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# Company Information



## Board of Directors

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

## Audit & Remuneration Sub Committees of the Board

### Audit Sub Committee

M J Jaffer  
(Chairman)  
Mueen Afzal  
Steve Hamlett  
Feroz Rizvi (by invitation)  
Nigel Cribb (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	Jehanzeb Khan
* Syed Imran Agha	Pervaiz A Khan
Nausheen Ahmad	Jehangir B Nawaz
Dr Amir Jafri	Feroz Rizvi
Asif Jooma	Muhammad Zahir

## Bankers

ABN<sup>AMRO</sup> 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  
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

# **Report of the Directors**

for the Year Ended

31 December 2004

# Board of Directors

The Directors take pleasure in presenting their Report together with the audited financial statements of the Company for the year ended 31 December 2004.

Mr Khursheed Marker resigned from the Board of Directors of the Company w.e.f. 23 August 2004. Mr Marker had been a Non-Executive Director of ICI Pakistan Limited for 4 years and provided the Board excellent support through his wise counsel and vast business experience. Mr Pervaiz A Khan, Vice President Soda Ash & Technical was appointed to fill the vacancy for the remainder of the term up to 28 April 2005. Mr Khan has been working with ICI Pakistan Limited for the last 23 years in different manufacturing, technical and business management positions.

Towards the end of the year 2003, your Company embarked on an external consultant assisted organisational restructuring and manufacturing excellence initiative with a view to rationalising costs. One of the recommendations made by the consultant was to streamline the Company's transactional

(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)

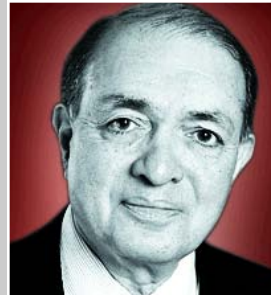
Steve Hamlett (Non-Executive Director)

Asif Jooma (Director)

Pervaiz A Khan (Director)

Tariq Iqbal Khan (Non-Executive Director)

M Nawaz Tiwana (Non-Executive Director)



activities by consolidating them at one place rather than being spread across all businesses and corporate office. Based on their recommendation these activities have been merged into a single back office providing transactional processing service to all businesses. As a result of this exercise and implementation of other recommendations certain employees have been offered severance / redundancy in accordance with the Company's existing Scheme. Accordingly, provision of Rs 124.8 million was made in the financial statements for employees who accepted the offer under this Scheme. This severance cost, together with the fees of the consultants, has had a negative impact on profit this year, but the resultant savings will reduce fixed costs and improve profitability in the future.

Pursuant to the authorisation given by the members of the Company at the Extraordinary General Meeting held on 20 August 2004, the Company sold its investment of 286,185,162 ordinary shares of Rs 10 each of Pakistan PTA Limited (PPTA), representing 18.9% of PPTA's issued share capital, at a price of Rs 10.50 per share through a privately placed block trade arranged by Elixir Securities Pakistan (Private) Limited. Further, the Company also sold the balance shareholding of 92,366,565 ordinary shares representing 6.1% of PPTA's issued share capital, to ICI Omicron B.V. at the same price of Rs 10.50 per share. This has resulted in a gain of Rs 1.79 billion during the year.



## Overview

Pakistan's economy performed well in 2004, and with high levels of foreign currency reserves and a stable Pakistani rupee against the US dollar, the year presented good opportunities to manufacturing industries in Pakistan. Inflation, however, was higher than targeted, which could have an implication for interest rates going forward.

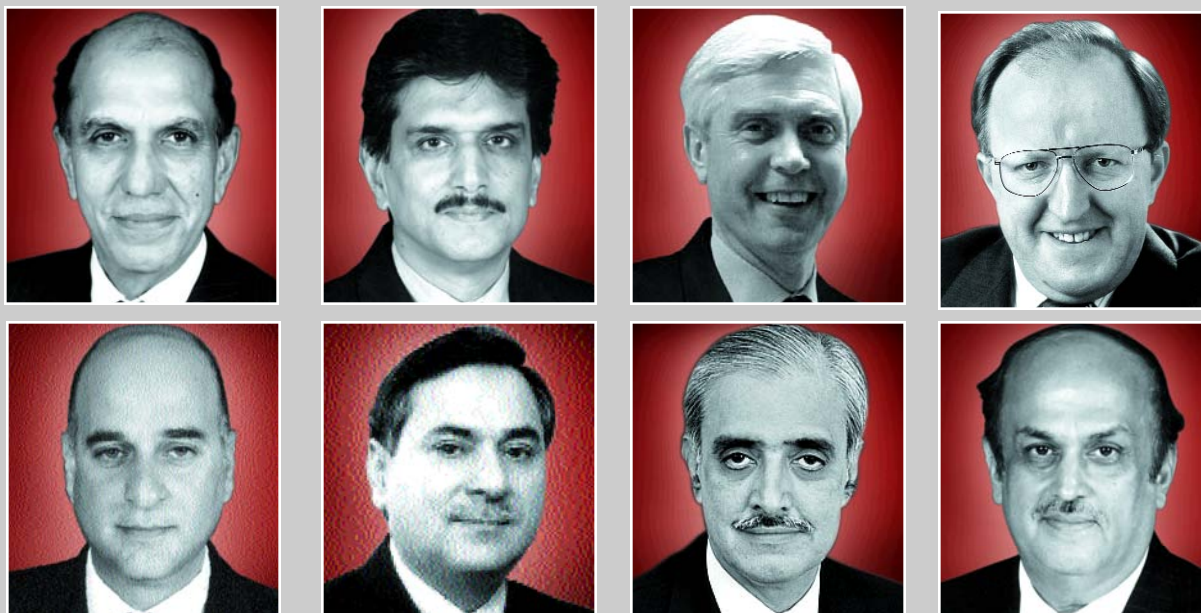
Regional margins for Polyester Staple Fibre (PSF) showed improvements but profitability was limited by the inability of fibre manufacturers to pass on the full impact of feedstock price increases to downstream customers. In addition, the bumper cotton crop limited demand for PSF in Pakistan in the 4th Quarter.

In the Soda Ash Business, sales and margins improved, customer demand was strong and competitive import product through traders was in short supply. The Business also successfully completed an expansion of its sodium bicarbonate plant.

In Paints, the Business received a boost through removal of Excise Duty announced in the Federal Budget 2004 – 05 and witnessed robust growth in the construction and automobile sectors.

The Life Sciences Business performed strongly with its Pharmaceuticals division performing as the fastest growing business in the industry.

The General Chemicals Business exited from the furnace oil and steam coal trading following a ban on import of furnace oil in mid 2003. The Business has successfully expanded its portfolio with new products



that complement the existing range and generate acceptable margins. Uniqema also witnessed growth with the revival of the textile industry in the emerging quota free environment.

Given the market conditions outlined above, your Company maximised output from its plants to meet customer needs, and undertook restructuring and manufacturing excellence initiatives aimed at improving profitability longer term. Operating result rose to Rs 1,346.8 million, which was 24% better than last year. There was a substantial reduction in financial charges through efficient fund management and settlement of all loans of the Company, following the inflow of funds from the sale of shares in Pakistan PTA Limited. As a result profit before taxation and gain on sale of PPTA shares increased by 38% to Rs 1,110.4 million. Additionally, there was a gain of Rs 1.79 billion from the sale of 25% shares of Pakistan PTA Limited.

Your Directors are pleased to announce a dividend of 40% i.e. Rs 4.00 per share of Rs 10.00 each of the issued and paid-up capital of Rs 1,388,023,000.

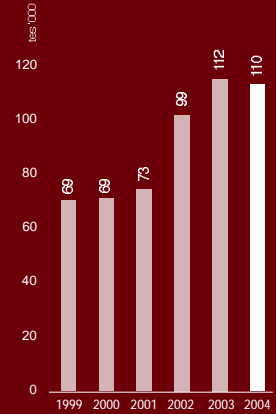
## Safety Health & Environment (SHE)

Your Company maintains SHE as its first priority and during 2004, there were no Reportable Lost Time Injury Accidents to any employee or on-site contractors.

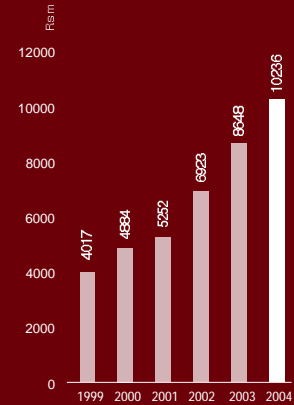
A detailed review follows.



Sales Volume



Turnover



# Polyester

**Market share for the year was maintained at 20.5% and the Business continued to grow its domestic sales in line with the market.**



The world textile market in 2004 witnessed dynamic changes as countries prepared for the advent of WTO reforms in 2005. The quota free environment presented to textile producing countries an opportunity to enhance market share and improve their exports significantly. As a precursor, textile industries in the region geared up through massive investment for a potential surge in demand in 2005. Approximately US\$ 4 billion was invested in textiles in Pakistan alone.

	Q4 2004	Variance*	FY 2004	Variance*
Sales Volume – Tonnes	21,977	(16%)	110,105	(2%)
Production Volume – Tonnes**	27,822	(2%)	112,620	-
Operating Result – Rs Million	23.2	221%	157.3	550%

\*Compared to the same period last year

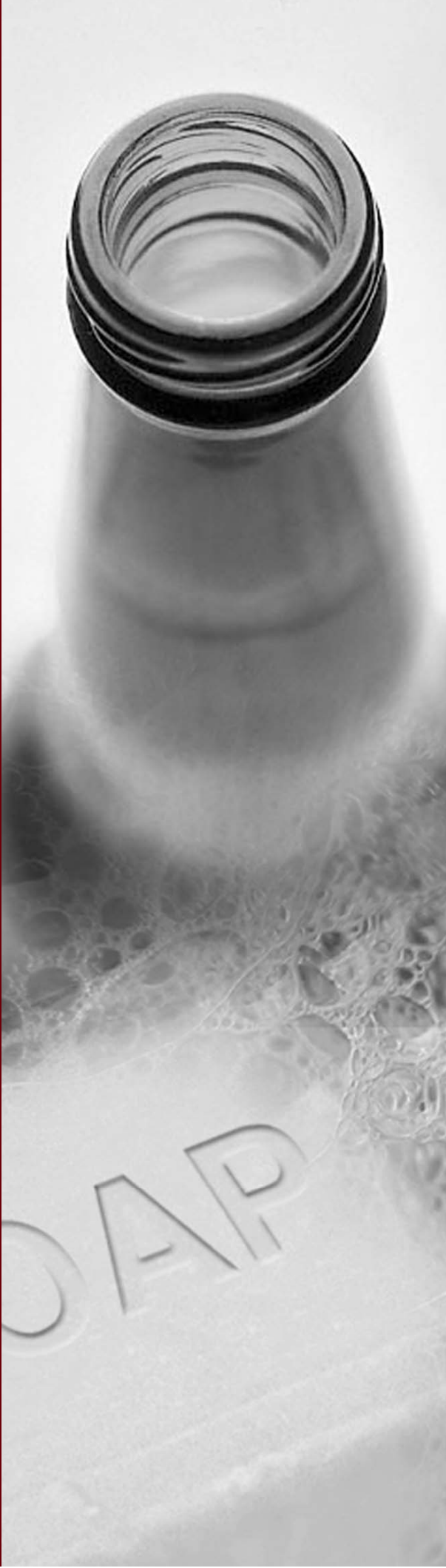
\*\*Includes production from Fayzan Manufacturing Modaraba's Plant

During the first nine months, PSF demand was 12% up on the same period last year. However, in the last quarter PSF manufacturers across the region were caught between rising feedstock costs and sharply declining cotton prices as a result of a global bumper crop for the 2004-2005 season. This led to conversion of polyester based textile units to cotton rich blends, stunting the growth achieved for the better part of 2004. The situation was further exacerbated as consumers curtailed their purchases in expectation of price reductions and liquidated their inventory positions.

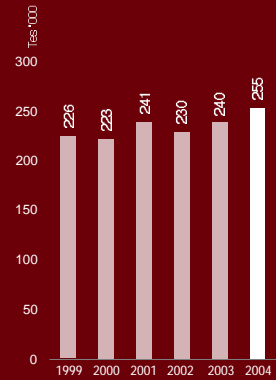
On the regulatory front the Government of Pakistan, in a bid to encourage and promote the exports of polyester based textiles, increased the level of duty drawbacks available on all polyester textiles and allowed for the continuation of this rebate on locally procured polyester. Continuation of this facility remains vital for future investment and viability of the PSF industry.

Production volume for fibre at 111,496 tonnes for the year was the highest achieved to-date. Fibre sales, which until the third quarter were higher than the corresponding period, fell back in the last quarter as mentioned above. Accordingly, sales for the whole year registered a 2% decline compared with the last year. Export sales, which had contributed to overall higher volume in the preceding year, were phased out in favour of higher margin yielding domestic sales. Market share for the year was maintained at 20.5% and the Business continued to grow its domestic sales in line with the market. The improvement in overall product margin together with continued focus on cost reduction enabled the business to achieve an operating result of Rs 157.3 million compared to Rs 24.2 million in 2003.

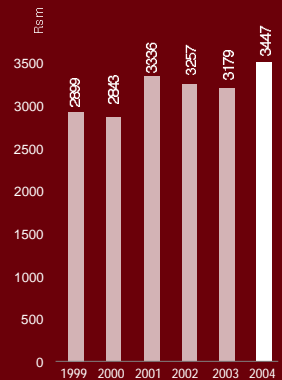
“The improvement in overall product margin together with continued focus on cost reduction enabled the business to achieve an operating result of Rs 157.3 million compared to Rs 24.2 million in 2003.”



Sales Volume



Turnover



# Soda Ash

**Refined sodium bicarbonate production was the highest ever, following the successful expansion of the refined sodium bicarbonate plant with effect from mid October 2004, delivering in full from November 2004.**





Annual soda ash production was nominally lower than last year due to the unsteady kilns' operation on account of poor quality coke following the international coke crisis during 2004 and an unplanned outage of the gas turbine for eight days for replacement of HP blades upon the vendor's recommendation. Refined sodium bicarbonate production was the highest ever, following the successful expansion of the refined sodium bicarbonate plant with effect from mid October 2004, delivering in full from November 2004. Aggregate sales volumes for the Business at 255,363 tonnes were a new record, surpassing the 2001 record, when the Business sold 240,570 tonnes.

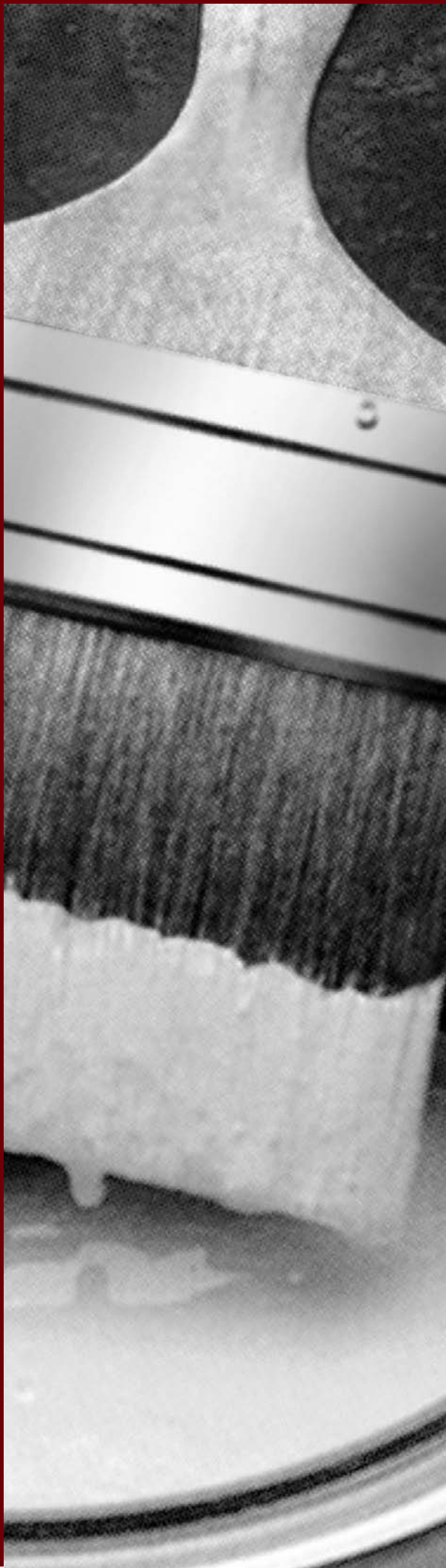
	Q4 2004	Variance*	FY 2004	Variance*
Sales Volume – Tonnes				
Soda Ash	60,699	6%	239,993	6%
Sodium Bicarbonate	4,790	46%	15,370	7%
Production Volume – Tonnes				
Soda Ash	63,259	3%	233,272	-
Sodium Bicarbonate	4,780	46%	15,706	11%
Operating Result – Rs Million	166.9	267%	410.2	(1%)

\*Compared to the same period last year

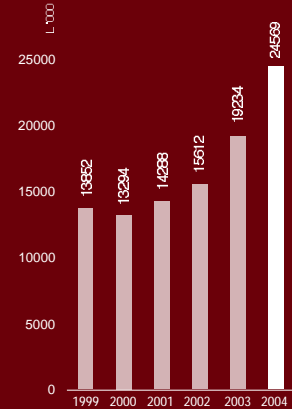
The soda ash market grew by 9.6% in 2004, primarily led by robust expansion in the Glass and Bazaar segments. Prices of soda ash and sodium bicarbonate were increased progressively, primarily in response to the unprecedented escalation of international and local coke prices.

Although prices of soda ash were increased, this could not fully absorb the high cost of coke. This, together with additional expenses related to organisational restructuring and manufacturing excellence initiatives commented upon earlier, resulted in an operating result that was 1% lower than last year.

