1,350**	827
Return on loans due from Associate	**6,317**	210,559
Scrap sales	**20,268**	22,137
Gain on disposal of fixed assets	**41,145**	-
Insurance claims	**-**	17,789
Provisions and accruals no longer required written back	**44,385**	319
Exchange gain	**42,682**	71,374
Others	**31,096**	6,246
	187,243	329,251

Amounts in Rs '000

		2003	2002
29.	**Financial Charges**		
	Mark-up on:		
	Short-term financing	**32,979**	131,366
	Redeemable capital	**136,708**	245,033
	Interest on:		
	Long-term loans	**75,832**	155,823
	Workers' profit participation fund	**3,571**	3,835
	Discounting charges on receivables	**131,259**	84,590
	Others	**10,365**	10,475
		390,714	631,122
30.	**Other Charges**		
	Auditors' remuneration - note 30.1	**4,776**	4,054
	Donations - note 30.2	**8,232**	9,378
	Workers' profit participation fund	**43,250**	38,058
	Loss on disposal of fixed assets	**-**	659
	Provision for diminution in the value of fixed assets - note 12	**21,400**	-
		77,658	52,149
30.1	**Auditors' remuneration**		
	Audit fee	**1,758**	1,730
	Certifications including half yearly review and group reporting	**2,740**	2,071
	Out-of-pocket expenses	**278**	253
		4,776	4,054

30.2 Donations include Rs 7.116 million (2002: Rs 8.899 million) to ICI Pakistan Foundation. Mr Jonathan R Stoney, Chief Executive, Mr S Imran Agha and Mr Asif Jooma, Directors of the Company, are amongst the Trustees of the Foundation.

		2003	2002
31.	**Taxation**		
	Current - note 31.1	**91,100**	61,696
	Deferred tax asset realised on taxable income	**419,767**	-
	Deferred tax asset recognised	**(419,767)**	(1,143,077)
	Deferred tax on surplus on revaluation of fixed assets transferred to retained earnings - note 31.2	**(50,792)**	(50,257)
		(50,792)	(1,193,334)
		40,308	(1,131,638)

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 Includes deferred tax credited to profit and loss account amounting to Rs 50.792 million (2002: 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

	2003	2002
32. Earning per Share - Basic and Diluted		
Profit after taxation for the year	**766,244**	1,854,732
	Number of shares	
Average number of ordinary shares in issue during the year	**138,802,300**	138,802,300
	(Rupees)	
Earning per share	**5.52**	13.36

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	
	2003	2002	**2003**	2002	**2003**	2002	**2003**	2002	**2003**	2002
Managerial remuneration	**1,169**	-	**7,485**	7,281	**10,195**	8,411	**407,264**	297,523	**426,113**	313,215
Retirement benefits	-	-	**992**	2,249	**2,592**	2,907	**95,316**	94,577	**98,900**	99,733
Group insurance	-	-	**17**	27	**35**	107	**3,432**	4,207	**3,484**	4,341
Rent and house maintenance	-	349	**4,869**	5,514	**1,144**	1,070	**115,284**	95,059	**121,297**	101,992
Utilities	-	285	**799**	750	**677**	1,180	**44,919**	46,769	**46,395**	48,984
Medical expenses	-	55	**103**	168	**96**	137	**18,722**	17,378	**18,921**	17,738
Leave passage	-	-	**58**	228	**29**	68	**391**	561	**478**	857
	1,169	689	**14,323**	16,217	**14,768**	13,880	**685,328**	556,074	**715,588**	586,860
Number of persons	**1**	1	**1**	1	**3**	4	**699**	548	**704**	554

33.1 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.

33.2 Aggregate amount charged in the accounts for fee to four Directors was Rs 3.103 million (2002: three Directors Rs 1.217 million).

Amounts in Rs ‘000

34. Transactions with Related Parties

The related parties comprise parent company (ICI Omicron B.V.), related group companies, local associated company, directors of the Company, companies where directors also hold directorship, key employees and staff retirement funds. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these accounts are as follows:

	2003	2002
Purchase of goods, material and services	**5,083,501**	3,925,432
Sale of goods and materials	**145,604**	70
Investment in Associate	-	1,514,207
Loans from group companies - net	**39,150**	1,566,750
Interest on loans from group companies	**64,455**	138,198
Provision of services and other receipts	**61,995**	86,110
Receipt of interest / return on loans to Associate	**6,317**	459,983
Repayment of loan by Associate	**300,000**	1,500,000
Donation	**7,116**	8,899
Payment of dividend	**236,766**	210,458
Contribution to staff retirement benefit plan	**106,070**	96,347

The above transactions have been entered into on the basis of comparable uncontrolled price method and cost plus method.

35. Plant Capacity and Annual Production

- in metric tonnes except Paints which is in thousands of litres:

	2003		2002	
	Annual Name Plate Capacity	Production	Annual Name Plate Capacity	Production
Polyester	**56,000**	**67,841**	56,000	67,499
Soda Ash - note 35.2	**225,000**	**234,070**	225,000	223,730
Paints	**-**	**19,938**	-	15,798
Chemicals	**-**	**7,070**	-	5,979
Sodium Bicarbonate	**10,000**	**14,200**	10,000	13,049

35.1 The capacity of Paints, 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.

36. Fair Value of Financial Assets and Liabilities

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

Amounts in Rs '000

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	-	-	-	-	149,476	149,476
Long-term deposits	-	-	-	-	16,766	16,766
Trade debts	-	-	-	-	643,473	643,473
Trade deposits	-	-	-	-	20,269	20,269
Other receivables	-	-	-	-	316,575	316,575
Cash and bank balances	-	-	-	-	1,044,028	1,044,028
	-	-	-	-	2,190,587	2,190,587
Financial Liabilities						
Redeemable capital - note 6	Variable	2,000,000	-	-	-	2,000,000
Long-term loan	6 months LIBOR plus a fixed spread of 1.0	2,011,800	-	-	-	2,011,800
Short-term financing	-	-	-	-	-	-
Creditors, accrued and other liabilities	7.5 & 16.9	101,694	-	-	3,802,083	3,903,777
Proposed dividend	-	-	-	-	347,006	347,006
		4,113,494	-	-	4,149,089	8,262,583
Net financial assets / (liabilities)	**2003**	**(4,113,494)**	-	-	**(1,958,502)**	**(6,071,996)**
Net financial assets / (liabilities)	2002	(3,142,224)	(1,200,000)	-	(1,977,022)	(6,319,246)

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:

	2003	2002
Public Sector		
- Government	**205,403**	160,286
- Armed forces	**1,660**	-
- Communication	**416**	502
- Oil and gas	**4,614**	2,830
- Health	**605**	85
- Others	**19,121**	27,278
	231,819	190,981
Private Sector		
- Institutional	**11,504**	11,875
- Trade	**643,473**	672,384
- Bank	**1,283**	-
- Others	**309,326**	503,864
	965,586	1,188,123
	1,197,405	1,379,104

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

	2003	2002
Number of employees at 31 December	**1,324**	1,319

41. Date of Authorisation

These financial statements were authorised for issue in the Board of Directors meeting held on 27 February 2004.

42. General

Figures have been rounded off to the nearest thousand rupees.

M J Jaffer
Chairman / Director

Jonathan R Stoney
Chief Executive

Feroz Rizvi
Chief Financial Officer

No. of Shareholders	Categories				No. of Shares
7153	From	1	To	100	275,363
6383	From	101	To	500	1,484,618
1643	From	501	To	1,000	1,171,224
1766	From	1,001	To	5,000	3,612,779
242	From	5,001	To	10,000	1,722,997
85	From	10,001	To	15,000	1,063,853
39	From	15,001	To	20,000	710,779
17	From	20,001	To	25,000	384,678
15	From	25,001	To	30,000	415,371
7	From	30,001	To	35,000	227,579
7	From	35,001	To	40,000	258,086
5	From	40,001	To	45,000	214,636
4	From	45,001	To	50,000	200,000
2	From	50,001	To	55,000	104,895
2	From	55,001	To	60,000	115,000
1	From	60,001	To	65,000	64,728
2	From	70,001	To	75,000	148,443
5	From	75,001	To	80,000	391,630
5	From	80,001	To	85,000	408,052
2	From	85,001	To	90,000	171,600
2	From	90,001	To	95,000	184,950
4	From	95,001	To	100,000	400,000
4	From	100,001	To	105,000	410,408
1	From	105,001	To	110,000	105,100
1	From	110,001	To	115,000	112,200
2	From	135,001	To	140,000	274,000
2	From	145,001	To	150,000	297,110
1	From	160,001	To	165,000	161,100
2	From	170,001	To	175,000	350,000
1	From	175,001	To	180,000	179,873
2	From	195,001	To	200,000	400,000
1	From	210,001	To	215,000	211,850
2	From	245,001	To	250,000	497,600
2	From	265,001	To	270,000	531,400
1	From	300,001	To	305,000	304,200
1	From	370,001	To	375,000	373,112
1	From	395,001	To	400,000	400,000
1	From	495,001	To	500,000	500,000
1	From	540,001	To	545,000	545,000
1	From	565,001	To	570,000	569,443
1	From	620,001	To	625,000	621,626
1	From	735,001	To	740,000	737,384
1	From	795,001	To	800,000	800,000
1	From	860,001	To	865,000	864,276
1	From	890,001	To	895,000	891,422
1	From	935,001	To	940,000	939,300
1	From	945,001	To	950,000	947,300
1	From	1,045,001	To	1,050,000	1,050,000
1	From	1,225,001	To	1,230,000	1,228,900
1	From	1,580,001	To	1,585,000	1,580,610
1	From	1,705,001	To	1,710,000	1,708,700
1	From	2,245,001	To	2,250,000	2,250,000
1	From	105,225,000	To	105,230,000	105,229,125
17431					**138,802,300**