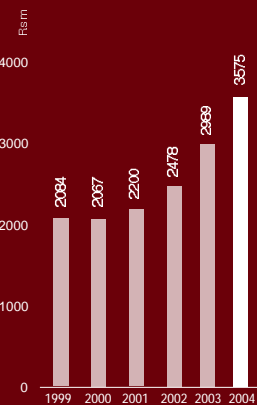
“Aggregate sales volumes for the Business at 255,363 tonnes were a new record, surpassing the 2001 record, when the Business sold 240,570 tonnes.”



Sales Volume



Turnover



# Paints

**Overall sales grew by 19.6% compared to the last year due to higher volumes sold ...**

**... Operating result at Rs 495.8 million was 26% higher than last year.**



The abolition of excise duty on paint and thinners in the Federal Budget 2004-05 allowed the business to compete more effectively with the unorganised sector. The Business reduced retail prices in the market by 10%-15% in line with commitment to the Government to pass on the benefit to the consumer. The price reduction helped boost volume demand for high quality decorative paints in the construction sector.

	Q4 2004	Variance*	FY 2004	Variance*
Sales Volume – Kilolitres	6,678	29%	24,569	28%
Production Volume – Kilolitres	6,760	31%	24,883	25%
Operating Result – Rs Million	116.2	70%	495.8	26%

\*Compared to the same period last year

Demand in the Decorative segment remained brisk and the Business registered record sales volumes. Export opportunities were also pursued and consignments of paint were successfully despatched to Afghanistan. Hand held terminals were introduced in the Decorative Business to improve efficiency and customer service.

The growth in consumer demand for automobiles in 2004 supported by increased availability of consumer credit at low interest rates fuelled growth in the Industrial Paints segment. Sales to the motors segment were further augmented by the successful launch of newly developed shades at key customers.

Refinish segment sales also picked up following the removal of excise duty on paint and the consequent reduction in prices. In July, the Government also announced removal of excise duty on thinners, which provided further impetus to sales. Margins remained under pressure due to a sharp increase in solvent prices.

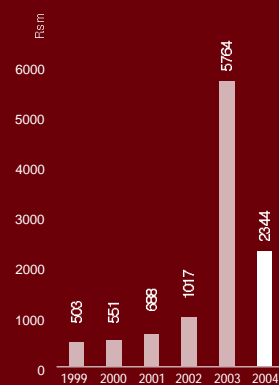
Overall sales grew by 19.6% compared to the last year due to higher volumes sold. Administrative and selling expenses were 16% higher than last year mainly due to higher promotional expenses and manpower costs. Operating result at Rs 495.8 million was 26% higher than last year.

“ Demand in the Decorative segment remained brisk and the Business registered record sales volumes.

The growth in consumer demand for automobiles in 2004 supported by increased availability of consumer credit at low interest rates fuelled growth in the Industrial Paints segment. ”



Turnover



# General Chemicals

**Production for the year under review at 2,169 tonnes was 26% higher than last year mainly due to higher demand for locally blended *Polyol*.**



Production for the year under review at 2,169 tonnes was 26% higher than last year mainly due to higher demand for locally blended *Polyol*.

In Polyurethanes, the Business continued to enjoy robust growth. The Transport sector benefited from higher production of two and four wheelers. The Appliances and Footwear segments also showed strong performance throughout the year. Trading in industrial chemicals improved despite product availability issues and the Business was able to command higher prices for its products, which along with the introduction of new product lines and increasing the proportion of ex-stock sales at better margins, allowed operating result in the ongoing sectors of the Business to improve.

The Business has exited from furnace oil following a ban on imports in 2003. Trading in Steam Coal was also discontinued during the year.

Overall, with the discontinuation of furnace oil and coal, sales for the twelve months to 31 December 2004 decreased by 60% compared to last year. Due to termination costs in furnace oil, operating result at Rs 78.3 million was 35% lower than the same period last year.

“ In Polyurethanes, the Business continued to enjoy robust growth. ... The Appliances and Footwear segments also showed strong performance throughout the year. Trading in industrial chemicals improved...”

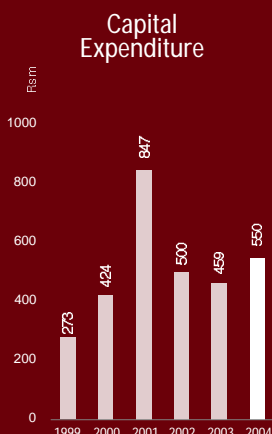
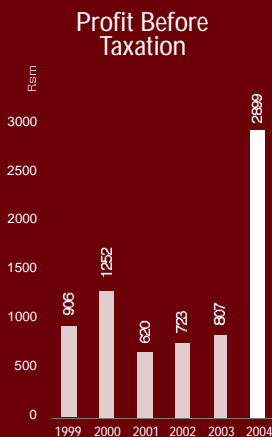




The Life Sciences Business closed the year with another strong performance from all three segments. In the Medical segment, net sales income grew by 24% for the year compared to an industry average of 12%. The Animal Health segment also registered a 20% growth in net sales income for the year and products from the *Livestock* and *Poultry* range continued to lead growth. In the Seeds segment, sunflower seed was in high demand as farmers sought a crop with a lower water requirement. The Business had secured additional seeds quantities to endeavour to meet customer needs. Overall for the Life Sciences Business, sales for the year were 11% higher than last year.

Uniqema witnessed higher activity in textile auxiliaries and adhesives markets and gross margins consequently showed improvements compared to last year.

“In the Medical segment, net sales income grew by 24% for the year compared to an industry average of 12%. The Animal Health segment also registered a 20% growth in net sales income for the year... In the Seeds segment, sunflower seed was in high demand ...”



**Your Company achieved an operating result of Rs 1,346.8 million, which was 24% higher than the previous year.**

## Profit, Finance & Taxation

Your Company achieved an operating result of Rs 1,346.8 million, which was 24% higher than the previous year. The Company also earned a profit of Rs 1.79 billion on sale of its investment in Pakistan PTA Limited. This, together with a reduction of Rs 131.8 million in financial charges, resulted in a profit before taxation and gain on sale of PPTA shares of Rs 1,110.4 million, which was 38% higher than last year.

The cash income from the sale of the PPTA shares, together with operating cash flow enabled your Company to retire all bank debt and achieve a cash surplus position at year-end. Medium term loans of Rs 1.2 billion from United Bank Limited, Rs 800 million from Habib Bank Limited and the US Dollars 35.0 million loan from Mortar Investments International Limited were also repaid.

## Capital Expenditure

The Company spent Rs 550.1 million as sustenance capital in 2004 to maintain its existing assets and ensure continued integrity and efficiency. The main thrust has been toward implementing low cost improvements to reduce energy consumption and operating costs. Work was completed on the expansion of the Refined Sodium Bicarbonate Plant, at Khewra. In December your Company signed an agreement with Chemtex Overseas Inc. to implement an asset modernization and improvement programme for Polyester Fibres. The older batch fibre lines will be shutdown leading to considerable savings in raw materials, labour cost and operational efficiencies thereby improving underlying profitability of the Business, with a net production capacity increase of 10,000 tonnes per year.





## Future Outlook

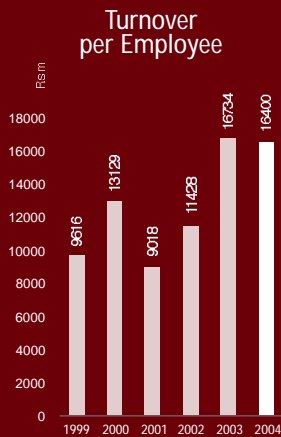
In the short term, trading in Polyester is proving difficult, since raw material cost increases upstream have pushed the price of Polyester above cotton leading to a temporary reduction in demand. Medium term, the market should re-balance and demand should recover as the Pakistan Textile Industry utilises its updated spinning and weaving capacities to drive added value exports in a quota free environment.

In Soda Ash, trading is expected to continue positively, with steady demand growth. Opportunistic import competition is expected to be limited in the near term by regional high demand and raw material shortages.

In Paints, the auto sector is continuing to expand assembly capacity and domestic demand of cars appears robust helped by leasing schemes. The advantage of removal of Excise Duty in the last budget will continue to benefit decorative paints sales subject to normal seasonal swings.

Management will continue to take all available steps to retain competitiveness, to face the challenge of a dynamic international trading environment and a relatively strong Pakistani Rupee. The continuation of Government support and consistent policies is an important factor across all our businesses.

“The Company spent Rs 550.1 million as sustenance capital in 2004 to maintain its existing assets and ensure continued integrity and efficiency. The main thrust has been toward implementing low cost improvements to reduce energy consumption and operating costs.”



## Human Resources

Manpower numbers at 31 December 2004 were 1,299, 25 lower than 2003 as severance / redundancy was offered to certain employees in accordance with the Company's existing Scheme.

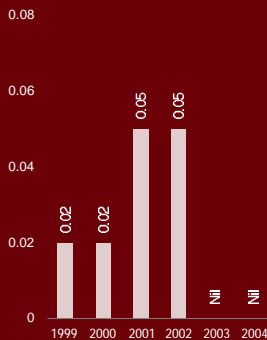
Efforts continued to bring about further improvement in employee commitment and motivation and another Employee Survey by an external, US based, agency was conducted during the year. The results of this survey will become available in 2005 and actions in areas requiring improvement will be initiated accordingly.

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

**Efforts continued to bring about further improvement in employee commitment and motivation and another Employee Survey by an external, US based, agency was conducted during the year.**



Reportable Injury  
Accident Rate



## Safety, Security, Health & Environment (SSHE)

The Company had zero Lost Time Cases for 2004 in continuation of a performance reflective of the 'Reportable Injury Accident Free 2003' initiative launched at the beginning of 2003.

Your Company continued to ensure that all effluent generated at its Sites is treated to the best technical standards through efficiently operated and maintained Effluent Treatment Plants and that the outfall meets the compliance requirements of the applicable National Environmental Quality Standards. In addition, consistent with the Kyoto Protocol, ICI Pakistan has implemented a very demanding process of Environmental Burden Reduction at all its manufacturing Sites.

In recognition of the commitment to a safer environment, the National Forum declared ICI Pakistan Limited the winner of the "Environmental Excellence Award 2004" for Environment and Health.

**The Company had zero Lost Time Cases for 2004 in continuation of a performance reflective of the 'Reportable Injury Accident Free 2003' initiative launched at the beginning of 2003.**

## Social Responsibility & Community Work

As a responsible corporate citizen committed to the continuous improvement of communities within which it operates 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.

Community work by ICI Pakistan's Soda Ash Business in Khewra, Polyester Fibres Business in Sheikhpura and the Paints Business in Lahore also continued during the year. This included donation of computers and furniture, financial assistance, construction, renovation and maintenance of educational institutions and playgrounds in the communities close to the manufacturing sites of the Company.

To create awareness about environmental problems, especially amongst children, the Company also sponsored WWF Nature Carnival and Save the Marine Turtle Project during 2004.

**... 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.**



## Auditors

The present auditors Taseer Hadi Khalid & Company retire and have offered themselves for reappointment. However, under the provision of clause xli of the Code of Corporate Governance a listed Company is required to rotate their auditors every five years and if this is impractical then at least the partner in-charge of the audit should be changed. The latter course of action requires consent of the Securities & Exchange Commission of Pakistan. Taseer Hadi Khalid & Company will complete five years in 2005 and as suggested by the Audit Committee, the Board of Directors have recommended their reappointment, with the change in engagement partner, subject to approval by the Securities & Exchange Commission, 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 except for the change indicated in note 2.1.2 to the financial statements. 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.

## Report of the Directors for the Year Ended 31 December 2004

- Outstanding taxes and levies are given in the Notes to the Financial Statements.

The value of investments made by the staff retirement funds as per their respective audited financial statements for the year ended 31 December 2003, is as follows:

	Value (Rs '000's)
1 ICI Pakistan Management Staff Provident Fund	494,490
2 ICI Pakistan Management Staff Gratuity Fund	200,290
3 ICI Pakistan Management Staff Pension Fund*	689,791
4 ICI Pakistan Non-Management Staff Provident Fund**	244,432

\* During the year the Company setup a new Defined Contribution pension scheme known as "ICI Pakistan Management Staff Defined Contribution Superannuation Fund" (the Fund) for the benefit of the management staff in service of ICI Group of Companies. All employees joining the Company after 30 April 2004 in management cadre will become members of the Fund. Members of the existing pension fund were given a one-time option exercisable by 31 July 2004 to join the Fund. The actuarially accrued liability in respect of past services of those members who have exercised this option has been transferred to the Fund. The Fund has been approved under the provisions of the Income Tax Ordinance, 2001 effective 1 May 2004.

\*\* Un-audited.

During the year 5 (five) 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	5
3 Mr Mueen Afzal	5
4 Mr Syed Imran Agha	5
5 Mr Philip Gillett	2
6 Mr Steve Hamlett	4
7 Mr Asif Jooma	4
6 Mr Pervaiz A Khan*	1
7 Mr Tariq Iqbal Khan	1
8 Mr Khursheed Marker**	2
9 Mr M Nawaz Tiwana	3
10 Mr Muhammad Zahir***	1
13 Mr Feroz Rizvi (CFO)	4
14 Ms Nausheen Ahmad (Company Secretary)	5

\*Appointed on the Board w.e.f. 23 August 2004

\*\*Resigned w.e.f. 23 August 2004

\*\*\*Acted as alternate Director to Mr Steve Hamlett.

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



## Pattern of Shareholding

A statement showing the pattern of shareholding in the Company and additional information as at 31 December 2004 appears on page 59.

ICI Omicron B.V. continues to hold 75.81% shares, while Institutions hold 15.77%, and individuals and foreign funds hold the balance 8.42%.

The highest and lowest market prices during 2004 were Rs 99.30 and Rs 73.90 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 purchase of 1 share by Mr Pervaiz A Khan from Mr Khursheed Marker. This is reflected in the pattern of share holding. All statutory returns in this connection were filed.

## Group Financial Statements

The audited financial statements of ICI Group for the year ended 31 December 2004 are attached. The ICI Pakistan Group comprises financial statements 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.

A handwritten signature in red ink, appearing to read 'Mahumod J Jaffer', is positioned above the printed name.

M J Jaffer  
Chairman

A handwritten signature in red ink, appearing to read 'Jonathan R Stoney', is positioned above the printed name.

Jonathan R Stoney  
Chief Executive

## Statement of Compliance with the Code of Corporate Governance for the year ended 31 December 2004

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes six independent non-executive directors including one director 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 NBFIs. None of the directors is a member of a stock exchange.
4. During the year one casual vacancy occurred in the Board of Directors on 23 August 2004 and it was filled instantly. 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 'Employee Satisfaction Survey' has been conducted and action plans are being implemented under the supervision of the Board. Pursuant to this, a vision/mission statement has been developed and approved by the Board at its meeting held on 25 February 2005 and it will be circulated to the employees of the Company. Earlier on 27 February 2003 the Board of Directors had 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. During the year five meetings of the Board were held including four regular and one emergent meeting which were all presided over by the Chairman except for the emergent meeting which was chaired by Mr Mueen Afzal as Mr M J Jaffer was abroad. Written notices of the regular Board Meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of all five meetings were appropriately recorded and circulated in time.
9. The Directors have been provided with copies of the Listing Regulations of the Stock Exchange, the Company's Memorandum and Articles of Association and the Code of Corporate Governance. Orientation courses, both in-house and external, were also





arranged for the Board in 2003 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 2004 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.

A handwritten signature in red ink, appearing to read 'Mahumod Jaffer', is positioned above the printed name.

M J Jaffer  
Chairman

A handwritten signature in red ink, appearing to read 'Jonathan R Stoney', is positioned above the printed name.

Jonathan R Stoney  
Chief Executive

Review Report to the Members on Statement of Compliance  
with Best Practices of Code of Corporate Governance

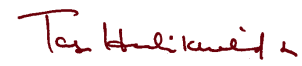
We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **ICI Pakistan Limited** ("the Company") to comply with the listing regulations of the respective Stock Exchanges, where the Company is listed.

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: 25 February 2005  
Karachi



Taseer Hadi Khalid & Co.  
Chartered Accountants

# Auditors' Report to the Members



We have audited the annexed balance sheet of **ICI Pakistan Limited** ("the Company") as at 31 December 2004 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change indicated in note 2.1.2, with which we concur;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2004 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: 25 February 2005  
Karachi

A handwritten signature in black ink, appearing to read 'Taseer Hadi Khalid', is written over a horizontal line.