Categories of Shareholders	Number	Shares Held	Percentage
INDIVIDUALS	12,427	5,100,072	3.67
INVESTMENTCOMPANIES	32	21,615	0.02
INSURANCE COMPANIES	14	1,446,661	1.04
JOINTSTOCK COMPANIES	40	189,805	0.14
ASSOCIATED COMPANIES (a)	1	105,229,125	75.81
FINANCIALINSTITUTIONS	19	55,791	0.04
MODARABACOMPANIES	6	726	0.00
OTHERS	18	206,927	0.15
FOREIGN FUNDS	3	4,037	0.00
CENTRALDEPOSITORY COMPANY(b)	4,871	26,547,541	19.13
	17,431	**138,802,300**	**100.00**

(a) Represents the 75.81% shareholding of the ICI Omicron, B.V. a subsidiary of ICI PLC, UK
(b) CATEGORIES OF ACCOUNT HOLDERS AND SUB ACCOUNTHOLDERS AS PER CENTRALDEPOSITORY REGISTER

CHARITABLE TRUSTS	3	12,922	0.01
FINANCIALINSTITUTIONS	45	11,451,259	8.25
INDIVIDUALS	4,655	6,491,324	4.68
INSURANCE COMPANIES	10	612,592	0.44
INVESTMENT COMPANIES	7	149,625	0.11
JOINTSTOCK COMPANIES	120	6,466,721	4.66
LEASING COMPANIES	5	49,190	0.04
MODARABAMANAGEMENTCOMPANIES	7	248,491	0.18
MODARABAS	3	80,975	0.06
OTHERS	16	984,442	0.71
	4,871	**26,547,541**	**19.13**

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	638,485
National Bank of Pakistan, Trustee Department (NIT)	1	912,423
Directors, CEO and their spouse and minor children (name wise details)		
M J Jaffer	1	21,325
S Imran Agha	1	1
Asif Jooma	1	238
Khursheed Marker	1	1
M Nawaz Tiwana	1	1
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	107	32,625
Public sector companies & corporation		
Banks, Development Finance Institutions Non-Banking Finance Institutions, Insurance Companies, Modarabas & Mutual Funds	144	12,520,864
Shareholders holding 10% or more voting interest (name wise details)		
ICI Omicron B.V.	1	105,229,125
Common Directors' shareholdings in Associated Companies		
Pakistan PTA Limited		
Steve Hamlett	1	1
Jonathan R Stoney	1	1
ICI Pakistan PowerGen Limited		
S Imran Agha	1	1
Asif Jooma	1	1
Jonathan R Stoney	1	1

	1998			1999	
	Continued	Discontinued	Company	Continued	Discontinued
Net Assets					
Net Assets					
Operating Assets			28,038,754		
Capital Work-in-Progress			174,621		
Tangible Fixed Assets			28,213,375		
Long-term Investments			212,500		
Current Assets			5,662,482		
Less current Liabilities			7,394,721		
Working capital			(1,732,239)		
Other net assets/(liabilities)			(4,736,268)		
Total Net Assets			21,957,368		
Financed by					
Ordinary Share Capital			7,886,494		
Reserves			(609,017)		
Surplus on Revaluation of Fixed Assets			1,772,424		
Shareholders' Equity			9,049,901		
Long-term & Deferred Liabilities			12,907,467		
Total Funds Invested			21,957,368		
Turnover & Profits/(Loss)					
Turnover	9,400,408	2,645,408	11,061,937	10,613,556	7,286,833
Net sales & commission income	8,094,930	2,168,896	9,232,758	8,808,378	6,176,482
Gross profit	1,829,200	(1,769,352)	59,848	2,092,961	(1,600,082)
Operating Profit/(Loss)	887,619	(1,867,659)	(980,040)	1,112,341	(1,845,171)
Profit/(Loss) before Taxation	680,092	(3,149,236)	(2,469,144)	906,121	(4,642,356)
Taxation	(140,309)	465,163	324,854	(50,000)	(24,000)
Profit/(Loss) after Taxation	539,783	(2,684,073)	(2,144,290)	856,121	(4,666,356)
Dividend	-	-	-	-	-
Transfer from surplus on revaluation of fixed assets to P&L account	-	-	-	-	-
Profit/(Loss) after Taxation, dividend & General reserves	539,783	(2,684,073)	(2,144,290)	856,121	(4,666,356)
Earnings & Dividends per Rs 10 share					
(Loss) / earnings before Tax, excluding extraordinary items			(3.13)		
Dividends			-		
Investors Ratio					
Gross profit to sales	22.60	(81.58)	0.65	23.76	(25.91)
Debtor turnover ratio (days) - sales			24		
Stock turnover ratio (days) - COGS			69		
Fixed assets turnover - sales			32.72		
Market Value per share			12.10		
Price Earning ratio			(4.45)		
Return on capital employed - %			(23.69)		
Debt : Equity ratio			67:33		
Current ratio			0.77		
Interest cover - times			-		
(Loss) / earning after tax per share			(2.72)		
Dividend cover - times			-		

Amounts in Rs'000

		2000		2001	2002	**2003**
Company	Continued	Discontinued	Company			
26,820,703			5,431,230	5,642,641	5,426,965	**5,182,095**
242,600			242,155	302,841	315,816	**345,463**
27,063,303			5,673,385	5,945,482	5,742,781	**5,527,558**
212,500			212,500	813,253	2,327,460	**2,333,760**
6,318,640			3,346,076	4,710,987	4,618,700	**5,305,892**
4,531,044			2,334,012	4,230,621	3,956,958	**4,250,783**
1,787,596			1,012,064	480,366	661,742	**1,055,109**
(7,031,978)			(2,670,035)	(1,788,347)	(1,877,650)	**(3,047,183)**
22,031,421			4,227,914	5,450,754	6,854,333	**5,869,244**
12,618,391			1,261,839	1,388,023	1,388,023	**1,388,023**
(4,419,252)			214,119	967,489	3,202,991	**3,726,840**
1,772,424			1,895,736	1,895,736	784,424	**679,813**
9,971,563			3,371,694	4,251,248	5,375,438	**5,794,676**
12,059,858			856,220	1,199,506	1,478,895	**74,568**
22,031,421			4,227,914	5,450,754	6,854,333	**5,869,244**
16,510,405	11,715,055	8,760,473	18,839,719	12,815,431	15,073,813	**22,156,265**
13,594,876	9,784,132	7,576,861	15,725,184	10,569,573	12,218,937	**18,127,295**
492,879	2,613,951	(134,936)	2,479,015	2,465,404	2,327,095	**2,664,367**
(732,830)	1,542,154	(368,602)	1,173,552	1,398,862	1,077,114	**1,087,681**
(3,736,235)	1,251,588	(2,923,265)	(1,671,677)	619,777	723,094	**806,552**
(74,000)	(49,142)	(29,511)	(78,653)	(53,159)	1,131,638	**(40,308)**
(3,810,235)	1,202,446	(2,952,776)	(1,750,330)	566,618	1,854,732	**766,244**
-	-	-	-	(277,605)	(312,305)	**(347,006)**
-	-	-	-	-	693,075	**104,611**
(3,810,235)	1,202,446	(2,952,776)	(1,750,330)	289,013	2,235,502	**523,849**
(4.12)			(1.17)	4.68	5.21	**5.81**
-			-	2.00	2.25	**2.50**
3.63	26.72	(1.78)	15.76	23.33	19.04	**14.70**
14			8	18	19	**13**
72			64	81	69	**45**
50			277	178	213	**328**
10.50			10.85	35.30	53.95	**85.00**
(2.50)			(6.06)	7.99	4.04	**15.40**
(38.21)			(51.91)	13.33	34.50	**13.22**
66:34			62:38	54:46	45:55	**41:59**
1.39			1.43	1.11	1.17	**1.25**
-			-	2.00	3.00	**3.00**
(4.20)			(1.79)	4.42	13.36	**5.52**
-			-	2.00	6.00	**2.00**

Notice is hereby given that the Fifty-second Annual General Meeting of ICI PAKISTAN LIMITED will be held on Thursday, 22 April 2004 at 10.00 a.m. at the Registered Office of the Company, ICI House, 5 West Wharf, Karachi 74000, to transact the following business:

1. To receive and consider the accounts of the Company for the year ended December 31, 2003, the report of the Auditors thereon and the report of the Directors.

2. To declare a cash dividend @ 25% i.e., Rs. 2.5 per ordinary share of Rs. 10 each for the year ended December 31, 2003 as recommended by the Directors, payable to the Members whose names appear in the Register of Members as at 14 April 2004.

3. To appoint the Auditors of the Company and to fix their remuneration.

By the Order of the Board

Nausheen Ahmad

Nausheen Ahmad
Company Secretary

27 February, 2004
Karachi

Notes:

1. Share Transfer Books of the Company will remain closed from 14 April 2004 to 22 April 2004 (both days inclusive).

2. Entitlement to dividend and to attend the Fifty-second Annual General Meeting as a Member will be according to the Members Register as at 14 April 2004.

3. All Members are entitled to attend and vote at the Meeting.

4. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend, speak and vote for him/her. Aproxy must be a Member of the Company.

5. An instrument of proxy applicable for the Meeting (in which you can direct the proxy how you wish him to vote) is being provided with the notice sent to Members. Further copies of the instrument of proxy may be obtained from the Registered Office of the Company during normal office hours.

6. An instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must, to be valid, be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.

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

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

A. For Attending the Meeting:

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

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

B. For Appointing Proxies:

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

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

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

(iv) The proxy shall produce his original NIC or original passport at the time of the Meeting.

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

Report of the Directors for the Year Ended 31 December 2003 for ICI Pakistan Group

The audited accounts of ICI Pakistan Group for the year ended 31 December 2003 are attached. The ICI Pakistan Group comprises accounts of ICI Pakistan Limited, ICI Pakistan PowerGen Limited, a wholly owned subsidiary, and proportionate share in the profit and loss of Pakistan PTA Limited (PPTA), an associate company.

The Directors Report, giving a commentary on the performance of ICI Pakistan Limited for the twelve months ended 31 December 2003 has been presented separately.

Mr Jonathan R Stoney was appointed as Director and Chairman of ICI Pakistan PowerGen Limited w.e.f. 25 June 2003 to fill the vacancy created by the sad and untimely demise of Mr Azhar A Malik on 11 June 2003. Mr Asif Jooma was appointed as Chief Executive of the Company w.e.f. 27 June 2003 in place of Mr Waqar A Malik who was seconded to Pakistan PTA Limited as its Chief Executive.

The Board places on record the valuable service rendered by Mr Azhar A Malik during his tenure with the Company and offers its deepest condolences to the bereaved family. May his soul rest in peace.

Power generation for ICI Pakistan PowerGen Limited for the year under review was 12% higher compared to the corresponding period last year. Turnover was 16% higher for the full-year compared to last year as a result of higher off take by the fibre plant along with improved electricity rates. This, together with improved conversion efficiencies and a higher sale volume resulted in an operating profit for the twelve months ended 31 December 2003 of Rs 17.6 million compared to a nominal operating loss in 2002. Financial charges were also substantially lower during the year, and consequently, the Company achieved a profit before taxation of Rs 9.0 million compared to a loss before tax of Rs 20.2 million last year.

PPTA, in which ICI Pakistan Limited has a 25% shareholding, incurred a loss before tax of Rs 5,820.0 million for the twelve months ended 31 December 2003 compared to a loss of Rs 2,467.2 million for the corresponding period last year. This loss includes a deficit on revaluation of PPTA's assets, part of which was charged to the profit and loss account and a write-off of the unamortised discount on the issue of rights shares. Accordingly, 25% of the loss amounting to Rs 1,455.0 million (2002: Rs 616.8 million) has been consolidated into the Group accounts of ICI Pakistan Limited using the equity method of accounting. The above write-offs are non-cash charges and will have no impact on PPTA's cashflows.

M J Jaffer
Chairman

Jonathan R Stoney
Chief Executive

Dated 27 February 2004

We have audited 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 2003 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.

These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these 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 2003, 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 2004
Karachi

Taseer Hadi Khalid & Co.
Chartered Accountants

Consolidated Balance Sheet as at 31 December 2003

Amounts in Rs '000

	Note	2003	2002
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		**1,536,542**	2,331,866
		3,390,410	4,185,734
Surplus on Revaluation of Fixed Assets	6	**679,813**	784,424
Redeemable Capital	7	**15,000**	1,415,000
Long-Term Loan – Unsecured	8	**-**	-
Deferred Liability	9	**74,997**	79,248
Current Liabilities and Provisions			
Current portions of:			
Redeemable capital	7	**2,075,000**	968,333
Long-term loan	8	**2,011,800**	2,042,250
Short-term financing	10	**23,666**	356,250
Creditors, accrued and other liabilities	11	**4,002,513**	3,426,683
Dividend payable		**-**	312,305
Proposed dividend		**347,006**	-
		8,459,985	7,105,821
Contingencies and Commitments	12		
		12,620,205	13,570,227

Consolidated Balance Sheet as at 31 December 2003

Amounts in Rs '000

	Note	2003	2002
Tangible Fixed Assets			
Operating assets	13	**5,405,806**	5,630,236
Capital work-in-progress	14	**386,488**	348,784
		5,792,294	5,979,020
Deferred Tax Asset - net	15	**825,888**	775,096
Investments	16	**410,919**	1,732,833
Long-Term Loans and Advances	17	**114,963**	301,418
Long-Term Deposits and Prepayments	18	**24,054**	21,683
Current Assets			
Stores and spares	19	**706,709**	672,467
Stock-in-trade	20	**2,077,652**	1,773,519
Trade debts	21	**669,233**	698,242
Loans and advances	22	**90,415**	302,203
Trade deposits and short-term prepayments	23	**181,238**	125,726
Other receivables	24	**323,783**	315,839
Taxation recoverable		**355,884**	256,286
Cash and bank balances	25	**1,047,173**	615,895
		5,452,087	4,760,177
		12,620,205	13,570,227

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

M J Jaffer	Jonathan R Stoney	Feroz Rizvi
Chairman / Director	*Chief Executive*	*Chief Financial Officer*

Amounts in Rs '000

	Note	2003	2002
Turnover	26	**22,156,265**	15,073,813
Sales tax, commission and discounts	26	**(4,070,098)**	(2,890,252)
Net sales and commission income		**18,086,167**	12,183,561
Cost of goods sold	27	**(15,403,909)**	(9,856,787)
Gross profit		**2,682,258**	2,326,774
Administration and selling expenses	28	**(1,576,978)**	(1,250,241)
Operating profit		**1,105,280**	1,076,533
Other income	29	**187,561**	333,914
		1,292,841	1,410,447
Financial charges	30	**398,984**	655,274
Other charges	31	**78,264**	52,317
		(477,248)	(707,591)
Share in post acquisition loss of Associate before taxation		**(1,455,004)**	(616,816)
(Loss) / profit before taxation		**(639,411)**	86,040
Taxation	32	**25,306**	(1,114,017)
(Loss) / profit after taxation		**(664,717)**	1,200,057
Unappropriated profit brought forward		**2,331,866**	363,575
Share of surplus on revaluation of fixed assets transferred to retained earnings (accumulated loss) by the Associate		**111,788**	387,464
Available for appropriation		**1,778,937**	1,951,096
TRANSFERS AND APPROPRIATION:			
Transfer from surplus on revaluation of fixed assets	6		
- prior years		**-**	588,914
- current year - net of tax		**104,611**	104,161
		104,611	693,075
Appropriation:			
Proposed final dividend @ Rs 2.5 (2002: Rs 2.25) per share		**(347,006)**	(312,305)
Unappropriated profit carried forward		**1,536,542**	2,331,866
		(Rupees)	(Rupees)
(Loss) / earning per share	33	**(4.79)**	8.65

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

M J Jaffer
Chairman / Director

Jonathan R Stoney
Chief Executive

Feroz Rizvi
Chief Financial Officer

Amounts in Rs '000

	2003	2002
Cash Flows from Operating Activities		
(Loss) / profit before taxation	**(639,411)**	86,040
Adjustments for:		
Depreciation	**677,535**	656,747
Share in post acquisition loss of Associate	**1,455,004**	616,816
(Gain) / Loss on disposal of fixed assets	**(41,145)**	703
Provision for diminution in the value of fixed assets	**21,400**	-
Provision for non-management staff gratuity and pensioners'medical scheme	**11,651**	20,193
Return on subordinated loans due from Associate and bank deposits	**(7,701)**	(211,641)
Interest / mark-up expense	**388,619**	615,483
	1,865,952	1,784,341
Movement in:		
Working capital	**346,779**	(55,684)
Long-term loans and advances	**(113,545)**	109,460
Long-term deposits and prepayments	**(2,371)**	(5,612)
Cash generated from operations	**2,096,815**	1,832,505
Payments for:		
Non-management staff gratuity and pensioners' medical scheme	**(15,902)**	(7,413)
Interest / mark-up	**(343,873)**	(781,203)
Taxation	**(190,698)**	(30,232)
Net cash generated from operating activities	**1,546,342**	1,013,657
Cash Flows from Investing Activities		
Long-term investments	**(6,300)**	(1,514,207)
Payments for capital expenditure	**(502,280)**	(549,640)
Proceeds from disposal of fixed assets	**54,496**	21,050
Profit / mark-up received	**7,701**	461,067
Repayment of loan by Associate	**300,000**	1,500,000
Net cash used in investing activities	**(146,383)**	(81,730)