Taseer Hadi Khalid & Co.  
Chartered Accountants

# Balance Sheet as at 31 December 2004

Amounts in Rs '000

	Note	2004	2003 (Restated)
<b>Share Capital and Reserves</b>			
Authorised capital 1,500,000,000 ordinary shares of Rs 10 each		<u>15,000,000</u>	<u>15,000,000</u>
Issued, subscribed and paid-up capital	3	1,388,023	1,388,023
Capital reserves	4	465,845	465,845
Unappropriated profit		<u>6,200,112</u>	<u>3,608,001</u>
		<b>8,053,980</b>	5,461,869
<b>Surplus on Revaluation of Property, Plant and Equipment</b>	5	<b>587,064</b>	679,813
<b>Non-Current Liability</b>			
Deferred liability	6	<b>82,601</b>	74,568
<b>Current Liabilities</b>			
Current portions of:			
Redeemable capital	7	-	2,000,000
Long-term loans	7	-	2,011,800
Short-term financing	8	<b>112,102</b>	-
Trade and other payables	9	<b>5,082,277</b>	3,903,777
		<b>5,194,379</b>	7,915,577
<b>Contingencies and Commitments</b>	10		
		<u><b>13,918,024</b></u>	<u>14,131,827</u>

# Balance Sheet as at 31 December 2004



Amounts in Rs '000

	Note	2004	2003
<b>Fixed Assets</b>			
Property, plant and equipment	11	5,250,166	5,395,447
Intangible assets	12	135,848	132,111
		5,386,014	5,527,558
<b>Deferred Tax Asset - net</b>	13	870,294	825,888
<b>Long-Term Investments</b>	14	212,500	2,333,760
<b>Long-Term Loans</b>	15	243,962	114,675
<b>Long-Term Deposits and Prepayments</b>	16	26,209	24,054
<b>Current Assets</b>			
Stores and spares	17	663,252	652,196
Stock-in-trade	18	2,912,877	2,046,297
Trade debts	19	815,399	643,473
Loans and advances	20	79,177	80,290
Trade deposits and short-term prepayments	21	153,809	166,193
Other receivables	22	393,305	316,575
Taxation recoverable		344,449	356,840
Cash and bank balances	23	1,816,777	1,044,028
		7,179,045	5,305,892
		13,918,024	14,131,827

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

M J Jaffer  
Chairman / Director

Jonathan R Stoney  
Chief Executive

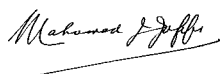
Feroz Rizvi  
Chief Financial Officer

# Profit and Loss Account for the Year Ended 31 December 2004

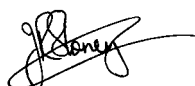
Amounts in Rs '000

	Note	2004	2003
Turnover	24	<b>21,303,498</b>	22,156,265
Sales tax, commission and discounts	24	<b>(3,664,018)</b>	(4,028,970)
Net sales and commission income		<b>17,639,480</b>	18,127,295
Cost of sales	25	<b>(14,883,771)</b>	(15,462,928)
Gross profit		<b>2,755,709</b>	2,664,367
Selling and distribution expenses	26	<b>(744,459)</b>	(985,152)
Administration and general expenses	27	<b>(664,462)</b>	(591,534)
		<b>1,346,788</b>	1,087,681
Financial charges	28	<b>(258,940)</b>	(390,714)
Other operating charges	29	<b>(67,541)</b>	(77,658)
		<b>(326,481)</b>	(468,372)
Other operating income	30	<b>1,878,643</b>	187,243
Profit before taxation		<b>2,898,950</b>	806,552
Taxation	31	<b>(52,582)</b>	(40,308)
Profit after taxation		<b>2,846,368</b>	766,244
		<b>(Rupees)</b>	(Rupees)
<b>Earning per share</b>	32	<b>20.51</b>	5.52

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



M J Jaffer  
Chairman / Director



Jonathan R Stoney  
Chief Executive



Feroz Rizvi  
Chief Financial Officer

# Cash Flow Statement for the Year Ended 31 December 2004



Amounts in Rs '000

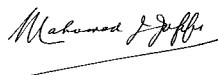
	2004	2003
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	2,898,950	806,552
Adjustments for:		
Gain on disposal of investment in Associate	(1,788,524)	-
Depreciation and amortisation	680,103	647,677
Gain on disposal of property, plant and equipment	(6,095)	(41,145)
Provision for diminution in the value of property, plant and equipment	-	21,400
Provision for non-management staff gratuity and eligible retired employees' medical scheme	12,463	11,474
Return on bank deposits and loans to Associate/Subsidiary	(4,220)	(7,667)
Interest / mark-up expense	210,883	380,349
	<b>2,003,560</b>	<b>1,818,640</b>
Movement in:		
Working capital	44,385	436,816
Long-term loans	(129,287)	(113,521)
Long-term deposits and prepayments	(2,155)	(2,371)
Cash generated from operations	<b>1,916,503</b>	<b>2,139,564</b>
Payments for:		
Non-management staff gratuity and eligible retired employees' medical scheme	(7,979)	(15,801)
Taxation	(84,597)	(190,698)
Net cash generated from operating activities	<b>1,823,927</b>	<b>1,933,065</b>
<b>Cash Flows from Investing Activities</b>		
Long-term investments	3,909,784	(6,300)
Payments for capital expenditure	(550,120)	(459,089)
Proceeds from disposal of property, plant and equipment	15,287	54,496
Profit / mark-up received	4,220	7,667
Repayment of loan by Associate	-	300,000
Net cash generated from / (used in) investing activities	<b>3,379,171</b>	<b>(103,226)</b>

# Cash Flow Statement for the Year Ended 31 December 2004

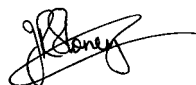
Amounts in Rs '000

	2004	2003
<b>Cash Flows from Financing Activities</b>		
Long-term borrowings less repayments	<b>(4,011,800)</b>	(363,783)
Short-term borrowings less repayments	-	(250,000)
Interest / mark-up paid	<b>(183,597)</b>	(335,526)
Dividend paid	<b>(347,054)</b>	(312,314)
Net cash used in financing activities	<b>(4,542,451)</b>	(1,261,623)
Net increase in cash and cash equivalents	<b>660,647</b>	568,216
<b>Cash and cash equivalents at 1 January</b>	<b>1,044,028</b>	475,812
<b>Cash and cash equivalents at 31 December</b>	<b>1,704,675</b>	1,044,028
<b>Movement in Working Capital</b>		
<i>(Increase) / decrease in current assets</i>		
Stores and spares	<b>(11,056)</b>	(5,555)
Stock-in-trade	<b>(866,580)</b>	(302,475)
Trade debts	<b>(171,926)</b>	28,911
Loans and advances	1,113	214,204
Trade deposits and short-term prepayments	12,384	(40,621)
Other receivables	<b>(76,730)</b>	(5,483)
	<b>(1,112,795)</b>	(111,019)
<i>Increase in current liabilities</i>		
Trade and other payables	<b>1,157,180</b>	547,835
	<b>44,385</b>	436,816
<b>Cash and cash equivalents at 31 December comprise of:</b>		
Cash and bank balances - note 23	<b>1,816,777</b>	1,044,028
Running finances utilised under mark-up arrangements - note 8	<b>(112,102)</b>	-
	<b>1,704,675</b>	1,044,028

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



M J Jaffer  
Chairman / Director



Jonathan R Stoney  
Chief Executive



Feroz Rizvi  
Chief Financial Officer



# Statement of Changes in Equity for the Year Ended 31 December 2004



Amounts in Rs '000

	Issued, subscribed and paid-up capital	Capital reserves	Unappropriated profit (Restated)	Total
<b>Balance as on 1 January 2003 as previously reported</b>	<b>1,388,023</b>	<b>465,845</b>	<b>2,737,146</b>	<b>4,591,014</b>
Effect of change in accounting policy (note 9.4)				
Final dividend for the year ended 31 December 2002	-	-	312,305	312,305
<b>Balance as on 1 January 2003 restated</b>	<b>1,388,023</b>	<b>465,845</b>	<b>3,049,451</b>	<b>4,903,319</b>
Final dividend for the year ended 31 December 2002	-	-	(312,305)	(312,305)
Net profit for the year ended 31 December 2003	-	-	766,244	766,244
Transfer from surplus on revaluation of property, plant and equipment - note 5	-	-	104,611	104,611
<b>Balance as on 31 December 2003 restated</b>	<b>1,388,023</b>	<b>465,845</b>	<b>3,608,001</b>	<b>5,461,869</b>
<b>Balance as on 1 January 2004 as previously reported</b>	<b>1,388,023</b>	<b>465,845</b>	<b>3,260,995</b>	<b>5,114,863</b>
Effect of change in accounting policy (note 9.4)				
Final dividend for the year ended 31 December 2003	-	-	347,006	347,006
<b>Balance as on 31 December 2003 restated</b>	<b>1,388,023</b>	<b>465,845</b>	<b>3,608,001</b>	<b>5,461,869</b>
Final dividend for the year ended 31 December 2003	-	-	(347,006)	(347,006)
Net profit for the year ended 31 December 2004	-	-	2,846,368	2,846,368
Transfer from surplus on revaluation of property, plant and equipment - note 5	-	-	92,749	92,749
<b>Balance as on 31 December 2004</b>	<b>1,388,023</b>	<b>465,845</b>	<b>6,200,112</b>	<b>8,053,980</b>

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

M J Jaffer  
Chairman / Director

Jonathan R Stoney  
Chief Executive

Feroz Rizvi  
Chief Financial Officer

# Notes to the Financial Statements for the Year Ended 31 December 2004

## 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 merchandising of general chemicals. It also acts as an indenting agent.

## 2. Summary of Significant Accounting Policies

### 2.1 Statement of compliance

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

2.1.2 During the year, the SECP substituted the Fourth Schedule to the Ordinance, which is effective from the financial year ending on or after 5 July, 2004. This has resulted in the change in accounting policy pertaining to recognition of dividends proposed subsequent to the year end (note 9.4) and certain reclassifications of previous year's figures (note 42).

### 2.2 Accounting convention

These financial statements 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 have been incorporated in the cost of the relevant assets and certain staff retirement benefits have been recognised in accordance with IAS 19 "Employee Benefits".

### 2.3 Staff retirement benefits

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

During the year the Company setup a new Defined Contribution pension scheme known as "ICI Pakistan Management Staff Defined Contribution Superannuation Fund" (the Fund) for the benefit of the management staff in the service of ICI Group of Companies. All employees joining the Company after 30 April 2004 in management cadre will become members of the Fund. Members of the existing pension fund were given a one-time option exercisable by 31 July 2004 to join the Fund. The actuarially accrued liability in respect of past services of those members who have exercised this option has been transferred to the Fund. The Fund has been approved under the provisions of the Income Tax Ordinance, 2001 effective 1 May 2004.

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 recognises expense on the existing pension and gratuity funds in accordance with IAS 19 "Employee Benefits". The gratuity scheme for non-management staff and the eligible retired employees' 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 gains and losses are amortised over the expected average remaining working lives of employees as allowed under the relevant provision of IAS 19 "Employee Benefits".

### 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 property, plant and equipment which is adjusted against the related deficit / surplus.

## 2.7 Property, plant and equipment and depreciation

Operating assets (except freehold land, which is stated at cost or revalued amount) are stated at cost or revalued amounts less accumulated depreciation and impairment losses. Capital work-in-progress is stated at cost. Cost of certain property, plant and equipment comprises historical cost, exchange differences recognised in accordance with the previous Fourth Schedule to the Ordinance, 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. 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 property, plant and equipment 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 property, plant and equipment is transferred directly to retained earnings (unappropriated profits).

## 2.8 Intangible assets

Costs that are directly associated with identifiable software products controlled by the Company and have probable economic benefit beyond one year are recognised as intangible assets.

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Intangible assets are amortised on a straight-line basis over their estimated useful lives.

## 2.9 Investments

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

# Notes to the Financial Statements for the Year Ended 31 December 2004

## **2.10 Stores and spares**

Stores and spares are stated at cost less provision for slow moving and obsolete stores and spares. Cost is determined using moving average method. Items in transit are valued at cost comprising invoice values plus other charges incurred thereon.

## **2.11 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.

## **2.12 Trade debts and other receivables**

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

## **2.13 Financial assets and liabilities**

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be.

## **2.14 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.

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

## **2.15 Impairment Losses**

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If such indications exist, the assets recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account.

## **2.16 Revenue recognition**

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

## **2.17 Segment reporting**

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



## 2.18 Cash and cash equivalents

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

## 2.19 Off-setting

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

Amounts in Rs '000

## 3. Issued, Subscribed and Paid-up Capital

2004 (Numbers)	2003		2004	2003
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 (note 3.1)	126,184	126,184
<u>138,802,300</u>	<u>138,802,300</u>		<u>1,388,023</u>	<u>1,388,023</u>

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 (2003: 105,229,125) ordinary shares of Rs 10 each at 31 December 2004.

## 4. Capital Reserves

Share premium	465,259	465,259
Capital receipts	586	586
	<u>465,845</u>	<u>465,845</u>

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 property, plant and equipment. The remitting companies have no claim to their repayments.

# Notes to the Financial Statements for the Year Ended 31 December 2004

Amounts in Rs '000

	2004	2003
<b>5. Surplus on Revaluation of Property, Plant and Equipment</b>		
Balance as on 1 January	679,813	784,424
Less: Transfer to retained earnings (unappropriated profit) in respect of incremental depreciation charged during the year-net of deferred tax	92,749	104,611
Balance as on 31 December	<u>587,064</u>	<u>679,813</u>

## 6. Deferred Liability

Provisions for non-management staff gratuity and eligible retired employees' medical scheme	<u>82,601</u>	<u>74,568</u>
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### 6.1 Staff Retirement Benefits

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

	Funded	Unfunded
Current service cost	52,692	5,035
Interest cost	86,519	8,504
Expected return on plan assets	(71,134)	-
Recognition of loss / (gain)	49,625	(1,017)
Charge for the year	<u>117,702</u>	<u>12,522</u>
Year 2003	<u>93,194</u>	<u>14,078</u>

Movements in the net asset / (liability) recognised in the balance sheet are as follows:

Opening balance	(63,583)	(78,546)
Charge for the year	(117,702)	(12,522)
Contributions / payments during the year	213,229	7,979
Closing balance	<u>31,944</u>	<u>(83,089)</u>

The amounts recognised in the balance sheet are as follows:

Fair value of plan assets	910,995	-
Present value of defined benefit obligation	(1,087,831)	(133,121)
Deficit	(176,836)	(133,121)
Unrecognised net loss	208,780	50,032
Recognised asset / (liability)	<u>31,944</u>	<u>(83,089)</u>
Year 2003	<u>(63,583)</u>	<u>(78,546)</u>

The unfunded liability included in the above table includes Rs 0.488 million pertaining to ICI Pakistan PowerGen Limited.



Amounts in Rs '000

These figures are based on the latest actuarial valuation, as at 31 December 2004. 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 9.46 percent per annum. Salary inflation was assumed to average 7.38 percent per annum over the future working lives of current employees. Medical cost trend was assumed to average 4.25 percent per annum in the long term. Return on plan assets was assumed equal to the discount rate. Actual return on plan assets during 2004 was Rs 50 million (2003: Rs 85 million).

The Company contributed Rs 28.363 million (2003: Rs 33.828 million) and Rs 6.274 million to the provident fund and the new defined contribution superannuation fund respectively during the year.

	<b>2004</b>	2003
<b>7. Current portions of redeemable capital and long term loans</b>		
Redeemable capital - note 7.1	-	2,000,000
Long term loans - note 7.2	-	2,011,800
	<u>-</u>	<u>4,011,800</u>

**7.1** The loans from Habib Bank Limited and United Bank Limited of Rs 800 million and Rs 1,200 million respectively have been repaid during the year.

**7.2** The loan from Mortar Investments International Limited - Associated Company has been repaid during the year.

#### **8. Short-Term Financing**

Running finances utilised under mark-up arrangements - note 8.1	<u><b>112,102</b></u>	<u>-</u>
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**8.1** The facilities for running finance available from various banks amount to Rs 4,245 million (2003: Rs 2,645 million) and carry mark-up ranging from 2.95 to 6.46 percent per annum (2003: 2.48 to 5 percent per annum). The purchase prices are payable on various dates by 30 June 2005. The facilities are secured by hypothecation charge over the present and future stock-in-trade and book debts of the Company and first pari passu charge over plant and machinery of Polyester Business of the Company.

**8.2** The facilities for term finance available from various banks amount to Rs 550 million (2003: Rs 550 million). However no such facility was utilised as on 31 December 2004.

# Notes to the Financial Statements for the Year Ended 31 December 2004

Amounts in Rs '000

	2004	2003
<b>9. Trade and Other Payables</b>		
Trade creditors - note 9.1	1,717,699	1,344,100
Bills payable	1,869,372	1,235,968
Sales tax, excise and custom duties	129,170	149,517
Mark-up accrued on:		
Redeemable capital	-	18,683
Short-term financing	2,105	1,990
Accrued interest / return on unsecured loan	344,352	298,498
Accrued expenses	427,086	310,747
Workers' profit participation fund - note 9.2	58,821	47,819
Distributors' security deposits - payable on termination of distributorship - note 9.3	53,320	53,875
Contractors' earnest / retention money	16,056	16,771
Advances from customers	130,450	105,991
Unclaimed dividends - note 9.4 & 9.5	4,621	4,669
Payable for capital expenditure	17,699	20,068
Payable for staff retirement benefit schemes	-	57,520
Provision for compensated absences	17,162	20,200
Others	294,364	217,361
	<u>5,082,277</u>	<u>3,903,777</u>

9.1 The above balances include amounts due to associated undertakings amounting to Rs 228.827 million (2003: Rs 249.776 million).

## 9.2 Workers' profit participation fund

Balance as on 1 January	47,819	42,671
Allocation for the year - note 29	58,462	43,250
	106,281	85,921
Interest on funds utilised in the Company's businesses at 18.75 percent (2003: 16.9 percent) per annum - note 28	349	3,571
	106,630	89,492
Less:		
- Amount paid on behalf of the Fund	3,620	3,801
- Deposited with the Government of Pakistan	44,189	37,872
	47,809	41,673
Balance as on 31 December	<u>58,821</u>	<u>47,819</u>

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

9.4 The Company, effective from current year, has not recognised the final dividend, proposed subsequent to the year end, as a liability to comply with the substituted Fourth Schedule to the Ordinance, as referred to in note 2.1.2. Such a change in policy has been accounted for retrospectively and comparative financial statements have been restated in accordance with the recommended benchmark treatment of IAS 8. Had there been no change, the unappropriated profit and the current liabilities for the year ended 31 December 2004 would have been lower and higher respectively by Rs 555.209 million (2003: Rs 347.006 million).

9.5 The Board of Directors have proposed a final dividend for the year ended 31 December 2004 of Rs 4.00 per share, amounting to Rs 555.209 million at their meeting held on 25 February 2005, for approval of the members at the Annual General Meeting to be held on 28 April 2005. These financial statements do not reflect this dividend payable, as explained in note 9.4.