Amounts in Rs '000

	2003	2002
Cash Flows from Financing Activities		
Long-term borrowings less repayments	**(323,783)**	(442,604)
Short-term borrowings less repayments	**(250,000)**	(215,500)
Dividend paid	**(312,314)**	(277,626)
Net cash used in financing activities	**(886,097)**	(935,730)
Net increase / (decrease) in cash and cash equivalents	**513,862**	(3,803)
Cash and cash equivalents at 1 January	**509,645**	513,448
Cash and cash equivalents at 31 December	**1,023,507**	509,645

	2003	2002
Movement in Working Capital		
(Increase) / decrease in current assets		
Stores and spares	**(34,242)**	(98,734)
Stock-in-trade	**(304,133)**	258,614
Trade debts	**29,009**	(63,583)
Loans and advances	**211,788**	(220,545)
Trade deposits and short-term prepayments	**(55,512)**	65,184
Other receivables	**(7,944)**	(147,828)
	(161,034)	(206,892)
Increase in current liabilities		
Creditors, accrued and other liabilities	**507,813**	151,208
	346,779	(55,684)
Cash and cash equivalents at 31 December comprise of:		
Cash and bank balances	**1,047,173**	615,895
Running finances utilised under mark-up arrangements	**(23,666)**	(106,250)
	1,023,507	509,645

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

M J Jaffer
Chairman / Director

Jonathan R Stoney
Chief Executive

Feroz Rizvi
Chief Financial Officer

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2003

Amounts in Rs '000

	Issued, subscribed and paid-up capital	Capital reserves	Unappropriated profit	Total
Balance as on 1 January 2002	**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
Final dividend	-	-	(312,305)	(312,305)
Balance as on 31 December 2002	**1,388,023**	**465,845**	**2,331,866**	**4,185,734**
Net loss for the year ended 31 December 2003	-	-	(664,717)	(664,717)
Share of surplus on revaluation of fixed assets transferred to retained earnings (accumulated loss) by the Associate	-	-	111,788	111,788
Transfer from surplus on revaluation of fixed assets	-	-	104,611	104,611
Proposed final dividend	-	-	(347,006)	(347,006)
Balance as on 31 December 2003	**1,388,023**	**465,845**	**1,536,542**	**3,390,410**

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

M J Jaffer	Jonathan R Stoney	Feroz Rizvi
Chairman / Director	*Chief Executive*	*Chief Financial Officer*

1. Status and Nature of Business

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, POYchips, soda ash, paints, specialty chemicals, sodium bicarbonate and polyurethanes; 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.

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 and certain staff retirement benefits have been recognised at values determined by actuary.

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 amortised over the expected average remaining working lives of employees.

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.

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 recognises deferred tax asset / liability on deficit / surplus on revaluation of fixed assets which is adjusted against the related deficit / surplus. The deferred tax debit balance not recognised in the accounts amounted to Rs 1,754.252 million (2002: Rs 2,105.346 million).

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 securities 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 Transactions with related parties

The Group enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods.

3.14 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.

3.15 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

2003	2002		2003	2002
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 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.

4.2 ICI Omicron B.V., which is a wholly owned subsidiary of Imperial Chemical Industries PLC, UK, held 105,229,125 (2002: 105,229,125) ordinary shares of Rs 10 each at 31 December 2003.

5. Capital Reserves

	2003	2002
Share premium	**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 were 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

		2003	2002
6.	**Surplus on Revaluation of Fixed Assets**		
	Balance as on 1 January	**784,424**	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)
		784,424	888,585
	Less: Transfer to retained earnings (unappropriated profit) in respect of incremental depreciation charged during the year-net of deferred tax	**(104,611)**	(104,161)
	Balance as on 31 December	**679,813**	784,424

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	2003	2002
7.1	Habib Bank Limited	half-yearly	2001-2003	7.5	-	-	333,333
7.2	Habib Bank Limited	at maturity	2002-2004	3.5	16,340	**800,000**	800,000
7.3	Pakistan Kuwait Investment Co. (Pvt.) Limited	at maturity	2002-2003	Variable	-	-	1,200,000
7.4	United Bank Limited	at maturity	2003-2004	Variable	19,083	**1,200,000**	-
7.5	Deutsche Bank, AG	at maturity	2002-2004	6.0	74	**15,000**	50,000
7.6	Standard Chartered Bank	at maturity	2003-2004	Variable	779	**60,000**	-
7.7	Askari Commercial Bank Limited	at maturity	2003-2005	5.0	869	**15,000**	-
						2,090,000	2,383,333
	Less: Current portion shown under current liabilities					**2,075,000**	968,333
						15,000	1,415,000

Amounts in Rs '000

Details of long-term finances utilised under mark-up arrangements are as follows:

7.1 Secured by first pari passu hypothecation charge over plant, machinery, equipment and other movables / fixed assets of the Soda Ash Business. The loan has been fully repaid on 28 April 2003.

7.2 Secured by first pari passu hypothecation charge over plant and machinery of the Polyester Business.

7.3 Secured by first pari passu hypothecation charge over plant, machinery, equipment and other movables / fixed assets of the Soda Ash Business (including Sodium Bicarbonate). The loan carries mark-up comprising a base rate plus 3.5 percent per annum with a floor of 13 percent per annum and a cap of 15.25 percent per annum where the base rate is the SBP discount rate prevailing two days before commencement of semi-annual period for which the mark-up is being computed. The loan has been fully repaid on 1 April 2003.

7.4 Secured by first pari passu hypothecation charge over plant, machinery, equipment and other movables / fixed assets of the Soda Ash Business (including Sodium Bicarbonate) carrying mark-up which is the average of the last three cut-offs of the three months Treasury Bills preceding the quarter for which mark-up was due plus a fixed spread of 1.8 percent.

7.5 Secured by first pari passu floating charge on the present and future stock-in-trade and book debts of the Subsidiary.

7.6 Secured by first pari passu floating charge on the present and future stock-in-trade and book debts of the Subsidiary carrying mark-up which is the average of last three cut-offs of the three months Treasury Bills preceding the quarter for which mark-up was due plus a fixed spread of 2.5 percent.

7.7 Secured by first pari passu floating charge on the present and future stock-in-trade and book debts of the Subsidiary.

8. Long-Term Loan - Unsecured

	Instalments payable	Repayment period	Interest rate	2003	2002
Mortar Investments International Ltd - Associated company - USD 35 million (2002: USD 35 million)	at maturity	2004	6 months LIBOR plus a fixed spread of 1.0 %	**2,011,800**	2,042,250
Less: Current portion shown under current liabilities				**2,011,800**	2,042,250
				-	-

9. Deferred Liability

	2003	2002
Provisions for non-management staff gratuity and pensioners'medical schemes	**74,997**	79,248

Amounts in Rs '000

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	51,583	4,360
Interest cost	78,059	6,852
Expected return on plan assets	(68,828)	-
Past service cost	26,935	2,226
Recognition of loss	5,445	640
Charge for the year	93,194	14,078
Year 2002	89,198	21,378

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

	Funded	Unfunded
Opening balance	(42,862)	(79,248)
Charge for the year	(93,194)	(14,078)
Contributions / payments during the year	72,473	14,780
Closing balance	(63,583)	(78,546)

The amounts recognised in the balance sheet are as follows:

	Funded	Unfunded
Fair value of plan assets	910,381	-
Present value of defined benefit obligation	(1,179,766)	(109,469)
Deficit	(269,385)	(109,469)
Unrecognised net loss	205,802	30,923
Recognised liability	(63,583)	(78,546)
Year 2002	(42,862)	(79,248)

These figures are based on the latest actuarial valuation, as at 31 December 2003. 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 2003 was Rs 85 million (2002: Rs 167 million).

The Group contributed Rs 34.079 million (2002: Rs 31.4 million) to the provident fund during the year.

10. Short-Term Financing

	2003	2002
Running finances utilised under mark-up arrangements - note 10.1	**23,666**	106,250
Term finances - note 10.2	**-**	250,000
	23,666	356,250

Amounts in Rs '000

10.1 The facilities for running finance available from various banks amount to Rs 2,750 million (2002: Rs 2,883 million) and carry mark-up ranging from 2.48 to 5.5 percent per annum (2002: 7.6 to 17 percent per annum). The purchase prices are payable on various dates by 31 December 2004. The facilities are secured by hypothecation and floating charge over the present and the future stock-in-trade and receivables of the Company and Subsidiary respectively.

10.2 The facilities for term finance available from various banks amount to Rs 550 million (2002: Rs 550 million). However no such facility was utilised as on 31 December 2003.

11. Creditors, Accrued and Other Liabilities

	2003	2002
Trade creditors - note 11.1	**1,408,207**	1,406,998
Bills payable	**1,235,968**	894,584
Sales tax, excise and custom duties	**155,000**	181,853
Mark-up accrued on:		
Redeemable capital	**19,679**	41,499
Short-term financing	**1,990**	11,256
Accrued interest / return on unsecured loan	**298,498**	222,666
Accrued expenses	**314,265**	275,260
Workers' profit participation fund - note 11.2	**48,295**	42,671
Distributors' security deposits - payable on termination of distributorship - note 11.3	**53,875**	54,131
Contractors' earnest / retention money	**16,771**	18,778
Advances from customers	**105,991**	52,172
Unclaimed dividends	**4,669**	4,678
Payable for capital expenditure	**35,455**	12,175
Payable for staff retirement benefit schemes	**77,720**	42,862
Others	**226,130**	165,100
	4,002,513	3,426,683

11.1 The above balances include amounts due to associated undertakings amounting to Rs 249.776 million (2002: Rs 356.360 million).

11.2 Workers' profit participation fund

	2003	2002
Balance as on 1 January	**42,671**	33,135
Allocation for the year	**43,726**	38,058
	86,397	71,193
Interest on funds utilised in the Company's businesses at 16.9 percent per annum	**3,571**	3,835
	89,968	75,028
Less:		
- Amount paid to and on behalf of the Fund	**3,801**	3,169
- Deposited with the Government of Pakistan	**37,872**	29,188
	41,673	32,357
Balance as on 31 December	**48,295**	42,671

11.3 Interest on security deposits from certain distributors is payable at 7.5 percent per annum as specified in the agreements.

Amounts in Rs '000

		2003	2002
12.	**Contingencies and Commitments**		
12.1	Claims against the Group not acknowledged as debts are as follows:		
	Local bodies	**60,753**	31,228
	Sales Tax authorities	**67,677**	67,426
	Others	**50,151**	50,151
		178,581	148,805

12.2 The income tax authorities have re-assessed the income tax liability of the Company in respect of assessment year 1998-99 under section 122 of the Income Tax Ordinance 2001 and have raised a demand of Rs 72.138 million. The Company has filed an appeal against this demand with the Income Tax Appellate Tribunal and is confident of a favorable decision in this regard.

12.3 Guarantees given to a bank on behalf of the Subsidiary for loan, running finances and other credit facilities amounting to Rs 140 million (2002: Rs 140 million).

12.4 Guarantees issued by the Company in respect of financial and operational obligations of Pakistan PTA Limited pursuant to the Scheme amounting to Rs 7,195.412 million (2002 : Rs 12,485.556 million) against which Pakistan PTA Limited has issued counter guarantees to the Company.

12.5 Guarantee issued by the Company in respect of Senior Executive amounting to Rs 3.5 million (2002: Rs Nil).

12.6 Commitments in respect of capital expenditure - Rs 3.244 million (2002: Rs 22.342 million).

12.7 Faysal Management Services (Private) Limited has floated Fayzan Manufacturing Modaraba ("the Modaraba") which has commissioned a spinning and processing plant ("Manufacturing Facility") in April 2002 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 4.416 million (2002: Rs 7.968 million) per month for making the Manufacturing Facility available to the Company. The Company also provides chemicals and other raw materials to the Modaraba at market price.

Amounts in Rs '000

12.8 Commitments for rentals under operating lease agreements in respect of vehicles and plant and machinery amounting to Rs 107.541 million (2002: Rs 109.183 million) are as follows:

Year	Vehicles	Plant and machinery (Rupees '000)	Total
2004	46,845	1,054	**47,899**
2005	36,026	1,033	**37,059**
2006	17,267	1,033	**18,300**
2007	3,381	902	**4,283**
	103,519	**4,022**	**107,541**
Payable not later than one year			**47,899**
Payable later than one year but not later than five years			**59,642**
			107,541

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

12.9 Outstanding forward contracts as at 31 December 2003 entered into by the Company to hedge foreign currency transactions maturing within the next twelve months amounted to Rs 441.037 million (2002: Rs 231.673 million).

13. Operating Assets

13.1 The following is a statement of operating assets:

	Cost and revaluation at 1 January 2003	Additions / (disposals)	Cost and revaluation at 31 December 2003	Accumulated depreciation at 1 January 2003	Charge for the year / (accumulated depreciation on disposals) Adjustments*	Accumulated depreciation at 31 December 2003	**Book value at 31 December 2003**	Depreciation rate on original cost and revaluation %
Freehold land	49,706	-	49,706	-	-	-	**49,706**	-
Leasehold land	83,471	-	83,471	26,710	10,285	36,995	**46,476**	2 to 4
Limebeds on freehold land	86,706	18,366	105,072	21,333	4,380	25,713	**79,359**	3.33 to 7.5
Buildings on freehold land	610,780	62,481 (10,696)	662,565	411,051	37,888 (10,162)	438,777	**223,788**	5 to 10
Buildings on leasehold land	720,973	3,016 (8,480)	715,509	281,576	35,498 (1,762)	315,312	**400,197**	2.5 to 10
Plant and machinery	11,282,151	352,759 (16,049)	11,618,861	6,621,606	540,550 (14,001) 21,400*	7,169,555	**4,449,306**	3.33 to 10
Railway sidings	297	-	297	297	-	297	-	3.33
Rolling stock and vehicles	125,629	3,698 (5,523)	123,804	107,549	3,575 (3,722)	107,402	**16,402**	10 to 25
Furniture and equipment	432,957	47,536 (7,059)	473,434	292,312	45,359 (4,809)	332,862	**140,572**	10 to 33.33
2003	**13,392,670**	**487,856 (47,807)**	**13,832,719**	**7,762,434**	**677,535 (34,456) 21,400 ***	**8,426,913**	**5,405,806**	
2002	12,983,935	457,119 (48,384)	13,392,670	7,132,318	656,747 (26,631)	7,762,434	5,630,236	

* Represents provision for diminution in the value of plant and machinery of Agrochemicals Business.

Amounts in Rs '000

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:

	2003	2002
Freehold land	**20,929**	20,929
Leasehold land	**52**	57
Plant and machinery	**3,549,040**	3,593,759
Rolling stock and vehicles	**16,402**	18,079
Furniture and equipment	**140,572**	140,641
	3,726,995	3,773,465

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

Cost of goods sold - note 27	**642,984**	624,543
Administration and selling expenses - note 28	**34,551**	32,204
	677,535	656,747

Amounts in Rs '000

13.5 Detail of assets disposed off during the year:

	Cost	Accumulated depreciation	Book value	Sale proceeds	Particulars of buyers
Land					
Written-off	10,622	10,088	534	-	Various
Written down value not exceeding Rs 5,000 each	74	74	-	2	Various
	10,696	10,162	534	2	
Building					
Sold by tender	8,480	1,762	6,718	40,000	Muslim Commercial Bank Ltd., Karachi
Plant & Machinery					
Sold by negotiations	3,918	3,918	-	1,959	Pakistan State Oil Co. Ltd., Karachi
	3,566	1,544	2,022	1,732	Pakistan State Oil Co. Ltd., Karachi
	94	68	26	39	Rana Mukhtar Ahmed, Lahore
Written-off	4,661	4,661	-	-	Various
Written down value not exceeding Rs 5,000 each	3,810	3,810	-	2,518	Various
	16,049	14,001	2,048	6,248	
Rolling stock & vehicles					
Sold by tender	167	-	167	648	Faisal Mahmood Butt, Lahore
	157	-	157	563	Faisal Mahmood, Lahore
	160	-	160	613	M Iqbal, Lahore
	156	3	153	566	M Zahid Siddiqui, Lahore
	167	-	167	593	Raza Ahmed Khan, Lahore
	443	-	443	506	Raza Ahmed Khan, Lahore
Sold by negotiations	42	3	39	695	Malik M Imtiaz, Lahore
	167	132	35	595	Mohammad Ahsan, Lahore
	93	8	85	700	Quick Filling CNG Station, Lahore
Sold by auction	557	163	394	380	Haji Mohammad Aslam, Multan
Written down value not exceeding Rs 5,000 each	3,414	3,413	1	913	Chaudhry Waseem Manzoor, Lahore
	5,523	3,722	1,801	6,772	
Furniture and equipment					
Sold by negotiations	14	7	7	1	Abdul Khaliq, Khewra
	15	2	13	11	Abdul Latif Khan, Khewra
	15	2	13	11	Abrar Ul Haq, Khewra
	112	52	60	15	Al-Asad Traders, Lahore
	11	5	6	5	Bashir Ahmed, Khewra
	12	5	7	1	Ghazanfar Hussain, Khewra
	14	2	12	9	Ghulam Rabbani, Khewra
	47	9	38	5	HM Aslam, Lahore