Amounts in Rs '000

	2004	2003
<b>10. Contingencies and Commitments</b>		
<b>10.1</b> Claims against the Company not acknowledged as debts are as follows:		
Local bodies	28,078	60,753
Sales tax authorities	97,192	67,677
Others	53,804	50,151
	<u>179,074</u>	<u>178,581</u>

**10.2** 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.

**10.3** Guarantees given to a bank on behalf of ICI Pakistan PowerGen Limited for loan, running finances and other credit facilities amounted to Rs Nil (2003: Rs 140 million).

**10.4** Guarantees issued by the Company in respect of financial and operational obligations of Pakistan PTA Limited pursuant to the Scheme amounting to Rs 2,730.000 million (2003 : Rs 7,195.412 million) against which Pakistan PTA Limited has issued counter guarantees to the Company.

**10.5** Guarantee issued by the Company in respect of Senior Executive amounted to Rs 26 million (2003: Rs 3.5 million).

**10.6** Commitments in respect of capital expenditure - Rs 493.993 million (2003: Rs 3.244 million).

**10.7** Faysal Management Services (Private) Limited has floated Fayzan Manufacturing Modaraba ("the Modaraba") which commissioned a spinning and processing plant ("Manufacturing Facility") at a capital cost of Rs 1,356 million. The Manufacturing Facility is producing Polyester Staple Fiber 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 4.619 million (2003: Rs 4.416 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.

# Notes to the Financial Statements for the Year Ended 31 December 2004

Amounts in Rs '000

- 10.8** Commitments for rentals under operating lease agreements in respect of vehicles and plant and machinery amounting to Rs 94.968 million (2003: Rs 107.541 million) are as follows:

Year	Vehicles	Plant and machinery	Total
2005	43,570	1,002	<b>44,572</b>
2006	29,065	1,002	<b>30,067</b>
2007	15,124	1,002	<b>16,126</b>
2008	3,953	250	<b>4,203</b>
	<u>91,712</u>	<u>3,256</u>	<u><b>94,968</b></u>
Payable not later than one year			<b>44,572</b>
Payable later than one year but not later than five years			<b>50,396</b>
			<u><b>94,968</b></u>

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

- 10.9** Outstanding foreign exchange contracts as at 31 December 2004 entered into by the Company to hedge the anticipated future transactions amounted to Rs 1,761.942 million (2003: Rs 441.037 million), having fair value of Rs 1,764.549 million (2003: Rs 436.732 million).

## 11. Property, Plant and Equipment

- 11.1** The following is a statement of property, plant and equipment:  
Operating property, plant and equipment - note 11.2  
Capital work-in-progress - note 11.6

2004 2003

<b>5,048,725</b>	5,182,095
<b>201,441</b>	213,352
<u><b>5,250,166</b></u>	<u>5,395,447</u>

- 11.2** The following is a statement of operating property, plant and equipment:

	Cost and revaluation at 1 January 2004	Additions / (disposals)	Cost and revaluation at 31 December 2004	Accumulated depreciation at 1 January 2004	Charge for the year / (accumulated depreciation on disposals)/ adjustments *	Accumulated depreciation at 31 December 2004	Book value at 31 December 2004	Depreciation rate on original cost and revaluation %
Freehold land	49,706	-	49,706	-	-	-	<b>49,706</b>	-
Leasehold land	83,471	-	83,471	36,995	10,286	47,281	<b>36,190</b>	2 to 4
Limebeds on freehold land	105,072	13,200	118,272	25,713	5,219	30,932	<b>87,340</b>	3.33 to 7.5
Buildings on freehold land	662,565	24,973 (13)	687,525	438,777	40,449 (12)	479,214	<b>208,311</b>	5 to 10
Buildings on leasehold land	690,065	23,643	713,708	292,706	34,534	327,240	<b>386,468</b>	2.5 to 10
Plant and machinery	11,162,694	423,159 (7,086)	11,578,767	6,934,084	517,615 (7,086)	7,444,613	<b>4,134,154</b>	3.33 to 10
Railway sidings	297	-	297	297	-	297	-	3.33
Rolling stock and vehicles	123,804	7,158 (9,360)	121,602	107,402	3,288 (641)	110,049	<b>11,553</b>	10 to 25
Furniture and equipment	463,667	39,950 (8,921)	494,696	323,272	44,870 (8,449)	359,693	<b>135,003</b>	10 to 33.33
<b>2004</b>	<b>13,341,341</b>	<b>532,083 (25,380)</b>	<b>13,848,044</b>	<b>8,159,246</b>	<b>656,261 (16,188)</b>	<b>8,799,319</b>	<b>5,048,725</b>	
2003	12,951,590	437,558 (47,807)	13,341,341	7,524,625	647,677 (34,456) 21,400*	8,159,246	5,182,095	

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



Amounts in Rs '000

**11.3** The above balances represent the value of operating property, plant and equipment 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 operating property, plant and equipment so revalued are being depreciated over the remaining useful lives of these assets at the date of revaluation.

**11.4** Had there been no revaluation, the net book value of specific classes of operating property, plant and equipment would have amounted to:

	<b>Net Book Value</b>	
	<b>2004</b>	2003
Freehold land	<b>20,929</b>	20,929
Leasehold land	<b>47</b>	52
Plant and machinery	<b>3,339,362</b>	3,328,344
Rolling stock and vehicles	<b>13,145</b>	16,402
Furniture and equipment	<b>135,500</b>	140,395
	<b><u>3,508,983</u></b>	<u>3,506,122</u>

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

Cost of sales - note 25	<b>624,572</b>	613,126
Selling and distribution expenses - note 26	<b>444</b>	1,487
Administration and general expenses - note 27	<b>31,245</b>	33,064
	<b><u>656,261</u></b>	<u>647,677</u>

**11.6** The following is a statement of capital work-in-progress:

Designing, consultancy and engineering fee	<b>289</b>	-
Civil works and buildings	<b>7,176</b>	11,540
Plant and machinery	<b>179,922</b>	184,011
Miscellaneous equipment	<b>3,971</b>	6,339
Advances to suppliers / contractors	<b>10,083</b>	11,462
	<b><u>201,441</u></b>	<u>213,352</u>

# Notes to the Financial Statements for the Year Ended 31 December 2004

Amounts in Rs '000

## 11.7 Details of operating property, plant and equipment disposed off during the year:

	Cost	Accumulated depreciation	Book value	Sale proceeds	Particulars of buyers
<b>Building</b>					
Written down value not exceeding Rs 50,000 each	13	12	1	1	Various
<b>Plant and machinery</b>					
Written down value not exceeding Rs 50,000 each	7,086	7,086	-	360	Various
<b>Rolling stock and vehicles</b>					
Sold by negotiation	259	43	216	1,925	Imran Miraj, Lahore
	574	12	562	700	Pervaiz Zaki, Lahore
	459	220	239	291	Muhammad Khawaja, Karachi
Sold by auction	75	17	58	270	Major Munir Ahmed, Hyderabad
	610	140	470	635	Abdul Aman, Karachi
	155	35	120	585	Muneer Ahmed, Karachi
	160	37	123	640	Muhammad Shahid, Karachi
	268	6	262	1,800	Hakeem Khan, Karachi
	2,175	-	2,175	1,400	Dada Sons (Pvt.) Ltd., Karachi
	2,440	-	2,440	1,625	Akhtar Textile Industries, Karachi
	241	5	236	800	Zarin Gul, Karachi
	333	-	333	775	Zarin Gul, Karachi
	502	126	376	665	Abdul Hussain, Karachi
	226	-	226	581	Dr.Yassir Mahmood, Lahore
	147	-	147	459	Agrosy Enterprises, Lahore
	Written down value not exceeding Rs 50,000 each	736	-	736	1,383
	9,360	641	8,719	14,534	
<b>Furniture and equipment</b>					
Sold by negotiations	468	117	351	50	M/s K B S Enterprises, Karachi
	381	330	51	76	Irshad Kabraia, Multan
Sold by auction	2,739	2,739	-	152	Usman & Brothers, Karachi
Donation - note 29.2	134	134	-	-	Darul-Aloom Rizvia, Jhelum
	4,402	4,402	-	-	Rising Sun Institute, Al-Barq Education Women Welfare Society, SOS, Lahore
Written down value not exceeding Rs 50,000 each	797	727	70	114	Various
	8,921	8,449	472	392	
<b>2004</b>	<b>25,380</b>	<b>16,188</b>	<b>9,192</b>	<b>15,287</b>	
2003	47,807	34,456	13,351	54,496	



Amounts in Rs '000

**12. Intangible Assets**

	Cost at 1 January 2004	Additions / (disposals)	Transfers	Cost at 31 December 2004	Accumulated amortisation at 1 January 2004	Charge for the year / (accumulated amortisation on disposals)	Accumulated amortisation at 31 December 2004	Book value at 31 December 2004	Amortisation rate on original cost %
Computer software	9,091	746	158,944	168,781	9,091	23,842	32,933	135,848	20
Capital work in progress	132,111	26,833	(158,944)	-	-	-	-	-	
<b>2004</b>	<b>141,202</b>	<b>27,579</b>	<b>-</b>	<b>168,781</b>	<b>9,091</b>	<b>23,842</b>	<b>32,933</b>	<b>135,848</b>	
2003	101,708	39,494	-	141,202	9,091	-	9,091	132,111	

	2004	2003
<b>12.1</b> The amortisation charge for the year has been allocated as follows:		
Cost of sales - note 25	11,346	-
Selling and distribution expenses - note 26	1,807	-
Administration and general expenses - note 27	10,689	-
	<b>23,842</b>	<b>-</b>

**12.2** Intangible assets, previously classified under property, plant and equipment are disclosed separately in accordance with revised Fourth Schedule to the Ordinance.

**13. Deferred Tax Asset - net*****Deductible temporary differences***

Recognised tax losses

1,685,321      1,674,377

***Taxable temporary differences***

Surplus on revaluation of property, plant and equipment

(272,782)      (317,188)

Other taxable temporary differences

(542,245)      (531,301)

**870,294**      **825,888**

The deferred tax debit balance not recognised in the financial statements amounted to Rs 1,529.373 million (2003: Rs 1,845.352 million).

**14. Long - Term Investments*****Quoted******Associated Undertaking***

Pakistan PTA Limited - note 14.1

Nil shares (2003: 378,551,727 ordinary shares of Rs 10 each)      -      2,121,260

***Unquoted******Subsidiary***

ICI Pakistan PowerGen Limited (wholly owned) - note 14.2

2,100,000 ordinary shares (2003: 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

**212,500**      **2,333,760**

**14.1** The Company has sold its 25% investment in Pakistan PTA Limited on 1 September 2004.

**14.2** The value of the Company's investment on the basis of net assets of the Subsidiary as disclosed in the audited financial statements for the year ended 31 December 2004 amounted to Rs 233.072 million (2003: Rs 198.388 million).

# Notes to the Financial Statements for the Year Ended 31 December 2004

Amounts in Rs '000

	<b>2004</b>	2003		
<b>15. Long-Term Loans - Considered good</b>				
Due from Subsidiary - Unsecured				
- Long term loan - note 15.1	<b>120,000</b>	-		
Due from Directors, Executives and Employees - note 15.2	<b>123,962</b>	114,675		
	<b><u>243,962</u></b>	<u>114,675</u>		
<b>15.1</b>	The loan carries a rate of return of 4 percent per annum payable quarterly and the principal amount of loan is receivable from ICI Pakistan PowerGen Limited in five equal semi-annual installments, starting from March 2007. The loan is for refinancing certain banking facilities availed by ICI Pakistan PowerGen Limited in previous years to meet working capital requirements.			
<b>15.2 Due from Directors and Executives</b>				
	<b>Motor car</b>	<b>House building</b>	<b>Total</b>	<b>Total</b>
Due from:				
- Director	-	5,758	<b>5,758</b>	-
- Executives	31,681	18,345	<b>50,026</b>	60,847
	<u>31,681</u>	<u>24,103</u>	<b>55,784</b>	<u>60,847</u>
Less: Receivable within one year				
- Director	-	1,355	<b>1,355</b>	-
- Executives	3,944	10,949	<b>14,893</b>	13,949
	<u>3,944</u>	<u>12,304</u>	<b>16,248</b>	<u>13,949</u>
	<u>27,737</u>	<u>11,799</u>	<b>39,536</b>	<u>46,898</u>
Due from Employees			<b>102,148</b>	88,629
Less: Receivable within one year			<b>17,722</b>	20,852
			<b>84,426</b>	67,777
			<b><u>123,962</u></b>	<u>114,675</u>
Outstanding for period:				
- less than three years but over one year			<b>90,555</b>	66,048
- more than three years			<b>33,407</b>	48,627
			<b><u>123,962</u></b>	<u>114,675</u>
<b>15.3 Reconciliation of the carrying amount of loans to Directors and Executives:</b>				
Opening balance at the beginning of the year			<b>60,847</b>	55,542
Disbursements			<b>20,762</b>	39,553
Repayments			<b>(25,825)</b>	(34,248)
Balance at the end of the year			<b><u>55,784</u></b>	<u>60,847</u>
<b>15.4</b>	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.			
<b>15.5</b>	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 6.322 million and Rs 61.107 million (2003: Rs Nil and Rs 89.387 million) respectively.			
<b>15.6</b>	Corresponding figures for executives and employees have been re-classified in accordance with the revised Fourth Schedule to the Ordinance.			



Amounts in Rs '000

	2004	2003
<b>16. Long-Term Deposits and Prepayments</b>		
Deposits	19,110	16,766
Prepayments	7,099	7,288
	<u>26,209</u>	<u>24,054</u>
<b>17. Stores and Spares</b>		
Stores (include in-transit Rs 8.869 million; 2003: Rs 4.548 million)	14,890	39,759
Spares (include in-transit Rs 3.372 million; 2003: Rs 3.069 million)	621,514	575,537
Consumables	81,854	82,189
	<u>718,258</u>	<u>697,485</u>
Less: Provision for slow moving and obsolete items	55,006	45,289
	<u>663,252</u>	<u>652,196</u>
<b>18. Stock-in-Trade</b>		
Raw and packing materials (include in-transit Rs 291.949 million; 2003: Rs 140.237million)	1,341,068	798,648
Work-in-process	142,348	79,969
Finished goods (include in-transit Rs 139.035 million; 2003: Rs 53.615 million)	1,464,674	1,200,419
	<u>2,948,090</u>	<u>2,079,036</u>
Less: Provision for slow moving and obsolete stock		
- Raw materials	16,946	16,496
- Finished goods	18,267	16,243
	<u>35,213</u>	<u>32,739</u>
	<u>2,912,877</u>	<u>2,046,297</u>
<b>19. Trade Debts</b>		
<b>Considered good</b>		
- Secured	490,148	360,116
- Unsecured	403,229	364,552
	<u>893,377</u>	<u>724,668</u>
<b>Considered doubtful</b>	162,483	161,317
	<u>1,055,860</u>	<u>885,985</u>
Less: Provision for:		
- Doubtful debts	162,483	161,317
- Discount payable	77,978	81,195
	<u>240,461</u>	<u>242,512</u>
	<u>815,399</u>	<u>643,473</u>

# Notes to the Financial Statements for the Year Ended 31 December 2004

Amounts in Rs '000

	2004	2003
<b>20. Loans and Advances</b>		
<b><i>Considered good</i></b>		
Loans due from:		
Director and Executives - note 15.2	16,248	13,949
Employees - note 15.2	17,722	20,852
	<u>33,970</u>	<u>34,801</u>
Advances to:		
Executives	536	862
Employees	1,144	1,838
Contractors and suppliers	41,962	40,834
Others	1,565	1,955
	<u>45,207</u>	<u>45,489</u>
	<u>79,177</u>	<u>80,290</u>
<b><i>Considered doubtful</i></b>	<u>9,003</u>	<u>9,003</u>
	<u>88,180</u>	<u>89,293</u>
Less: Provision for doubtful loans and advances	9,003	9,003
	<u>79,177</u>	<u>80,290</u>
<b>20.1</b>	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 0.864 million (2003: Rs Nil and Rs 1.350 million) respectively.	
<b>20.2</b>	Corresponding figures for executives and employees have been re-classified in accordance with the revised Fourth Schedule to the Ordinance.	
<b>21. Trade Deposits and Short-Term Prepayments</b>		
Trade deposits	11,843	20,269
Short-term prepayments	124,941	84,583
Balances with statutory authorities	17,025	61,341
	<u>153,809</u>	<u>166,193</u>
<b>22. Other Receivables</b>		
<b><i>Considered good</i></b>		
Excise duty, sales tax and octroi refunds due	179,000	122,785
Due from Associate	67,582	55,984
Insurance claims	6,600	1,713
Commission receivable	42,790	29,938
Others	97,333	106,155
	<u>393,305</u>	<u>316,575</u>
	<u>29,061</u>	<u>14,951</u>
	<u>422,366</u>	<u>331,526</u>
Less: Provision for doubtful receivables	29,061	14,951
	<u>393,305</u>	<u>316,575</u>
<b>22.1</b>	The maximum aggregate amount due from Associate at the end of any month during the year was Rs 67.582 million (2003: Rs 55.984 million).	
<b>23. Cash and Bank Balances</b>		
Deposit accounts	1,103,000	-
Current accounts	-	1,014,839
In hand		
Cheques	50,356	13,794
Cash	663,421	15,395
	<u>1,816,777</u>	<u>1,044,028</u>