Amounts in Rs '000

	Cost	Accumulated depreciation	Book value	Sale proceeds	Particulars of buyers
	14	2	12	11	Ikramuddin, Khewra
	13	6	7	1	Khalid Mahmood, Khewra
	1,764	416	1,348	1,016	Lubna Malik, wife of late CEO, Karachi
	30	14	16	15	M Sharif, Lahore
	15	7	8	3	M Waqar Khawaja, Khewra
	17	4	13	8	Mazhar Hussain, Khewra
	14	6	8	1	Misbah Ul Hassan, Khewra
	7	1	6	6	Mohammad Akram, Khewra
	15	5	10	6	Mohammad Azeem, Khewra
	13	8	5	1	Mohammad Bashir, Khewra
	7	1	6	6	Mohammad Hanif, Khewra
	7	1	6	6	Mohammad Munawar, Khewra
	13	4	9	6	Mohammad Riaz, Khewra
	14	2	12	10	Mohammad Safdar, Khewra
	12	9	3	1	Mussadiq Hussain,Khewra
	16	6	10	5	Najeeb Ullah, Khewra
	15	9	6	1	Nizam Din, Khewra
	14	7	7	3	Raghab Hassan, Khewra
	14	2	12	10	Riasat Ali, Khewra
	14	2	12	10	Sabir Hussain, Khewra
	15	5	10	4	Safdar Hussain, Khewra
	14	7	7	3	Shabir Ahmed Malik, Khewra
	185	105	80	36	Sohail House Hold Traders, Lahore
	14	5	9	6	Syed Ahmed Shah, Khewra
	47	38	9	3	United Mobile, Karachi
	20	6	14	6	United Mobile, Karachi
	32	6	26	8	United Mobile, Karachi
	21	6	15	4	United Mobile, Karachi
	15	3	12	3	United Mobile, Karachi
	15	2	13	10	Zulfiqar Hussain Shah, Khewra
Insurance claim	357	344	13	82	Claim settled by insurer
Written-off	1,173	913	260	-	Various
Written down value not exceeding Rs 5,000 each	2,883	2,773	110	125	Various
	7,059	4,809	2,250	1,474	
2003	**47,807**	**34,456**	**13,351**	**54,496**	
2002	48,384	26,631	21,753	21,050	

Amounts in Rs '000

		2003	2002
14.	**Capital Work-in-Progress**		
	Designing, consultancy and engineering fee	**41,266**	25,201
	Civil works and buildings	**11,540**	29,426
	Plant and machinery	**225,036**	209,930
	Miscellaneous equipment	**72,683**	54,688
	Advances to suppliers / contractors	**35,963**	29,539
		386,488	348,784
15.	**Deferred Tax Asset - net**		
	Deductible temporary differences		
	Recognised tax losses	**1,674,377**	1,784,518
	Taxable temporary differences		
	Surplus on revaluation of fixed assets	**(317,188)**	(367,980)
	Other taxable temporary differences	**(531,301)**	(641,442)
		825,888	775,096
16.	**Investments**		
	Quoted		
	Associated Undertaking		
	- Pakistan PTA Limited - note 16.1		
	378,551,727 ordinary shares (2002: 378,551,727) of Rs 10 each		
	Balance as on 1 January	**1,730,333**	463,100
	Investment made during the year	**6,300**	1,514,207
	Share of post acquisition loss after taxation for the year	**(1,440,002)**	(634,438)
	Share of surplus on revaluation of fixed assets transferred to retained earnings (accumulated loss) by the Associate	**111,788**	387,464
	Balance as on 31 December	**408,419**	1,730,333
	Unquoted		
	Equity security available for sale		
	- Arabian Sea Country Club Limited	**2,500**	2,500
		410,919	1,732,833

16.1 The market value as at 31 December 2003 and breakup value of the Company's 25% investment in Pakistan PTA Limited based on its audited accounts for the year ended 31 December 2003 amounts to Rs 5,053.666 million (2002 : Rs 2,668.790 million) and Rs 1,007.453 million (2002 : Rs 3,843.940 million) respectively. The increase in the cost of investment represents additional de-merger costs recognised during the year under the Scheme.

		2003	2002
17.	**Long-Term Loans and Advances - Considered Good**		
	Due from Associate - Unsecured		
	- Long-term loan - note 17.1	-	300,000
	- Due from Directors, Executives and Employees - note 17.2	**149,862**	131,309
		149,862	431,309
	Less: Current portion shown under current assets		
	- Due from Associate - note 17.1	-	100,000
	- Due from Directors, Executives and Employees - note 17.2	**34,899**	29,891
		34,899	129,891
		114,963	301,418

Amounts in Rs '000

17.1 The loan carried a rate of return of 6.5 percent per annum (2002: 10.5 percent per annum). The loan has been fully repaid by the Associate on 1 April 2003.

17.2 Due from Directors and Executives

			2003	2002
	Motor car	**Housing building**	**Total**	Total
Due from				
- Director	-	-	-	-
- Executives	87,056	35,448	**122,504**	104,885
	87,056	35,448	**122,504**	104,885
Less: Receivable within one year				
- Director	-	-	-	-
- Executives	12,203	15,891	**28,094**	23,003
	12,203	15,891	**28,094**	23,003
	74,853	19,557	**94,410**	81,882
Due from Employees			**27,358**	26,424
Less: Receivable within one year			**6,805**	6,888
			20,553	19,536
			114,963	101,418
Outstanding for period:				
- less than three years			**66,288**	71,015
- more than three years			**48,675**	30,403
			114,963	101,418

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

17.4 The maximum aggregate amount of long-term loans and advances due from the Directors and Executives of the Company at the end of any month during the year was Rs Nil and Rs 123.153 million (2002: Rs 0.098 million and Rs 124.514 million) respectively.

17.5 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 0.313 million (2002: Rs 1.306 million).

18. Long-Term Deposits and Prepayments

	2003	2002
Deposits	**16,766**	16,841
Prepayments	**7,288**	4,842
	24,054	21,683

Amounts in Rs '000

		2003	2002
19.	**Stores and Spares**		
	Stores (include in-transit Rs 4.548 million; 2002: Rs 1.845 million)	**43,355**	88,656
	Spares (include in-transit Rs 3.069 million; 2002: Rs 3.608 million)	**629,154**	592,331
	Consumables	**82,189**	39,469
		754,698	720,456
	Less: Provision for slow moving and obsolete items	**47,989**	47,989
		706,709	672,467
20.	**Stock-in-Trade**		
	Raw and packing materials (include in-transit Rs 140.237 million; 2002: Rs 130.835 million)	**830,003**	776,261
	Work-in-process	**79,969**	126,779
	Finished goods (include in-transit Rs 53.615 million; 2002: Rs 94.972 million)	**1,200,419**	903,969
		2,110,391	1,807,009
	Less: Provision for slow moving and obsolete stock	**32,739**	33,490
		2,077,652	1,773,519
21.	**Trade Debts**		
	Considered good		
	- Secured	**385,876**	431,210
	- Unsecured	**364,552**	338,196
		750,428	769,406
	Considered doubtful	**161,317**	104,506
		911,745	873,912
	Less: Provision for		
	- doubtful debts	**161,317**	104,506
	- discounts payable	**81,195**	71,164
		242,512	175,670
		669,233	698,242
22.	**Loans and Advances**		
	Considered good		
	Loans due from:		
	Executives	**28,094**	23,003
	Employees	**6,805**	6,888
	Associate	**-**	100,000
		34,899	129,891
	Advances to:		
	Executives	**2,651**	2,745
	Employees	**60**	705
	Contractors and suppliers	**50,850**	167,371
	Others	**1,955**	1,491
		55,516	172,312
		90,415	302,203
	Considered doubtful	**9,003**	2,404
		99,418	304,607
	Less: Provision for doubtful loans and advances	**9,003**	2,404
		90,415	302,203

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 Nil and Rs 4.153 million (2002: Rs 0.1 million and Rs 4.752 million) respectively.

		2003	2002
23.	**Trade Deposits and Short-Term Prepayments**		
	Trade deposits	**34,103**	14,554
	Short-term prepayments	**84,597**	77,153
	Balances with statutory authorities	**61,341**	34,019
	Others	**1,197**	-
		181,238	125,726
24.	**Other Receivables**		
	Considered good		
	Excise duty, sales tax and octroi refunds due	**128,540**	120,369
	Due from Associate	**55,984**	42,384
	Insurance claims	**1,713**	25,694
	Commission receivable	**29,938**	22,651
	Others	**107,608**	104,741
		323,783	315,839
	Considered doubtful	**14,951**	6,906
		338,734	322,745
	Less: Provision for doubtful receivables	**14,951**	6,906
		323,783	315,839

24.1 The maximum aggregate amount due from Associate at the end of any month during the year was Rs 55.984 million (2002: Rs 42.384 million).