Amounts in Rs '000

**24. Operating Results**

	Polyester		General Chemicals		Soda Ash		Paints		Others		Company	Company
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Sales												
Inter-segment	-	-	351,188	275,391	-	-	-	-	84,403	50,014	-	-
Others	10,236,433	8,648,117	1,932,287	5,439,434	3,447,333	3,179,488	3,575,338	2,988,826	2,052,111	1,851,310	21,243,502	22,107,175
	10,236,433	8,648,117	2,283,475	5,714,825	3,447,333	3,179,488	3,575,338	2,988,826	2,136,514	1,901,324	21,243,502	22,107,175
Commission income	-	-	59,996	49,090	-	-	-	-	-	-	59,996	49,090
Turnover	10,236,433	8,648,117	2,343,471	5,763,915	3,447,333	3,179,488	3,575,338	2,988,826	2,136,514	1,901,324	21,303,498	22,156,265
Sales tax	1,505,507	1,437,863	322,573	780,589	504,974	534,369	471,622	420,797	75,870	75,238	2,880,546	3,248,856
Commission and discounts to distributors and customers	74,821	105,823	42,870	20,078	86,632	121,755	334,378	286,841	244,771	245,617	783,472	780,114
	1,580,328	1,543,686	365,443	800,667	591,606	656,124	806,000	707,638	320,641	320,855	3,664,018	4,028,970
Net sales and commission income	8,656,105	7,104,431	1,978,028	4,963,248	2,855,727	2,523,364	2,769,338	2,281,188	1,815,873	1,580,469	17,639,480	18,127,295
Cost of sales 25	8,300,936	6,881,008	1,753,512	4,453,818	2,139,624	1,804,645	1,888,594	1,554,118	1,236,696	1,094,744	14,883,771	15,462,928
Gross profit	355,169	223,423	224,516	509,430	716,103	718,719	880,744	727,070	579,177	485,725	2,755,709	2,664,367
Selling and distribution expenses 26	38,126	43,754	81,246	352,986	88,769	102,034	291,780	249,504	244,538	236,874	744,459	985,152
Administration and general expenses 27	159,758	155,481	64,919	35,324	217,103	202,039	93,177	82,487	129,505	116,203	664,462	591,534
Operating result	157,285	24,188	78,351	121,120	410,231	414,646	495,787	395,079	205,134	132,648	1,346,788	1,087,681
<b>24.1 Segment assets</b>	5,183,527	4,492,652	613,249	860,972	3,655,345	3,801,296	1,001,867	743,922	933,795	716,497	11,387,783	10,615,339
<b>24.2 Unallocated assets</b>	-	-	-	-	-	-	-	-	-	-	2,530,241	3,516,488
											13,918,024	14,131,827
<b>24.3 Segment liabilities</b>	2,710,562	1,972,713	454,824	467,825	568,809	476,037	468,727	283,748	720,876	456,172	4,923,798	3,656,495
<b>24.4 Unallocated liabilities</b>	-	-	-	-	-	-	-	-	-	-	353,182	4,333,650
											5,276,980	7,990,145
<b>24.5 Non-cash items (excluding depreciation)</b>	3,692	3,066	375	45	6,708	6,721	820	1,115	868	21,927	12,463	32,874
<b>24.6 Capital expenditure</b>	185,924	204,183	5,948	6,863	257,341	181,841	72,513	45,772	26,026	28,546	547,752	467,205

**24.7 Inter-segment sales**

Inter-segment sales have been eliminated from the total.

**24.8 Inter-segment pricing**

Transactions among the business segments are recorded at arm's length prices using admissible valuation methods.

**24.9 Administration and general expenses, previously clubbed with selling and distribution expenses, have been disclosed separately in accordance with the Fourth Schedule to the Companies Ordinance.**

# Notes to the Financial Statements for the Year Ended 31 December 2004

Amounts in Rs '000

## 25. Cost of Sales

	Polyester		General Chemicals		Soda Ash		Paints		Others		Company	Company
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
<b>Raw and packing materials consumed</b>												
Opening 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
Purchases												
Inter-segment	-	-	-	-	-	-	435,591	325,405	-	-	-	-
Others	7,562,477	5,602,636	180,968	130,883	669,346	484,836	1,279,169	861,444	682,519	484,431	10,374,479	7,564,230
	<u>7,562,477</u>	<u>5,602,636</u>	<u>180,968</u>	<u>130,883</u>	<u>669,346</u>	<u>484,836</u>	<u>1,714,760</u>	<u>1,186,849</u>	<u>682,519</u>	<u>484,431</u>	<u>10,374,479</u>	<u>7,564,230</u>
	8,064,394	6,032,593	207,092	149,345	717,469	535,241	1,799,946	1,297,867	803,321	601,559	11,156,631	8,291,200
Closing stock	(793,251)	(501,917)	(56,466)	(26,124)	(74,980)	(48,123)	(197,540)	(85,186)	(201,885)	(120,802)	(1,324,122)	(782,152)
	<u>7,271,143</u>	<u>5,530,676</u>	<u>150,626</u>	<u>123,221</u>	<u>642,489</u>	<u>487,118</u>	<u>1,602,406</u>	<u>1,212,681</u>	<u>601,436</u>	<u>480,757</u>	<u>9,832,509</u>	<u>7,509,048</u>
Salaries, wages and benefits	227,257	187,496	2,180	2,845	339,660	298,958	62,747	65,783	37,893	30,367	669,737	585,449
Stores and spares consumed	78,267	57,307	465	63	76,718	79,336	1,187	1,050	3,810	1,425	160,447	139,181
Conversion fee paid to contract manufacturers												
- Modaraba - note 10.7	274,492	290,123	-	-	-	-	-	-	-	-	274,492	290,123
- Others	-	-	-	-	-	-	-	-	93,435	80,137	93,435	80,137
Oil, gas and electricity	551,201	493,652	342	382	526,747	519,059	8,517	8,212	3,831	3,339	1,090,638	1,024,644
Rent, rates and taxes	848	873	18	-	423	633	3	-	36	50	1,328	1,556
Insurance	43,185	35,166	2	-	25,800	21,741	14,354	8,353	647	541	83,988	65,801
Repairs and maintenance	5,213	5,926	61	110	537	5,150	11,256	8,661	1,379	1,177	18,446	21,024
Depreciation & amortisation - note 11.5 & 12.1	290,118	273,009	461	469	316,375	314,738	22,377	18,340	6,587	6,570	635,918	613,126
Excise duty	-	-	-	-	-	-	134,197	245,327	2,557	1,629	136,754	246,956
Technical fees	2,298	2,271	-	-	-	-	15,607	7,234	-	-	17,905	9,505
Royalty	-	-	6,595	13,025	-	-	-	-	-	-	6,595	13,025
General expenses	50,107	60,338	708	791	45,545	32,980	15,359	12,424	7,276	5,238	118,995	111,771
Opening stock of work-in-process	59,393	110,813	-	-	-	-	19,008	15,194	1,568	772	79,969	126,779
Closing stock of work-in-process	(120,400)	(59,393)	-	-	-	-	(19,366)	(19,008)	(2,582)	(1,568)	(142,348)	(79,969)
<b>Cost of goods manufactured</b>	<u>8,733,122</u>	<u>6,988,257</u>	<u>161,458</u>	<u>140,906</u>	<u>1,974,294</u>	<u>1,759,713</u>	<u>1,887,652</u>	<u>1,584,251</u>	<u>757,873</u>	<u>610,434</u>	<u>13,078,808</u>	<u>10,758,156</u>
Opening 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
Finished goods purchased	1,902	-	1,435,970	4,579,559	119,446	34,924	-	-	527,071	394,632	2,084,389	5,009,115
	<u>9,225,946</u>	<u>7,373,670</u>	<u>1,985,253</u>	<u>4,841,643</u>	<u>2,172,938</u>	<u>1,883,843</u>	<u>1,970,057</u>	<u>1,636,523</u>	<u>1,428,770</u>	<u>1,247,070</u>	<u>16,347,373</u>	<u>16,657,344</u>
Closing stock of finished goods	(914,054)	(490,922)	(229,919)	(387,825)	(33,314)	(79,198)	(80,660)	(82,405)	(188,460)	(143,826)	(1,446,407)	(1,184,176)
Provision for obsolete stocks shown under administration & general and selling & distribution expenses	(9,216)	-	(1,822)	-	-	-	(803)	-	(3,614)	(8,500)	(15,455)	(8,500)
	<u>8,302,676</u>	<u>6,882,748</u>	<u>1,753,512</u>	<u>4,453,818</u>	<u>2,139,624</u>	<u>1,804,645</u>	<u>1,888,594</u>	<u>1,554,118</u>	<u>1,236,696</u>	<u>1,094,744</u>	<u>14,885,511</u>	<u>15,464,668</u>
Recovery from ICI Pakistan PowerGen Limited	(1,740)	(1,740)	-	-	-	-	-	-	-	-	(1,740)	(1,740)
	<u>8,300,936</u>	<u>6,881,008</u>	<u>1,753,512</u>	<u>4,453,818</u>	<u>2,139,624</u>	<u>1,804,645</u>	<u>1,888,594</u>	<u>1,554,118</u>	<u>1,236,696</u>	<u>1,094,744</u>	<u>14,883,771</u>	<u>15,462,928</u>

### 25.1 Inter-segment purchases

Inter-segment purchases have been eliminated from the total.

### 25.2 Staff retirement benefits

Salaries, wages and benefits include Rs 74.406 million (2003: Rs 51.120 million) in respect of staff retirement benefits.

### 25.3 Severance cost

Salaries, wages and benefits include Rs 42.825 million (2003: Rs 3.430 million) in respect of severance cost.



Amounts in Rs '000

**26. Selling and Distribution Expenses**

	Polyester		General Chemicals		Soda Ash		Paints		Others		Company	Company
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Salaries and benefits	20,608	18,835	41,565	22,134	23,945	21,483	105,972	98,983	132,033	115,552	324,123	276,987
Repairs and maintenance	47	411	216	244	1,137	917	1,368	1,018	1,140	1,373	3,908	3,963
Advertising and sales promotion	3,259	2,074	756	662	1,788	1,781	70,948	63,545	28,563	27,825	105,314	95,887
Rent, rates and taxes	51	704	249	572	1,273	1,026	7,103	4,413	3,108	2,969	11,784	9,684
Insurance	-	-	3,343	5,008	1,206	2,760	138	2,893	4,229	3,539	8,916	14,200
Lighting, heating and cooling	-	371	161	130	1,369	959	2,569	2,525	1,704	1,851	5,803	5,836
Depreciation and amortisation - note 11.5 & 12.1	175	179	964	748	155	110	500	450	457	-	2,251	1,487
Outward freight and handling	6,183	15,357	10,639	285,708	43,652	56,014	62,869	49,598	7,745	11,579	131,088	418,256
Provision for doubtful debts												
- trade	-	-	-	14,800	-	-	-	900	-	9,186	-	24,886
- others	-	-	-	-	-	-	-	-	-	-	-	-
Provision for obsolete stock	-	-	1,822	-	-	-	803	-	-	8,500	2,625	8,500
Traveling expenses	2,944	3,109	7,164	6,073	2,416	2,446	16,768	10,983	29,141	27,668	58,433	50,279
Postage, telegram, telephone and telex	585	975	4,822	5,068	2,037	3,006	4,849	5,204	7,726	10,263	20,019	24,516
General expenses	4,274	1,739	9,545	11,839	9,791	11,532	17,893	8,992	28,692	16,569	70,195	50,671
	<u>38,126</u>	<u>43,754</u>	<u>81,246</u>	<u>352,986</u>	<u>88,769</u>	<u>102,034</u>	<u>291,780</u>	<u>249,504</u>	<u>244,538</u>	<u>236,874</u>	<u>744,459</u>	<u>985,152</u>

**26.1 Staff retirement benefits**

Salaries and benefits include Rs 40.609 million (2003: Rs 31.045 million) in respect of staff retirement benefits.

**26.2 Severance cost**

Salaries and benefits include Rs 16.500 million (2003: Rs 6.193 million) in respect of severance cost.

**27. Administration and General Expenses**

Salaries and benefits	98,161	77,292	27,929	20,596	150,505	122,234	46,436	43,592	101,445	106,864	424,476	370,578
Repairs and maintenance	3,005	2,979	460	507	3,073	4,407	3,834	4,298	2,472	3,719	12,844	15,910
Advertising and sales promotion	1,084	2,119	355	672	2,139	5,569	252	725	3,252	2,400	7,082	11,485
Rent, rates and taxes	3,247	2,235	674	524	5,342	4,718	1,195	1,128	2,672	1,599	13,130	10,204
Insurance	752	1,045	276	758	2,126	3,115	-	127	1,872	2,885	5,026	7,930
Lighting, heating and cooling	2,694	2,152	565	507	4,504	4,559	1,807	1,803	2,999	3,566	12,569	12,587
Depreciation & amortisation - note 11.5 & 12.1	5,930	5,870	3,670	2,237	13,054	12,388	6,162	5,495	13,118	7,074	41,934	33,064
Outward freight and handling	-	-	-	-	-	-	-	-	-	-	-	-
Provision for doubtful debts												
- trade	-	32,800	7,385	-	-	-	4,620	-	-	-	12,005	32,800
- others	-	-	16,063	-	-	-	-	-	-	-	16,063	-
Provision for obsolete stock	9,216	-	-	-	-	-	-	-	3,614	-	12,830	-
Traveling expenses	5,402	5,050	2,015	1,725	5,671	6,396	5,693	3,863	9,103	8,874	27,884	25,908
Postage, telegram, telephone and telex	1,287	2,150	603	597	1,813	3,331	5,454	4,811	3,558	3,210	12,715	14,099
General expenses	29,220	22,029	4,924	7,201	28,876	35,322	17,724	16,645	30,403	36,027	111,147	117,224
	<u>159,998</u>	<u>155,721</u>	<u>64,919</u>	<u>35,324</u>	<u>217,103</u>	<u>202,039</u>	<u>93,177</u>	<u>82,487</u>	<u>174,508</u>	<u>176,218</u>	<u>709,705</u>	<u>651,789</u>
Less:												
Recovery from ICI Pakistan PowerGen Limited	240	240	-	-	-	-	-	-	-	-	240	240
Less:												
Service charges from Pakistan PTA Limited	-	-	-	-	-	-	-	-	45,003	60,015	45,003	60,015
	<u>159,758</u>	<u>155,481</u>	<u>64,919</u>	<u>35,324</u>	<u>217,103</u>	<u>202,039</u>	<u>93,177</u>	<u>82,487</u>	<u>129,505</u>	<u>116,203</u>	<u>664,462</u>	<u>591,534</u>

**27.1 Staff retirement benefits**

Salaries and benefits include Rs 49.121 million (2003: Rs 37.565 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.

**27.3 Severance cost**

Salaries and benefits include Rs 78.175 million (2003: Rs 7.569 million) in respect of severance cost.

# Notes to the Financial Statements for the Year Ended 31 December 2004

Amounts in Rs '000

	<b>2004</b>	2003
<b>28. Financial Charges</b>		
Mark-up on:		
Short-term financing	<b>11,377</b>	32,979
Redeemable capital	<b>47,386</b>	136,708
Interest on:		
Long-term loans	<b>45,854</b>	75,832
Workers' profit participation fund - note 9.2	<b>349</b>	3,571
Discounting charges on receivables	<b>105,917</b>	131,259
Exchange loss	<b>43,138</b>	-
Others	<b>4,919</b>	10,365
	<b><u>258,940</u></b>	<u>390,714</u>
<b>29. Other Operating Charges</b>		
Auditors' remuneration - note 29.1	<b>4,471</b>	4,776
Donations - note 29.2	<b>4,608</b>	8,232
Workers' profit participation fund - note 9.2	<b>58,462</b>	43,250
Provision for diminution in the value of property, plant and equipment	-	21,400
	<b><u>67,541</u></b>	<u>77,658</u>
<b>29.1 Auditors' remuneration</b>		
Audit fee	<b>1,600</b>	1,758
Certifications including half yearly review and group reporting	<b>2,591</b>	2,740
Out-of-pocket expenses	<b>280</b>	278
	<b><u>4,471</u></b>	<u>4,776</u>
<b>29.2</b>	Donations include Rs 3.831 million (2003: Rs 7.116 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.	
<b>30. Other Operating Income</b>		
Profit on short-term and call deposits	<b>3,181</b>	1,350
Return on loan due from Subsidiary / Associate	<b>1,039</b>	6,317
Scrap sales	<b>17,670</b>	20,268
Gain on disposal of property, plant and equipment	<b>6,095</b>	41,145
Provisions and accruals no longer required written back	<b>16,241</b>	44,385
Exchange gain	-	42,682
Gain on sale of investment - note 30.1	<b>1,788,524</b>	-
Others	<b>45,893</b>	31,096
	<b><u>1,878,643</u></b>	<u>187,243</u>
<b>30.1</b>	This represents Rs 1,788.524 million on account of gain on sale of 25% equity investment in Pakistan PTA Limited on 1 September 2004.	



Amounts in Rs '000

	2004	2003
<b>31. Taxation</b>		
Current - note 31.1	96,988	91,100
Deferred tax liability realised on taxable income	440,995	419,767
Deferred tax asset recognised	(440,995)	(419,767)
Deferred tax on surplus on revaluation of property, plant and equipment transferred to retained earnings - note 31.2	(44,406)	(50,792)
	(44,406)	(50,792)
	<u>52,582</u>	<u>40,308</u>

**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** This represents deferred tax credited to profit and loss account amounting to Rs 44.406 million (2003: Rs 50.792 million) on surplus on revaluation of property, plant and equipment transferred to retained earnings (unappropriated profit) equivalent to incremental depreciation charged during the current year.

### 32. Earning per Share - Basic and Diluted

Profit after taxation for the year	<u>2,846,368</u>	<u>766,244</u>
	<b>Number of shares</b>	
Average number of ordinary shares in issue during the year	<u>138,802,300</u>	<u>138,802,300</u>
	<b>(Rupees)</b>	
Earning per share	<u>20.51</u>	<u>5.52</u>

### 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	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Managerial remuneration	1,167	1,169	7,499	7,485	16,709	10,195	284,115	228,575	309,490	247,424
Retirement benefits	-	-	-	992	3,641	2,592	65,396	62,306	69,037	65,890
Group insurance	-	-	17	17	52	35	1,501	1,508	1,570	1,560
Rent and house maintenance	-	-	3,356	4,869	3,334	1,144	69,302	63,939	75,992	69,952
Utilities	-	-	466	799	951	677	26,954	25,112	28,371	26,588
Medical expenses	-	-	187	103	95	96	8,444	7,841	8,726	8,040
Leave passage	-	-	-	58	57	29	532	391	589	478
	<u>1,167</u>	<u>1,169</u>	<u>11,525</u>	<u>14,323</u>	<u>24,839</u>	<u>14,768</u>	<u>456,244</u>	<u>389,672</u>	<u>493,775</u>	<u>419,932</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>3</u>	<u>196</u>	<u>182</u>	<u>201</u>	<u>188</u>

**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 financial statements for fee to Directors was Rs 2.702 million (2003: Rs 3.103 million), and for the remuneration of one director seconded by Pakistan PTA Limited amounted to Rs 7.668 million (2003: 2.939 million).

# Notes to the Financial Statements for the Year Ended 31 December 2004

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 financial statements are as follows:

	<b>2004</b>	2003
Purchase of goods, material and services	<b>6,465,445</b>	5,083,501
Sale of goods and materials	<b>85,591</b>	145,604
Repayment of loan to group companies	<b>2,011,800</b>	-
Interest / return on loan to Subsidiary	<b>1,039</b>	-
Loan to Subsidiary	<b>120,000</b>	-
Loans from group companies - net	-	39,150
Interest on loans from group companies	<b>38,975</b>	64,455
Provision of services and other receipts	<b>46,983</b>	61,995
Receipt of interest / return on loans to Associate	-	6,317
Repayment of loan by Associate	-	300,000
Sale of shares to parent company	<b>972,995</b>	-
Donation	<b>3,831</b>	7,116
Payment of dividend to parent company	<b>263,065</b>	236,766

## 35. Plant Capacity and Annual Production

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

	<b>2004</b>		2003	
	<b>Annual Name Plate Capacity</b>	<b>Production</b>	Annual Name Plate Capacity	Production
Polyester	<b>56,000</b>	<b>67,247</b>	56,000	67,841
Soda Ash	<b>226,625</b>	<b>233,272</b>	225,000	234,070
Paints	-	<b>24,883</b>	-	19,938
Chemicals	-	<b>9,437</b>	-	7,070
Sodium Bicarbonate	<b>11,176</b>	<b>15,706</b>	10,000	14,200

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

## 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:

	Effective Mark-up / interest rates %	Interest / mark-up bearing			Non-interest /mark-up bearing	Total
		Maturity upto one year	Maturity one to five years	Maturity after five years		
<b>Financial Assets</b>						
Long term loans	4	-	120,000	-	123,962	243,962
Long term deposits	-	-	-	-	19,110	19,110
Trade debts	-	-	-	-	815,399	815,399
Loans and advances	-	-	-	-	33,970	33,970
Trade deposits	-	-	-	-	11,843	11,843
Other receivables	-	-	-	-	393,305	393,305
Cash and bank balances	4 - 4.85	1,103,000	-	-	713,777	1,816,777
		<u>1,103,000</u>	<u>120,000</u>	<u>-</u>	<u>2,111,366</u>	<u>3,334,366</u>
<b>Financial Liabilities</b>						
Short-term financing	2.95 - 6.46	112,102	-	-	-	112,102
Trade and other payables	7.5 & 18.75	112,141	-	-	4,970,136	5,082,277
		<u>224,243</u>	<u>-</u>	<u>-</u>	<u>4,970,136</u>	<u>5,194,379</u>
<b>Net financial assets / (liabilities)</b>	<b>2004</b>	<b>878,757</b>	<b>120,000</b>	<b>-</b>	<b>(2,858,770)</b>	<b>(1,860,013)</b>
Net financial assets / (liabilities)	2003	(4,113,494)	-	-	(1,611,496)	(5,724,990)

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, loans excluding loans to associates and other receivables is given below:

	<b>2004</b>	2003
Public Sector		
- Government	<b>225,337</b>	205,403
- Armed forces	<b>2,345</b>	1,660
- Communication	<b>535</b>	416
- Oil and gas	<b>7,414</b>	4,614
- Health	<b>569</b>	605
- Others	<b>33,759</b>	19,121
	<b>269,959</b>	231,819
Private Sector		
- Institutional	<b>20,666</b>	11,504
- Trade	<b>815,399</b>	643,473
- Bank	<b>2,423</b>	1,283
- Others	<b>409,142</b>	309,326
	<b>1,247,630</b>	965,586
	<b>1,517,589</b>	1,197,405

**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**

Number of employees at 31 December	<b>1,299</b>	1,324
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**41. Date of Authorisation**

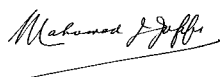
These financial statements were authorised for issue in the Board of Directors meeting held on 25 February 2005.

**42. Corresponding figures**

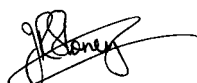
Previous year's figures have been arranged and reclassified wherever necessary for the purposes of comparison. Major changes made during the year were reclassifications resulting from the substituted Fourth Schedule to the Companies Ordinance, 1984. (note 9.4 and 11)

**43. 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



Pattern of Shareholding as at 31 December 2004



No. of Shareholders	Categories				No. of Shares
6709	From	1	To	100	241,703
5399	From	101	To	500	1,262,599
1438	From	501	To	1,000	1,034,444
1513	From	1,001	To	5,000	3,079,952
201	From	5,001	To	10,000	1,437,593
58	From	10,001	To	15,000	710,933
22	From	15,001	To	20,000	392,168
18	From	20,001	To	25,000	408,265
10	From	25,001	To	30,000	280,295
8	From	30,001	To	35,000	251,169
7	From	35,001	To	40,000	260,502
1	From	40,001	To	45,000	43,800
4	From	45,001	To	50,000	198,500
3	From	50,001	To	55,000	159,382
2	From	65,001	To	70,000	138,530
4	From	70,001	To	75,000	294,179
4	From	75,001	To	80,000	303,457
1	From	80,001	To	85,000	81,202
1	From	90,001	To	95,000	94,143
5	From	95,001	To	100,000	495,900
2	From	100,001	To	105,000	205,091
1	From	105,001	To	110,000	108,850
2	From	110,001	To	115,000	225,200
1	From	130,001	To	135,000	132,100
3	From	145,001	To	150,000	447,250
1	From	150,001	To	155,000	152,800
1	From	155,001	To	160,000	158,300
1	From	160,001	To	165,000	161,100
1	From	175,001	To	180,000	179,873
1	From	180,001	To	185,000	182,400
1	From	195,001	To	200,000	200,000
1	From	200,001	To	205,000	203,000
2	From	205,001	To	210,000	412,700
1	From	210,001	To	215,000	212,575
1	From	245,001	To	250,000	246,247
1	From	250,001	To	255,000	252,300
1	From	260,001	To	265,000	261,000
2	From	310,001	To	315,000	625,900
1	From	315,001	To	320,000	316,800
1	From	350,001	To	355,000	352,000
1	From	395,001	To	400,000	400,000
1	From	435,001	To	440,000	438,200
1	From	440,001	To	445,000	441,750
1	From	475,001	To	480,000	479,136
1	From	510,001	To	515,000	514,700
1	From	525,001	To	530,000	526,000
1	From	565,001	To	570,000	569,443
1	From	635,001	To	640,000	635,650

Pattern of Shareholding as at 31 December 2004

No. of Shareholders	Categories				No. of Shares
1	From	650,001	To	655,000	650,500
1	From	700,001	To	705,000	700,600
1	From	760,001	To	765,000	765,000
1	From	765,001	To	770,000	766,384
1	From	845,001	To	850,000	847,800
1	From	860,001	To	865,000	864,276
1	From	1,040,001	To	1,045,000	1,043,400
1	From	1,090,001	To	1,095,000	1,090,500
1	From	2,830,001	To	2,835,000	2,834,712
1	From	3,800,001	To	3,805,000	3,800,922
1	From	105,225,001	To	105,230,000	105,229,125
<b>15453</b>					<b>138,802,300</b>

Categories of Shareholders	Number	Shares Held	Percentage
INDIVIDUALS	11,082	4,251,831	3.06
INVESTMENT COMPANIES	31	15,895	0.01
INSURANCE COMPANIES	11	1,442,897	1.04
JOINT STOCK COMPANIES	36	174,296	0.13
ASSOCIATED COMPANIES (a)	1	105,229,125	75.81
FINANCIAL INSTITUTIONS	18	38,874	0.03
MODARABA COMPANIES	3	176	0.00
OTHERS	17	206,541	0.15
FOREIGN FUNDS	3	3,014	0.00
CENTRAL DEPOSITORY COMPANY (b)	4,251	27,439,651	19.77
	<b>15,453</b>	<b>138,802,300</b>	<b>100.00</b>

(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 ACCOUNT HOLDERS AS PER CENTRAL DEPOSITORY REGISTER

CHARITABLE TRUST	3	12,922	0.01
FINANCIAL INSTITUTION	35	10,158,119	7.32
INDIVIDUALS	4,040	7,432,856	5.35
INSURANCE COMPANIES	11	3,099,730	2.23
INVESTMENT COMPANIES	10	1,184,155	0.85
JOINT STOCK COMPANIES	133	4,462,674	3.22
LEASING COMPANIES	3	110,025	0.08
MODARABAS	2	2,991	0.00
MODARABA MANAGEMENT COMPANIES	1	29,475	0.02
MUTUAL FUNDS	4	883,100	0.64
OTHERS	9	63,604	0.05
<b>TOTAL</b>	<b>4,251</b>	<b>27,439,651</b>	<b>19.77</b>

Pattern of Shareholding as at 31 December 2004



**ADDITIONAL INFORMATION**

<b>Shareholder's Category</b>	<b>Number of Shareholders</b>	<b>Number of Shares Held</b>
<b>Associated Companies (name wise details)</b>		
ICI Omicron B.V.	1	105,229,125
Pakistan PTA Limited		NIL
ICI Pakistan PowerGen Limited		NIL
<b>NIT &amp; ICP (name wise details)</b>		
Investment Corporation of Pakistan (ICP)	1	14,319
National Bank of Pakistan, Trustee Department (NIT)	1	900,419
<b>Directors, CEO and their spouse and minor children (name wise details)</b>		
M J Jaffer	1	21,325
S. Imran Agha	1	1
Asif Jooma	1	238
Pervaiz A Khan	1	225
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
<b>Executives</b>	<b>98</b>	<b>31,632</b>
<b>Public sector companies &amp; corporation</b>		
<b>Banks, Development Finance Institutions Non-Banking Finance Institutions, Insurance Companies, Modarbas &amp; Mutual Funds</b>	<b>121</b>	<b>15,060,588</b>
<b>Shareholders holding 10% or more voting interest (name wise details)</b>		
ICI Omicron B.V.	1	105,229,125
<b>Common Director's shareholdings in Associated Companies</b>		
<i>Pakistan PTA Limited</i>		
Jonathan R Stony	1	1
<i>ICI Pakistan PowerGen Limited</i>		
S Imran Agha	1	1
Asif Jooma	1	1
Jonathan R Stony	1	1
Pervaiz A Khan	1	1

## Comparison of Results for Six Years

	1999			2000	
	Continued	Discontinued	Company	Continued	Discontinued
<b>Net Assets</b>					
Property, plant and equipment			27,063,303		
Intangible assets			-		
<b>Fixed Assets</b>			27,063,303		
Long-term Investments			212,500		
Current Assets			6,318,640		
Less Current Liabilities			4,531,044		
<b>Working capital</b>			1,787,596		
Other net Assets / (Liabilities)			(7,031,978)		
<b>Total Net Assets</b>			22,031,421		
<b>Financed by:</b>					
Share Capital			12,618,391		
Reserves			(4,419,252)		
Surplus on Revaluation of Fixed Assets			1,772,424		
<b>Shareholders' Equity</b>			9,971,563		
Long-term Loans & Deferred Liability			12,059,858		
<b>Total Funds Invested</b>			22,031,421		
<b>Turnover &amp; Profits / (Loss)</b>					
Turnover	10,613,556	7,286,833	16,510,405	11,715,055	8,760,473
Net sales & Commission income	8,808,378	6,176,482	13,594,876	9,784,132	7,576,861
Gross profit	2,092,961	(1,600,082)	492,879	2,613,951	(134,936)
Operating Results	1,112,341	(1,845,171)	(732,830)	1,542,154	(368,602)
Profit / (Loss) before Taxation	906,121	(4,642,356)	(3,736,235)	1,251,588	(2,923,265)
Taxation	(50,000)	(24,000)	(74,000)	(49,142)	(29,511)
Profit / (Loss) after Taxation	856,121	(4,666,356)	(3,810,235)	1,202,446	(2,952,776)
Dividend	-	-	-	-	-
Transfer to General Reserve	-	-	-	-	-
Profit/(Loss) after Taxation, dividend & General reserves	856,121	(4,666,356)	(3,810,235)	1,202,446	(2,952,776)
<b>Earnings &amp; Dividends per Rs 10 share</b>					
(Loss) / Earnings before Tax, excluding extraordinary items			(4.12)		
Dividends			-		
<b>Investors Ratio</b>					
Gross profit to sales			3.63		
Debtor turnover ratio ( in days ) - Sales			14		
Stock turnover ratio ( in days ) - COGS			72		
Fixed assets turnover ratio - Sales			50.23		
Market Value / share			10.50		
Price Earning ratio			(2.50)		
Return on Capital Employed - %			(38.21)		
Debt : Equity ratio			66:34		
Current ratio			1.39		
Interest cover-times			-		
(Loss) / Earnings After Tax / Share			(4.20)		
Dividend cover-times			-		

# Comparison of Results for Six Years



Amounts in Rs'000

Company	2001	2002	2003	2004
	5,673,385	5,945,482	5,742,781	5,395,447
	-	-	-	132,111
	5,673,385	5,945,482	5,742,781	5,527,558
	212,500	813,253	2,327,460	2,333,760
	3,346,076	4,710,987	4,618,700	5,305,892
	2,334,012	4,230,621	3,956,958	3,903,777
	1,012,064	480,366	661,742	1,402,115
	(2,670,035)	(1,788,347)	(1,877,650)	(3,047,183)
	4,227,914	5,450,754	6,854,333	6,216,250
	1,261,839	1,388,023	1,388,023	1,388,023
	214,119	967,489	3,202,991	4,073,846
	1,895,736	1,895,736	784,424	679,813
	3,371,694	4,251,248	5,375,438	6,141,682
	856,220	1,199,506	1,478,895	74,568
	4,227,914	5,450,754	6,854,333	6,216,250
	18,839,719	12,815,431	15,073,813	22,156,265
	15,725,184	10,569,573	12,218,937	18,127,295
	2,479,015	2,465,404	2,327,095	2,664,367
	1,173,552	1,398,862	1,077,114	1,087,681
	(1,671,677)	619,777	723,094	806,552
	(78,653)	(53,159)	1,131,638	(40,308)
	(1,750,330)	566,618	1,854,732	766,244
	-	-	277,605	312,305
	-	-	-	-
	(1,750,330)	566,618	2,270,202	558,550
	(1.17)	4.68	5.21	5.81
	-	-	2.00	2.25
	15.76	23.33	19.04	14.70
	8	18	19	13
	64	81	69	45
	277.17	177.77	212.77	327.94
	10.85	35.30	53.95	85.00
	(6.06)	7.99	4.04	15.40
	(51.91)	13.33	34.50	13.22
	62:38	54:46	45:55	40:60
	1.43	1.11	1.17	1.36
	0.42	1.80	2.72	3.11
	(1.79)	4.42	13.36	5.52
	-	2.04	6.68	2.45
	15.62	15	61	327.51
	89.65	4.37	32.94	1.99
	1.41	12.38	20.51	8.20

# Notice of Meeting

Notice is hereby given that the Fifty-Third Annual General Meeting of ICI Pakistan Limited will be held on Thursday, 28 April 2005 at 10:00 a.m. at the Registered Office of the Company at ICI House, 5 West Wharf, Karachi, to transact the following business:

## ORDINARY BUSINESS

1. To receive and consider the Balance Sheet and Profit & Loss Account together with the Directors' and Auditors' Reports for the year ended 31 December, 2004.
2. To declare a cash dividend @ 40% i.e, Rs 4/- per ordinary share of Rs 10/- each for the year ended 31 December 2004 as recommended by the Directors, payable to the Members whose names appear in the Register of Members as at 19 April 2005.
3. To appoint Auditors and to fix their remuneration.
4. To elect 10 Directors in accordance with the provisions of the Companies Ordinance 1984 for a period of three years commencing from 29 April 2005.

The retiring Directors are Messrs M J Jaffer, Jonathan R Stoney, Syed Imran Agha, Philip Gillett, David J Gee, Asif Jooma, Tariq Iqbal Khan, Pervaiz A Khan, M Nawaz Tiwana and Mueen Afzal (appointed under Section 182 of the Companies Ordinance 1984).

## SPECIAL BUSINESS

5. To consider and if thought fit, to authorize the Company, subject to the approval of the Securities and Exchange Commission of Pakistan, to transmit its quarterly accounts by placing the same on its website.

A statement as required by Section 160(1)(b) of the Companies Ordinance 1984 in respect of the special business to be considered at the meeting and containing a draft of the resolution to be passed in respect thereof as required by Section 164(1) of the Companies Ordinance 1984 is annexed.