		2003	2002
25.	**Cash and Bank Balances**		
	Deposit accounts	**-**	75,000
	Current accounts	**1,017,984**	487,073
	In hand		
	cheques	**13,794**	41,185
	cash	**15,395**	12,637
		1,047,173	615,895

Amounts in Rs '000

26. Operating Results

	Note	Polyester 2003	Polyester 2002	General Chemicals 2003	General Chemicals 2002	Soda Ash 2003	Soda Ash 2002	Paints 2003	Paints 2002	Others 2003	Others 2002	Group 2003	Group 2002
Sales													
Inter-segment		-	-	275,391	216,409	-	-	-	-	364,721	321,479	-	-
Others		8,648,117	6,923,092	5,439,434	760,001	3,179,488	3,256,980	2,988,826	2,478,176	1,851,310	1,614,681	22,107,175	15,032,930
		8,648,117	6,923,092	5,714,825	976,410	3,179,488	3,256,980	2,988,826	2,478,176	2,216,031	1,936,160	22,107,175	15,032,930
Commission income		-	-	49,090	40,883	-	-	-	-	-	-	49,090	40,883
Turnover		8,648,117	6,923,092	5,763,915	1,017,293	3,179,488	3,256,980	2,988,826	2,478,176	2,216,031	1,936,160	22,156,265	15,073,813
Sales tax		1,437,863	1,121,812	780,589	150,747	534,369	548,086	420,797	354,545	116,366	137,105	3,289,984	2,312,295
Commission and discounts to distributors and customers		105,823	41,088	20,078	-	121,755	104,551	286,841	243,611	245,617	188,707	780,114	577,957
		1,543,686	1,162,900	800,667	150,747	656,124	652,637	707,638	598,156	361,983	325,812	4,070,098	2,890,252
Net sales and commission income		7,104,431	5,760,192	4,963,248	866,546	2,523,364	2,604,343	2,281,188	1,880,020	1,854,048	1,610,348	18,086,167	12,183,561
Cost of goods sold	27	6,881,008	5,530,488	4,453,818	701,758	1,804,645	1,722,415	1,554,118	1,278,862	1,350,432	1,161,152	15,403,909	9,856,787
Gross profit		223,423	229,704	509,430	164,788	718,719	881,928	727,070	601,158	503,616	449,196	2,682,258	2,326,774
Administration and selling expenses	28	199,235	158,181	388,310	78,894	304,073	327,477	331,991	303,981	353,369	381,708	1,576,978	1,250,241
Operating profit		24,188	71,523	121,120	85,894	414,646	554,451	395,079	297,177	150,247	67,488	1,105,280	1,076,533
26.1 Segment assets		4,492,652	4,377,151	860,972	388,176	3,801,296	3,875,155	743,922	617,420	1,128,672	1,548,110	11,027,514	10,806,012
26.2 Unallocated assets		-	-	-	-	-	-	-	-	-	-	1,592,691	2,764,215
												12,620,205	13,570,227
26.3 Segment liabilities		1,972,713	1,899,387	467,825	222,725	476,037	665,275	283,748	263,598	578,007	542,353	3,778,330	3,593,338
26.4 Unallocated liabilities		-	-	-	-	-	-	-	-	-	-	4,771,652	5,006,731
												8,549,982	8,600,069
26.5 Non-cash items (excluding depreciation)		3,066	4,937	45	608	6,721	10,399	1,115	1,696	22,104	2,553	33,051	20,193
26.6 Capital expenditure		204,183	104,254	6,863	6,931	181,841	263,706	45,772	36,173	86,901	88,363	525,560	499,427

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 arm's length prices using admissible valuation methods.

Amounts in Rs '000

27. Cost of Goods Sold

	Polyester 2003	Polyester 2002	General Chemicals 2003	General Chemicals 2002	Soda Ash 2003	Soda Ash 2002	Paints 2003	Paints 2002	Others 2003	Others 2002	Group 2003	Group 2002
Raw and packing materials consumed												
Opening stock	429,957	620,026	18,462	10,434	50,405	51,887	111,018	123,234	146,740	172,616	756,582	978,197
Purchases												
Inter-segment	-	-	-	-	-	-	325,405	266,714	-	-	-	-
Others	5,602,636	3,971,545	130,883	72,877	484,836	440,933	861,444	676,862	683,841	665,911	7,763,640	5,828,128
	5,602,636	3,971,545	130,883	72,877	484,836	440,933	1,186,849	943,576	683,841	665,911	7,763,640	5,828,128
	6,032,593	4,591,571	149,345	83,311	535,241	492,820	1,297,867	1,066,810	830,581	838,527	8,520,222	6,806,325
Closing stock	(501,917)	(429,957)	(26,124)	(18,462)	(48,123)	(50,405)	(85,186)	(111,018)	(152,157)	(146,740)	(813,507)	(756,582)
	5,530,676	4,161,614	123,221	64,849	487,118	442,415	1,212,681	955,792	678,424	691,787	7,706,715	6,049,743
Salaries, wages and benefits	187,496	178,313	2,845	1,275	298,958	254,921	65,783	55,712	37,931	36,831	593,013	527,052
Stores and spares consumed	57,307	46,311	63	-	79,336	83,815	1,050	2,715	14,220	14,577	151,976	147,418
Conversion fee paid to contract manufacturers												
- Modaraba	290,123	296,578	-	-	-	-	-	-	-	-	290,123	296,578
- Others	-	-	-	-	-	-	-	-	80,137	68,684	80,137	68,684
Oil, gas and electricity	493,652	441,588	382	186	519,059	533,171	8,212	7,466	3,339	4,102	709,937	715,339
Rent, rates and taxes	873	910	-	-	633	502	-	-	1,125	777	2,631	2,189
Insurance	35,166	36,086	-	-	21,741	20,532	8,353	7,269	2,293	2,371	67,553	66,258
Repairs and maintenance	5,926	4,700	110	118	5,150	6,954	8,661	6,530	1,297	1,656	21,144	19,958
Depreciation - note 13.4	273,009	268,221	469	605	314,738	301,341	18,340	17,659	36,428	36,717	642,984	624,543
Excise duty	-	-	-	-	-	-	245,327	203,836	4,394	4,708	249,721	208,544
Technical fees	2,271	-	-	-	-	-	7,234	9,900	-	-	9,505	9,900
Royalty	-	-	13,025	-	-	-	-	-	-	-	13,025	-
General expenses	58,598	45,012	791	434	32,980	26,333	12,424	9,269	7,330	9,190	112,123	90,238
Opening stock of work-in-process	110,813	122,662	-	-	-	-	15,194	12,248	772	798	126,779	135,708
Closing stock of work-in-process	(59,393)	(110,813)	-	-	-	-	(19,008)	(15,194)	(1,568)	(772)	(79,969)	(126,779)
Cost of goods manufactured	6,986,517	5,491,182	140,906	67,467	1,759,713	1,669,984	1,584,251	1,273,202	866,122	871,426	10,697,397	8,835,373
Opening stock of finished goods	385,413	429,719	121,178	68,209	89,206	111,149	52,272	58,807	242,004	250,344	890,073	918,228
Finished goods purchased	-	-	4,579,559	687,260	34,924	36,272	-	-	394,632	283,013	5,009,115	1,006,545
	7,371,930	5,920,901	4,841,643	822,936	1,883,843	1,817,405	1,636,523	1,332,009	1,502,758	1,404,783	16,596,585	10,760,146
Closing stock of finished goods	(490,922)	(385,413)	(387,825)	(121,178)	(79,198)	(89,206)	(82,405)	(52,272)	(143,826)	(242,004)	(1,184,176)	(890,073)
Provision for obsolete stocks shown under administration and selling expenses	-	(5,000)	-	-	-	(5,784)	-	(875)	(8,500)	(1,627)	(8,500)	(13,286)
	6,881,008	5,530,488	4,453,818	701,758	1,804,645	1,722,415	1,554,118	1,278,862	1,350,432	1,161,152	15,403,909	9,856,787

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 314.707 million (2002: 271.174 million) which have been eliminated from the total.

27.3 Staff retirement benefits
Salaries, wages and benefits include Rs 52.160 million (2002: 48.012 million) in respect of staff retirement benefits.

Amounts in Rs '000

28. Administration and Selling Expenses

	Polyester		General Chemicals		Soda Ash		Paints		Others		Group	Group
	2003	2002	**2003**	2002	**2003**	2002	**2003**	2002	**2003**	2002	**2003**	2002
Salaries and benefits	**96,127**	74,610	**42,730**	34,408	**143,717**	115,634	**142,575**	133,125	**222,416**	223,764	**647,565**	581,541
Repairs and maintenance	**3,390**	2,734	**751**	666	**5,324**	4,191	**5,316**	3,582	**5,092**	5,773	**19,873**	16,946
Advertising and sales promotion	**4,193**	2,563	**1,334**	1,019	**7,350**	5,273	**64,270**	53,749	**30,225**	23,374	**107,372**	85,978
Rent, rates and taxes	**2,939**	2,254	**1,096**	1,330	**5,744**	5,033	**5,541**	5,631	**4,568**	9,153	**19,888**	23,401
Insurance	**1,045**	1,060	**5,766**	2,799	**5,875**	6,943	**3,020**	2,210	**6,424**	8,174	**22,130**	21,186
Lighting, heating and cooling	**2,523**	1,876	**637**	450	**5,518**	3,886	**4,328**	4,141	**5,417**	5,514	**18,423**	15,867
Depreciation - note 13.4	**6,049**	2,477	**2,985**	1,951	**12,498**	6,772	**5,945**	8,045	**7,074**	12,959	**34,551**	32,204
Outward freight and handling	**15,357**	27,959	**285,708**	20,603	**56,014**	116,227	**49,598**	36,284	**11,579**	13,026	**418,256**	214,099
Provision for doubtful debts												
- trade	**32,800**	2,500	**14,800**	-	**-**	-	**900**	6,500	**9,186**	33,000	**57,686**	42,000
- others	**-**	-	**-**	-	**-**	-	**-**	-	**-**	7,175	**-**	7,175
Provision for obsolete stock	**-**	5,000	**-**	-	-	5,784	-	875	**8,500**	1,627	**8,500**	13,286
Travelling expenses	**8,159**	9,980	**7,798**	4,720	**8,842**	9,401	**14,846**	16,009	**36,542**	43,742	**76,187**	83,852
Postage, telegram, telephone and telex	**3,125**	3,616	**5,665**	2,079	**6,337**	4,711	**10,015**	9,872	**13,473**	12,350	**38,615**	32,628
General expenses	**23,528**	21,552	**19,040**	8,869	**46,854**	43,622	**25,637**	23,958	**52,888**	62,679	**167,947**	160,680
	199,235	158,181	**388,310**	78,894	**304,073**	327,477	**331,991**	303,981	**413,384**	462,310	**1,636,993**	1,330,843
Less: Service charges from Pakistan PTA Limited	**-**	-	**-**	-	**-**	-	**-**	-	**60,015**	80,602	**60,015**	80,602
	199,235	158,181	**388,310**	78,894	**304,073**	327,477	**331,991**	303,981	**353,369**	381,708	**1,576,978**	1,250,241

28.1 Staff retirement benefits

Salaries and benefits include Rs 68.610 million (2002: Rs 89.616 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, between the two companies.

29. Other Income

	2003	2002
Profit on short-term and call deposits	**1,384**	1,082
Return on loans due from Associate	**6,317**	210,559
Scrap sales	**20,552**	23,545
Gain on disposal of fixed assets	**41,145**	-
Insurance claims	-	17,789
Provisions and accruals no longer required written back	**44,385**	319
Technical fee from Modaraba	-	3,000
Exchange gain	**42,682**	71,374
Others	**31,096**	6,246
	187,561	333,914

Amounts in Rs '000

		2003	2002
30.	**Financial Charges**		
	Mark-up on:		
	Short-term financing	**33,687**	134,169
	Redeemable capital	**140,219**	248,884
	Interest on:		
	Long-term loans	**75,832**	155,823
	Workers'profit participation fund	**3,571**	3,835
	Discounting charges on receivables	**135,310**	102,087
	Others	**10,365**	10,476
		398,984	655,274
31.	**Other Charges**		
	Auditors'remuneration - note 31.1	**4,906**	4,179
	Donations - note 31.2	**8,232**	9,377
	Workers'profit participation fund	**43,726**	38,058
	Loss on disposal of fixed assets	-	703
	Provision for diminution in the value of fixed assets - note 13	**21,400**	-
		78,264	52,317
31.1	**Auditors'remuneration**		
	Audit fee	**1,888**	1,855
	Certifications including half yearly review and group reporting	**2,740**	2,071
	Out-of-pocket expenses	**278**	253
		4,906	4,179

31.2 Donations include Rs 7.116 million (2002: Rs 8.899 million) to ICI Pakistan Foundation. Mr Jonathan R Stoney, Chief Executive, Mr S Imran Agha and Mr Asif Jooma, Directors of the Company, are amongst the Trustees of the Foundation.

		2003	2002
32.	**Taxation**		
	Current - note 32.1	**76,098**	79,317
	Deferred tax asset realised on taxable income	**419,767**	-
	Deferred tax asset recognised	**(419,767)**	(1,143,077)
	Deferred tax on surplus on revaluation of fixed assets transferred to retained earnings - note 32.2	**(50,792)**	(50,257)
		(50,792)	(1,193,334)
		25,306	(1,114,017)

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.

32.2 Includes deferred tax credited to profit and loss account amounting to Rs 50.792 million (2002: 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

		2003	2002
33.	**(Loss) / earning per Share - Basic and Diluted**		
	(Loss) / profit after taxation for the year	**(664,717)**	1,200,057
		Number of shares	
	Average number of ordinary shares in issue during the year	**138,802,300**	138,802,300
		(Rupees)	
	(Loss) / earning per share	**(4.79)**	8.65

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**	
	2003	2002	**2003**	2002	**2003**	2002	**2003**	2002	**2003**	2002
Managerial remuneration	**1,169**	-	**7,485**	7,281	**10,195**	8,411	**407,264**	297,523	**426,113**	313,215
Retirement benefits	-	-	**992**	2,249	**2,592**	2,907	**95,316**	94,577	**98,900**	99,733
Group insurance	-	-	**17**	27	**35**	107	**3,432**	4,207	**3,484**	4,341
Rent and house maintenance	-	349	**4,869**	5,514	**1,144**	1,070	**115,284**	95,059	**121,297**	101,992
Utilities	-	285	**799**	750	**677**	1,180	**44,919**	46,769	**46,395**	48,984
Medical expenses	-	55	**103**	168	**96**	137	**18,722**	17,378	**18,921**	17,738
Leave passage	-	-	**58**	228	**29**	68	**391**	561	**478**	857
	1,169	689	**14,323**	16,217	**14,768**	13,880	**685,328**	556,074	**715,588**	586,860
Number of persons	**1**	1	**1**	1	**3**	4	**699**	548	**704**	554

34.1 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.

34.2 Aggregate amount charged in the accounts for fee to four Directors was Rs 3.103 million (2002: three Directors Rs 1.217 million).

Amounts in Rs '000

35. Transactions with Related Parties

The related parties comprise parent company (ICI Omicron B.V.), related group companies, local associated company, directors of the Company, companies where directors also hold directorship, key employees and staff retirement funds. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these accounts are as follows:

	2003	2002
Purchase of goods, material and services	**4,768,795**	3,925,432
Sale of goods and materials	**27,176**	70
Investment in Associate	**-**	1,514,207
Loans from group companies - net	**39,150**	1,566,750
Interest on loans from group companies	**64,455**	138,198
Provision of services and other receipts	**60,015**	86,110
Receipt of interest / return on loans to Associate	**6,317**	459,983
Repayment of loan by Associate	**300,000**	1,500,000
Donation	**7,116**	8,899
Payment of dividend	**236,766**	210,458
Contribution to staff retirement benefit plan	**106,070**	96,347

The above transactions have been entered into on the basis of comparable uncontrolled price method and cost plus method.

36. Plant Capacity and Annual Production

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

	2003		2002	
	Annual Name Plate Capacity	**Production**	Annual Name Plate Capacity	Production
Polyester	**56,000**	**67,841**	56,000	67,499
Soda Ash - note 36.2	**225,000**	**234,070**	225,000	223,730
Paints	-	**19,938**	-	15,798
Chemicals	-	**7,070**	-	5,979
Sodium Bicarbonate	**10,000**	**14,200**	10,000	13,049
PowerGen - note 36.3	**122,640**	**73,947**	122,640	66,113

36.1 The capacity of Paints 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 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	-	-	-	-	149,862	149,862
Long-term deposits	-	-	-	-	16,766	16,766
Trade debts	-	-	-	-	669,233	669,233
Trade deposits	-	-	-	-	34,103	34,103
Other receivables	-	-	-	-	323,783	323,783
Cash and bank balances	-	-	-	-	1,047,173	1,047,173
		-	-	-	2,240,920	2,240,920
Financial Liabilities						
Redeemable capital	Variable	2,075,000	15,000	-	-	2,090,000
Long-term loans	6 months LIBOR plus a fixed spread of 1.0	2,011,800	-	-	-	2,011,800
Short-term financing	7.6 - 17	23,666	-	-	-	23,666
Creditors, accrued and other liabilities	7.5 & 16.9	102,170	-	-	3,900,343	4,002,513
Proposed dividend	-	-	-	-	347,006	347,006
		4,212,636	15,000	-	4,247,349	8,474,985
Net financial assets / (liabilities)	**2003**	**(4,212,636)**	**(15,000)**	**-**	**(2,006,429)**	**(6,234,065)**
Net financial assets / (liabilities)	2002	(3,191,833)	(1,215,000)	-	(2,021,308)	(6,428,141)

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:

	2003	2002
Public Sector		
- Government	**205,403**	160,286
- Armed forces	**1,660**	-
- Communication	**416**	502
- Oil and gas	**4,614**	2,830
- Health	**605**	85
- Others	**19,121**	27,278
	231,819	190,981
Private Sector		
- Institutional	**11,505**	11,875
- Trade	**669,233**	698,242
- Bank	**1,283**	-
- Others	**341,977**	516,738
	1,023,998	1,226,855
	1,255,817	1,417,836

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

	2003	2002
Number of employees at 31 December	**1,338**	1,333

42. Date of Authorisation

These financial statements were authorised for issue in the Board of Directors meeting held on 27 February 2004.

43. General

Figures have been rounded off to the nearest thousand rupees.

M J Jaffer	Jonathan R Stoney	Feroz Rizvi
Chairman / Director	*Chief Executive*	*Chief Financial Officer*