By the Order of the Board

  
**Nausheen Ahmad**  
Company Secretary

25 February, 2005  
Karachi

## Notes:

1. Share Transfer Books of the Company will remain closed from 19 April 2005 to 28 April 2005 (both days inclusive).
2. Entitlement to dividend and to attend the Fifty-Third Annual General Meeting as a Member will be according to the Members Register as at 19 April 2005.
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. A proxy 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.



The material facts concerning the business to be transacted at the Fifty-Third Annual General Meeting of the Company to be held on Thursday, 28 April 2005 at 10:00 a.m. at the Registered Office of the Company at ICI House, 5 West Wharf, Karachi.

The Board of Directors of the Company has recommended that the quarterly accounts of the Company should be transmitted to the Members by placing the same on the website of the Company in terms of and in accordance with the requirements of Circular No. 19 of 2004 dated 14 April 2004 of the Securities and Exchange Commission of Pakistan, which transmittal will be treated as full compliance of the provisions of section 245 of the Companies Ordinance 1984. Such transmittal through the website is subject to requisite authorization being given by the Members and is subject to the approval of the Securities and Exchange Commission of Pakistan Limited.

The Company maintains a website **www.icipakistan.com** and intends to place its quarterly accounts on the website for the information of the Members and general public in terms of and in accordance with the aforesaid Circular. This will result in prompt disclosure of information to the Members besides saving of costs associated with printing and dispatch of the accounts by post. The Company will however, supply copies of the accounts to the stock exchanges in accordance with the Listing Regulations and to the Members on demand at their registered address free of charge, within one week of receiving such request.

Accordingly, it is proposed that the following resolution be passed as and by way of an ordinary resolution authorizing the transmittal of quarterly accounts through the Company's website:

“RESOLVED THAT subject to the approval of the Securities and Exchange Commission of Pakistan the Company be and is hereby authorized to transmit its quarterly accounts by placing the same on its website”.

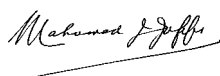
# Report of the Directors for the Year Ended 31 December 2004 for ICI Pakistan Group

The audited financial statements of ICI Pakistan Group for the year ended 31 December 2004 are attached. The ICI Pakistan Group comprises financial statements 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 2004 has been presented separately.

Power generation for ICI Pakistan PowerGen Limited for the year under review was 5% lower compared to the corresponding period last year due to a breakdown of one of the generators and consequently turnover was also 4% lower for the full-year. However, due to improved conversion efficiencies, operating result for the twelve months ended 31 December 2004 of Rs 42.7 million showed an increase of Rs 25.1 million over last year. Financial charges were also substantially lower during the year, and consequently, the Company achieved a profit before taxation of Rs 36.1 million compared to Rs 9.0 million last year.

Pursuant to the authorisation given by its members at an Extraordinary General Meeting held on 20 August 2004, ICI Pakistan Limited sold its investment of 286,185,162 ordinary shares of Rs 10 each of Pakistan PTA Limited (PPTA), representing 18.9% of PPTA's issued share capital, at a price of Rs 10.50 per share through a privately placed block trade arranged by Elixir Securities Pakistan (Private) Limited. Further, the Company also sold the balance shareholding of 92,366,565 ordinary shares representing 6.1% of PPTA's issued share capital, to ICI Omicron B.V. at the same price of Rs 10.50 per share. Accordingly, 25% of the profit before taxation up to 31 August 2004 amounting to Rs 247.0 million (2003: loss of Rs 1,455.0 million) has been consolidated into the Group financial statements of ICI Pakistan Limited using the equity method of accounting.



M J Jaffer  
Chairman



Jonathan R Stoney  
Chief Executive

Dated: 25 February 2005



## Auditors' Report to the Members



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 2004 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 2004, 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.

A handwritten signature in black ink, reading "Taseer Hadi Khalid", is positioned above the printed name of the auditor.

Date: 25 February 2005  
Karachi

Taseer Hadi Khalid & Co.  
Chartered Accountants

# Consolidated Balance Sheet as at 31 December 2004

Amounts in Rs '000

	Note	2004	2003 (Restated)
<b>Share Capital and Reserves</b>			
Authorised capital 1,500,000,000 ordinary shares of Rs 10 each		<b>15,000,000</b>	15,000,000
Issued, subscribed and paid-up capital	4	<b>1,388,023</b>	1,388,023
Capital reserves	5	<b>465,845</b>	465,845
Unappropriated profit		<b>6,223,183</b>	1,883,548
		<b>8,077,051</b>	3,737,416
<b>Surplus on Revaluation of Property, Plant and Equipment</b>			
	6	<b>587,064</b>	679,813
<b>Non-Current Liabilities</b>			
Redeemable capital	7	-	15,000
Deferred liability	8	<b>83,089</b>	74,997
		<b>83,089</b>	89,997
<b>Current Liabilities</b>			
Current portions of:			
Redeemable capital	7	-	2,075,000
Long-term loans	7	-	2,011,800
Short-term financing	9	<b>112,102</b>	23,666
Trade and other payables	10	<b>5,137,748</b>	4,002,513
		<b>5,249,850</b>	8,112,979
Contingencies and Commitments	11		
		<b>13,997,054</b>	12,620,205

# Consolidated Balance Sheet as at 31 December 2004



Amounts in Rs '000

	Note	2004	2003
<b>Fixed Assets</b>			
Property, plant and equipment	12	5,514,366	5,660,183
Intangible assets	13	135,848	132,111
		<b>5,650,214</b>	5,792,294
<b>Deferred Tax Asset - net</b>	14	<b>870,294</b>	825,888
<b>Long-Term Investments</b>	15	<b>2,500</b>	410,919
<b>Long-Term Loans</b>	16	<b>124,413</b>	114,963
<b>Long-Term Deposits and Prepayments</b>	17	<b>26,209</b>	24,054
<b>Current Assets</b>			
Stores and spares	18	706,876	706,709
Stock-in-trade	19	2,923,737	2,077,652
Trade debts	20	840,869	669,233
Loans and advances	21	92,326	90,415
Trade deposits and short-term prepayments	22	155,145	181,238
Other receivables	23	395,748	323,783
Taxation recoverable		344,545	355,884
Cash and bank balances	24	1,864,178	1,047,173
		<b>7,323,424</b>	5,452,087
		<b>13,997,054</b>	12,620,205

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

M J Jaffer  
Chairman / Director

Jonathan R Stoney  
Chief Executive

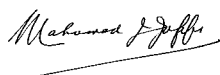
Feroz Rizvi  
Chief Financial Officer

# Consolidated Profit and Loss Account for the Year Ended 31 December 2004

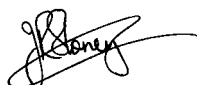
Amounts in Rs '000

	Note	2004	2003
Turnover	25	<b>21,303,498</b>	22,156,265
Sales tax, commission and discounts	25	<u><b>(3,703,559)</b></u>	<u>(4,070,098)</u>
Net sales and commission income		<b>17,599,939</b>	18,086,167
Cost of sales	26	<u><b>(14,791,058)</b></u>	<u>(15,403,909)</u>
Gross profit		<b>2,808,881</b>	2,682,258
Selling and distribution expenses	27	<b>(744,459)</b>	(985,152)
Administration and general expenses	28	<u><b>(674,843)</b></u>	<u>(591,826)</u>
		<b>1,389,579</b>	1,105,280
Financial charges	29	<b>(263,252)</b>	(398,984)
Other operating charges	30	<b>(69,583)</b>	(78,264)
		<b>(332,835)</b>	(477,248)
Other operating income	31	<b>3,361,826</b>	187,561
Share in post acquisition profit / (loss) of associate before taxation		<b>246,993</b>	(1,455,004)
Profit / (loss) before taxation		<u><b>4,665,563</b></u>	<u>(639,411)</u>
Taxation	32	<b>(71,671)</b>	(25,306)
Profit / (loss) after taxation		<u><b>4,593,892</b></u>	<u>(664,717)</u>
		<b>(Rupees)</b>	(Rupees)
Earning / (loss) per share	33	<u><b>33.10</b></u>	<u>(4.79)</u>

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



M J Jaffer  
Chairman / Director



Jonathan R Stoney  
Chief Executive



Feroz Rizvi  
Chief Financial Officer

# Consolidated Cash Flow Statement for the Year Ended 31 December 2004



Amounts in Rs '000

	2004	2003
<b>Cash Flows from Operating Activities</b>		
Profit / (loss) before taxation	4,665,563	(639,411)
Adjustments for:		
Gain on disposal of investment in Associate	(3,272,074)	-
Depreciation and amortisation	711,607	677,535
Share in post acquisition (profit) / loss of Associate	(246,993)	1,455,004
Gain on disposal of property, plant and equipment	(6,095)	(41,145)
Provision for diminution in the value of property, plant and equipment	-	21,400
Provision for non-management staff gratuity and eligible retired employees' medical scheme	12,522	11,651
Return on bank deposits and loans to Associate	(4,518)	(7,701)
Interest / mark-up expense	215,186	388,619
	<b>2,075,198</b>	<b>1,865,952</b>
Movement in:		
Working capital	63,863	346,779
Long-term loans	(129,450)	(113,545)
Long-term deposits and prepayments	(2,155)	(2,371)
Cash generated from operations	<b>2,007,456</b>	<b>2,096,815</b>
Payments for :		
Non-management staff gratuity and eligible retired employees' medical scheme	(7,979)	(15,902)
Taxation	(87,036)	(190,698)
Net cash generated from operating activities	<b>1,912,441</b>	<b>1,890,215</b>
<b>Cash Flows from Investing Activities</b>		
Long-term investments	3,909,784	(6,300)
Payments for capital expenditure	(596,085)	(502,280)
Proceeds from disposal of property, plant and equipment	15,287	54,496
Profit / mark-up received	4,518	7,701
Repayment of loan by Associate	-	300,000
Net cash generated from / (used in) investing activities	<b>3,333,504</b>	<b>(146,383)</b>

# Consolidated Cash Flow Statement for the Year Ended 31 December 2004

Amounts in Rs '000

	2004	2003
<b>Cash Flows from Financing Activities</b>		
Long-term borrowings less repayments	(3,981,800)	(323,783)
Short-term borrowings less repayments	-	(250,000)
Interest / mark-up	(188,522)	(343,873)
Dividend paid	(347,054)	(312,314)
Net cash used in financing activities	(4,517,376)	(1,229,970)
Net increase in cash and cash equivalents	728,569	513,862
<b>Cash and cash equivalents at 1 January</b>	1,023,507	509,645
<b>Cash and cash equivalents at 31 December</b>	1,752,076	1,023,507

## Movement in Working Capital

### *(Increase) / decrease in current assets*

Stores and spares	(167)	(34,242)
Stock-in-trade	(846,085)	(304,133)
Trade debts	(171,636)	29,009
Loans and advances	(1,911)	211,788
Trade deposits and short-term prepayments	26,093	(55,512)
Other receivables	(71,965)	(7,944)
	(1,065,671)	(161,034)

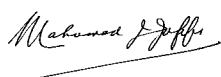
### *Increase in current liabilities*

Trade and other payables	1,129,534	507,813
	63,863	346,779

### **Cash and cash equivalents at 31 December comprise of:**

Cash and bank balances - note 24	1,864,178	1,047,173
Running finances utilised under mark-up arrangements - note 9	(112,102)	(23,666)
	1,752,076	1,023,507

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



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 2004



Amounts in Rs '000

	Issued, subscribed and paid-up capital	Capital reserves	Unappropriated profit (Restated)	Total
<b>Balance as on 1 January 2003 as previously reported</b>	<b>1,388,023</b>	<b>465,845</b>	<b>2,331,866</b>	<b>4,185,734</b>
Effect of change in accounting policy (note 10.4)				
Final dividend for the year ended 31 December 2002	-	-	312,305	312,305
<b>Balance as on 1 January 2003 restated</b>	<b>1,388,023</b>	<b>465,845</b>	<b>2,644,171</b>	<b>4,498,039</b>
Final dividend for the year ended 31 December 2002	-	-	(312,305)	(312,305)
Net loss for the year ended 31 December 2003	-	-	(664,717)	(664,717)
Share of surplus on revaluation of property, plant and equipment transferred to retained earnings (accumulated loss) by the Associate	-	-	111,788	111,788
Transfer from surplus on revaluation of property, plant and equipment - note 6	-	-	104,611	104,611
<b>Balance as on 31 December 2003 restated</b>	<b>1,388,023</b>	<b>465,845</b>	<b>1,883,548</b>	<b>3,737,416</b>
<b>Balance as on 1 January 2004 as previously reported</b>	<b>1,388,023</b>	<b>465,845</b>	<b>1,536,542</b>	<b>3,390,410</b>
Effect of change in accounting policy (note 10.4)				
Final dividend for the year ended 31 December 2003	-	-	347,006	347,006
<b>Balance as on 31 December 2003 restated</b>	<b>1,388,023</b>	<b>465,845</b>	<b>1,883,548</b>	<b>3,737,416</b>
Final dividend for the year ended 31 December 2003	-	-	(347,006)	(347,006)
Net profit for the year ended 31 December 2004	-	-	4,593,892	4,593,892
Transfer from surplus on revaluation of property, plant and equipment - note 6	-	-	92,749	92,749
<b>Balance as on 31 December 2004</b>	<b>1,388,023</b>	<b>465,845</b>	<b>6,223,183</b>	<b>8,077,051</b>

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

M J Jaffer  
Chairman / Director

Jonathan R Stoney  
Chief Executive

Feroz Rizvi  
Chief Financial Officer

# Notes to the Consolidated Financial Statements for the Year Ended 31 December 2004

## **1. Status and Nature of Business**

### **1.1** The Group consists of:

n ICI Pakistan Limited; and

n ICI Pakistan PowerGen Limited.

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

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

The Company is engaged in the manufacture of polyester staple fibre, POY chips, soda ash, paints, specialty chemicals, sodium bicarbonate and polyurethanes; marketing of seeds, toll manufactured and imported pharmaceuticals and animal health products; and merchandising 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 financial statements of ICI Pakistan Limited and ICI Pakistan PowerGen Limited. The financial statements 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**

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

**3.1.2** During the year, the SECP substituted the Fourth Schedule to the Ordinance, which is effective from the financial year ending on or after 5 July 2004. This has resulted in the change in accounting policy pertaining to recognition of dividends proposed subsequent to the year end (note 10.4) and certain reclassifications of previous year's figures (note 43).

### **3.2 Accounting convention**

These financial statements 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 note 3.7 have been incorporated in the cost of the relevant assets and certain staff retirement benefits have been recognised in accordance with IAS 19 "Employee Benefits".

### **3.3 Staff retirement benefits**

The Group's retirement benefit plans comprise of provident funds, pension and gratuity schemes and a medical scheme for eligible retired employees. There are two registered provident funds. These are defined contribution schemes providing lump sum benefits.





During the year the Group setup a new Defined Contribution pension scheme known as "ICI Pakistan Management Staff Defined Contribution Superannuation Fund" (the Fund) for the benefit of the management staff in the service of the Group. All employees joining the Group after 30 April 2004 in management cadre will become members of the Fund. Members of the existing pension fund were given a one-time option exercisable by 31 July 2004 to join the Fund. The actuarially accrued liability in respect of past services of those members who have exercised this option has been transferred to the Fund. The Fund has been approved under the provisions of the Income Tax Ordinance, 2001 effective 1 May 2004.

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 recognises expense on the existing pension and gratuity funds in accordance with IAS 19 "Employee Benefits". The gratuity scheme for non-management staff and the eligible retired employees' 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 gains and losses are amortised over the expected average remaining working lives of employees as allowed under the relevant provision of IAS 19 "Employee Benefits".

### **3.4 Provisions**

A provision 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 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 property, plant and equipment which is adjusted against the related deficit / surplus.

### **3.7 Property, plant and equipment and depreciation**

Operating assets (except freehold land, which is stated at cost or revalued amount) are stated at cost or revalued amounts less accumulated depreciation and impairment losses. Capital work-in-progress is stated at cost. Cost of certain property, plant and equipment comprises historical cost, exchange differences recognised in accordance with the previous Fourth Schedule to the Ordinance, 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. 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 property, plant and equipment 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 property, plant and equipment is transferred directly to retained earnings (unappropriated profits).

### **3.8 Intangible assets**

Costs that are directly associated with identifiable software products controlled by the Group and have probable economic benefit beyond one year are recognised as intangible assets.

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Intangible assets are amortised on a straight-line basis over their estimated useful lives.

### **3.9 Investments**

#### *Investment in associates*

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

#### *Investment in other companies*

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

### **3.10 Stores and spares**

Stores and spares are stated at cost less provision for slow moving and obsolete stores and spares. Cost is determined using moving average method. Items in transit are valued at cost comprising invoice values plus other charges incurred thereon.

### **3.11 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.

### **3.12 Trade debts and other receivables**

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

### **3.13 Financial assets and liabilities**

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be.

### **3.14 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.

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

### **3.15 Impairment Losses**

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If such indications exist, the assets recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognised as expense in the profit and loss account.

### **3.16 Revenue recognition**

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

### **3.17 Segment reporting**

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

### **3.18 Cash and cash equivalents**

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

### **3.19 Off-setting**

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

# Notes to the Consolidated Financial Statements for the Year Ended 31 December 2004

Amounts in Rs '000

## 4. Issued, Subscribed and Paid-up Capital

2004 (Numbers)	2003		2004	2003
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 (note 4.1)	126,184	126,184
<b>138,802,300</b>	<b>138,802,300</b>		<b>1,388,023</b>	<b>1,388,023</b>

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 (2003: 105,229,125) ordinary shares of Rs 10 each at 31 December 2004.

## 5. Capital Reserves

Share premium	465,259	465,259
Capital receipts	586	586
	<b>465,845</b>	<b>465,845</b>

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 property, plant and equipment. The remitting companies have no claim to their repayments.



Amounts in Rs '000

	<b>2004</b>	2003
<b>6. Surplus on Revaluation of property, plant and equipment</b>		
Balance as on 1 January	<b>679,813</b>	784,424
Less: Transfer to retained earnings (unappropriated profit) in respect of incremental depreciation charged during the year-net of deferred tax	<b>92,749</b>	104,611
Balance as on 31 December	<b><u>587,064</u></b>	<u>679,813</u>
<b>7. Redeemable capital and long term loans</b>		
Redeemable capital - note 7.1	-	15,000
	-	15,000
Current portion shown under current liabilities:		
Redeemable capital - note 7.2	-	2,075,000
Long term loans - note 7.3	-	2,011,800
	-	<u>4,101,800</u>
<b>7.1</b> The loan from Askari Commercial Bank Limited has been repaid during the year.		
<b>7.2</b> The loans from Habib Bank Limited (Rs 800 million), United Bank Limited (Rs 1,200 million), Deutsche Bank AG (Rs 15 million) and Standard Chartered Bank (Rs 60 million) have been repaid during the year.		
<b>7.3</b> The loan from Mortar Investments International Limited - Associated Company has been repaid during the year.		
<b>8. Deferred Liability</b>		
Provisions for non-management staff gratuity and eligible retired employees' medical scheme	<b><u>83,089</u></b>	<u>74,997</u>

**8.1 Staff Retirement Benefits**

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

	<b>Funded</b>	<b>Unfunded</b>
Current service cost	52,692	5,035
Interest cost	86,519	8,504
Expected return on plan assets	(71,134)	-
Recognition of loss / (gain)	49,625	(1,017)
Charge for the year	<u>117,702</u>	<u>12,522</u>
Year 2003	<u>93,194</u>	<u>14,078</u>

Movements in the net asset / (liability) recognised in the balance sheet are as follows:

Opening balance	(63,583)	(78,546)
Charge for the year	(117,702)	(12,522)
Contributions / payments during the year	213,229	7,979
Closing balance	<u>31,944</u>	<u>(83,089)</u>

The amounts recognised in the balance sheet are as follows:

Fair value of plan assets	910,995	-
Present value of defined benefit obligation	(1,087,831)	(133,121)
Deficit	(176,836)	(133,121)
Unrecognised net loss	208,780	50,032
Recognised asset / (liability)	<u>31,944</u>	<u>(83,089)</u>
Year 2003	<u>(63,583)</u>	<u>(78,546)</u>

These figures are based on the latest actuarial valuation, as at 31 December 2004. 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 9.46 percent per annum. Salary inflation was assumed to average 7.38 percent per annum over the future working lives of current employees. Medical cost trend was assumed to average 4.25 percent per annum in the long term. Return on plan assets was assumed equal to the discount rate. Actual return on plan assets during 2004 was Rs 50 million (2003: Rs 85 million).

The Group contributed Rs 28.455 million (2003: Rs 34.079 million) and Rs 6.294 million to the provident fund and the new defined contribution superannuation fund respectively during the year.



Amounts in Rs '000

	2004	2003
<b>9. Short-Term Financing</b>		
Running finances utilised under mark-up arrangements - note 9.1	112,102	23,666
Term finances - note 9.2	-	-
	<u>112,102</u>	<u>23,666</u>

**9.1** The facilities for running finance available from various banks amount to Rs 4,350 million (2003: Rs 2,750 million) and carry mark-up ranging from 2.48 to 6.46 percent per annum (2003: 2.48 to 5.5 percent per annum). The purchase prices are payable on various dates by 30 June 2005. The facilities are secured by hypothecation and floating charge over the present and the future stock-in-trade and book debts of the Company and the Subsidiary and first pari passu charge over plant and machinery of Polyester Business of the Company.

**9.2** The facilities for term finance available from various banks amount to Rs 550 million (2003: Rs 550 million). However no such facility was utilised as on 31 December 2004.

#### **10. Trade and Other Payables**

Trade creditors - note 10.1	1,740,380	1,408,207
Bills payable	1,869,372	1,235,968
Sales tax, excise and custom duties	132,772	155,000
Mark-up accrued on:		
Redeemable capital	-	19,679
Short-term financing	2,479	1,990
Accrued interest / return on unsecured loan	344,352	298,498
Accrued expenses	430,478	314,265
Workers' profit participation fund - note 10.2	60,719	48,295
Distributors' security deposits - payable on termination of distributorship - note 10.3	53,320	53,875
Contractors' earnest / retention money	16,056	16,771
Advances from customers	130,450	105,991
Unclaimed dividends - note 10.4 & 10.5	4,621	4,669
Payable for capital expenditure	18,089	35,455
Payable for staff retirement benefit schemes	-	57,520
Provision for compensated absences	17,162	20,200
Others	317,498	226,130
	<u>5,137,748</u>	<u>4,002,513</u>

**10.1** The above balances include amounts due to associated undertakings amounting to Rs 228.827 million (2003: Rs 249.776 million).

# Notes to the Consolidated Financial Statements for the Year Ended 31 December 2004

Amounts in Rs '000

	2004	2003
<b>10.2 Workers' profit participation fund</b>		
Balance as on 1 January	48,295	42,671
Allocation for the year - note 30	60,360	43,726
	<b>108,655</b>	86,397
Interest on funds utilised in the Company's businesses at 18.75 percent (2003: 16.9 percent) per annum - note 29	<b>373</b>	3,571
	<b>109,028</b>	89,968
Less:		
- Amount paid to and on behalf of the fund	3,656	3,801
- Deposited with the Government of Pakistan	44,653	37,872
	<b>48,309</b>	41,673
Balance as on 31 December	<b>60,719</b>	48,295

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

**10.4** The Company, effective from current year, has not recognised the final dividend, proposed subsequent to the year end, as a liability to comply with the substituted Fourth Schedule to the Ordinance, as referred to in note 3.1.2. Such a change in policy has been accounted for retrospectively and comparative financial statements have been restated in accordance with the recommended benchmark treatment of IAS 8. Had there been no change, the unappropriated profit and the current liabilities for the year ended 31 December 2004 would have been lower and higher respectively by Rs 555.209 million (2003: Rs 347.006 million).

**10.5** The Board of Directors of the Company have proposed a final dividend for the year ended 31 December 2004 of Rs 4.00 per share, amounting to Rs 555.209 million at their meeting held on 25 February 2005, for approval of the members at the Annual General Meeting to be held on 28 April 2005. These financial statements do not reflect this dividend payable, as explained in note 10.4.

## 11. Contingencies and Commitments

**11.1** Claims against the Group not acknowledged as debts are as follows:

Local bodies	28,078	60,753
Sales tax authorities	97,192	67,677
Others	53,804	50,151
	<b>179,074</b>	178,581

**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 the Subsidiary's bank for loan, running finances and other credit facilities amounted to Rs Nil (2003: 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 2,730 million (2003 : Rs 7,195.412 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 amounted to Rs 26 million (2003: Rs 3.5 million).





Amounts in Rs '000

- 11.6** Commitments in respect of capital expenditure - Rs 493.993 million (2003: Rs 3.244 million).
- 11.7** Faysal Management Services (Private) Limited has floated Fayzan Manufacturing Modaraba ("the Modaraba") which commissioned a spinning and processing plant ("Manufacturing Facility") at a capital cost of Rs 1,356 million. The Manufacturing Facility is producing Polyester Staple Fiber 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 4.619 million (2003: Rs 4.416 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 94.968 million (2003: Rs 107.541 million) are as follows:

Year	Vehicles	Plant and machinery (Rupees '000)	Total
2005	43,570	1,002	<b>44,572</b>
2006	29,065	1,002	<b>30,067</b>
2007	15,124	1,002	<b>16,126</b>
2008	3,953	250	<b>4,203</b>
	<u><b>91,712</b></u>	<u><b>3,256</b></u>	<u><b>94,968</b></u>
Payable not later than one year			<b>44,572</b>
Payable later than one year but not later than five years			<b>50,396</b>
			<u><b>94,968</b></u>

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

- 11.9** Outstanding foreign exchange contracts as at 31 December 2004 entered into by the Group to hedge the anticipated future transactions amounted to Rs 1,761.942 million (2003: Rs 441.037 million), having fair value of Rs 1,764.549 million (2003: Rs 436.732 million).

## **12 Property, Plant and Equipment**

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

<b>12.1</b> Operating property, plant and equipment - note 12.2	<b>5,257,721</b>	5,405,806
Capital work-in-progress - note 12.6	<b>256,645</b>	254,377
	<u><b>5,514,366</b></u>	<u>5,660,183</u>

# Notes to the Consolidated Financial Statements for the Year Ended 31 December 2004

Amounts in Rs '000

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

	Cost and revaluation at 1 January 2004	Additions / (disposals)	Cost and revaluation at 31 December 2004	Accumulated depreciation at 1 January 2004	Charge for the year / (accumulated depreciation on disposals) / Adjustments*	Accumulated depreciation at 31 December 2004	Book value at 31 December 2004	Depreciation rate on original cost and revaluation %
Freehold land	49,706	-	49,706	-	-	-	<b>49,706</b>	-
Leasehold land	83,471	-	83,471	36,995	10,286	47,281	<b>36,190</b>	2 to 4
Limebeds on freehold land	105,072	13,200	118,272	25,713	5,219	30,932	<b>87,340</b>	3.33 to 7.5
Buildings on freehold land	662,565	24,973 (13)	687,525	438,777	40,449 (12)	479,214	<b>208,311</b>	5 to 10
Buildings on leasehold land	715,509	23,643	739,152	315,312	35,302	350,614	<b>388,538</b>	2.5 to 10
Plant and machinery	11,618,861	439,948 (7,086)	12,051,723	7,169,555	548,326 (7,086)	7,710,795	<b>4,340,928</b>	3.33 to 10
Railway sidings	297	-	297	297	-	297	-	3.33
Rolling stock and vehicles	123,804	7,158 (9,360)	121,602	107,402	3,288 (641)	110,049	<b>11,553</b>	10 to 25
Furniture and equipment	464,343	39,950 (8,921)	495,372	323,771	44,895 (8,449)	360,217	<b>135,155</b>	10 to 33.33
<b>2004</b>	<b>13,823,628</b>	<b>548,872 (25,380)</b>	<b>14,347,120</b>	<b>8,417,822</b>	<b>687,765 (16,188)</b>	<b>9,089,399</b>	<b>5,257,721</b>	
2003	13,383,579	487,856 (47,807)	13,823,628	7,753,343	677,535 (34,456) 21,400 *	8,417,822	5,405,806	

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

12.3 The above balances represent the value of operating property, plant and equipment 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 operating property, plant and equipment so revalued are being depreciated over the remaining useful lives of these assets at the date of revaluation.

12.4 Had there been no revaluation, the net book value of specific classes of operating property, plant and equipment would have amounted to:

Net Book Value	2004	2003
Freehold land	<b>20,929</b>	20,929
Leasehold land	<b>47</b>	52
Plant and machinery	<b>3,546,136</b>	3,549,040
Rolling stock and vehicles	<b>13,145</b>	16,403
Furniture and equipment	<b>135,652</b>	140,571
	<b>3,715,909</b>	<b>3,726,995</b>

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

Cost of sales - note 26	<b>656,076</b>	642,984
Selling and distribution expenses - note 27	<b>444</b>	1,487
Administration and general expenses - note 28	<b>31,245</b>	33,064
	<b>687,765</b>	<b>677,535</b>

12.6 The following is a statement of capital work-in-progress:

Designing, consultancy and engineering fee	<b>289</b>	-
Civil works and buildings	<b>7,650</b>	11,540
Plant and machinery	<b>234,652</b>	225,036
Miscellaneous equipment	<b>3,971</b>	6,339
Advances to suppliers / contractors	<b>10,083</b>	11,462
	<b>256,645</b>	<b>254,377</b>

**12.7** Detail of operating property, plant and equipment disposed off during the year:

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Particulars of buyers
<b>Building</b>					
Written down value not exceeding Rs 50,000 each	13	12	1	1	Various
<b>Plant and machinery</b>					
Written down value not exceeding Rs 50,000 each	7,086	7,086	-	360	Various
<b>Rolling stock and vehicles</b>					
Sold by negotiation	259	43	216	1,925	Imran Miraj, Lahore
	574	12	562	700	Pervaiz Zaki, Lahore
	459	220	239	291	Muhammad Khawaja, Karachi
Sold by auction	75	17	58	270	Major Munir Ahmed , Hyderabad
	610	140	470	635	Abdul Aman, Karachi
	155	35	120	585	Muneer Ahmed, Karachi
	160	37	123	640	Muhammad Shahid, Karachi
	268	6	262	1,800	Hakeem Khan, Karachi
	2,175	-	2,175	1,400	Dada Sons (Pvt.) Ltd., Karachi
	2,440	-	2,440	1,625	Akhtar Textile Industries, Karachi
	241	5	236	800	Zarin Gul, Karachi
	333	-	333	775	Zarin Gul, Karachi
	502	126	376	665	Abdul Hussain, Karachi
	226	-	226	581	Dr.Yassir Mahmood, Lahore
147	-	147	459	Agrosy Enterprises, Lahore	
Written down value not exceeding Rs 50,000 each	736	-	736	1,383	Various
	9,360	641	8,719	14,534	
<b>Furniture and equipment</b>					
Sold by negotiations	468	117	351	50	M/s K B S Enterprises, Karachi
	381	330	51	76	Irshad Kabraia, Multan
Sold by auction	2,739	2,739	-	152	Usman & Brothers, Karachi
Donation - note 30.2	134	134	-	-	Darul-Aloom Rizvia, Jhelum
	4,402	4,402	-	-	Rising Sun Institute, Al-Barq Education Women Welfare Society, SOS, Lahore
Written down value not exceeding Rs 50,000 each	797	727	70	114	Various
	8,921	8,449	472	392	
<b>2004</b>	<b>25,380</b>	<b>16,188</b>	<b>9,192</b>	<b>15,287</b>	
2003	47,807	34,456	13,351	54,496	

# Notes to the Consolidated Financial Statements for the Year Ended 31 December 2004

Amounts in Rs '000

## 13. Intangible Assets

	Cost at 1 January 2004	Additions / (disposals)	Transfers	Cost at 31 December 2004	Accumulated amortisation at 1 January 2004	Charge for the year / (accumulated amortisation on disposals)	Accumulated amortisation at 31 December 2004	Book value at 31 December 2004	Amortisation rate on original cost %
Computer software	9,091	746	158,944	168,781	9,091	23,842	32,933	135,848	20
Capital work in progress	132,111	26,833	(158,944)	-	-	-	-	-	
<b>2004</b>	<b>141,202</b>	<b>27,579</b>	<b>-</b>	<b>168,781</b>	<b>9,091</b>	<b>23,842</b>	<b>32,933</b>	<b>135,848</b>	
2003	101,708	39,494	-	141,202	9,091	-	9,091	132,111	

13.1 The amortisation charge for the year has been allocated as follows:

Cost of sales - note 26	11,346	-
Selling and distribution expenses - note 27	1,807	-
Administration and general expenses - note 28	10,689	-
	<u>23,842</u>	<u>-</u>

13.2 Intangible assets, previously classified under property, plant and equipment are disclosed separately in accordance with revised Fourth Schedule to the Ordinance.

## 14. Deferred Tax Asset - net

### *Deductible temporary differences*

Recognised tax losses 1,685,321 1,674,377

### *Taxable temporary differences*

Surplus on revaluation of property, plant and equipment (272,782) (317,188)  
Other taxable temporary differences (542,245) (531,301)

870,294 825,888

The deferred tax debit balance not recognised in the financial statements amounted to Rs 1,529.373 million (2003: Rs 1,845.352 million).

## 15. Long-Term Investments

### *Quoted*

#### *Associated Undertaking*

Pakistan PTA Limited - note 15.1

378,551,727 ordinary shares (2003: 378,551,727) of Rs 10 each

Balance as on 1 January 408,419 1,730,333

Investment made during the year - 6,300

Share of post acquisition profit / (loss) after taxation for the period / year 229,291 (1,440,002)

Share of surplus on revaluation of property, plant and equipment

transferred to retained earnings (accumulated loss) by the Associate - 111,788

Disposal of investment in associate (637,710) -

Balance as on 31 December - 408,419

### *Unquoted*

#### *Equity security available for sale*

Arabian Sea Country Club Limited 2,500 2,500

2,500 410,919

15.1 The Group has sold its 25% investment in Pakistan PTA Limited on 1 September 2004.



Amounts in Rs '000

	<b>2004</b>	2003		
<b>16. Long-Term Loans - Considered good</b>				
Due from Directors, Executives and Employees - note 16.1	<u><b>124,413</b></u>	<u>114,963</u>		
<b>16.1 Due from Directors and Executives</b>				
	<b>Motor car</b>	<b>Housing building</b>	<b>Total</b>	Total
Due from				
- Director	-	5,758	<b>5,758</b>	-
- Executives	31,681	18,345	<b>50,026</b>	60,847
	<u>31,681</u>	<u>24,103</u>	<b>55,784</b>	<u>60,847</u>
Less: Receivable within one year				
- Director	-	1,355	<b>1,355</b>	-
- Executives	3,944	10,949	<b>14,893</b>	13,949
	<u>3,944</u>	<u>12,304</u>	<b>16,248</b>	<u>13,949</u>
	<u><u>27,737</u></u>	<u><u>11,799</u></u>	<b>39,536</b>	<u>46,898</u>
Due from Employees			<b>102,730</b>	89,015
Less: Receivable within one year			<b>17,853</b>	20,950
			<b>84,877</b>	68,065
			<u><b>124,413</b></u>	<u>114,963</u>
Outstanding for periods:				
- less than three years but over one year			<b>90,951</b>	66,288
- more than three years			<b>33,462</b>	48,675
			<u><b>124,413</b></u>	<u>114,963</u>
<b>16.2 Reconciliation of the carrying amount of loans to Directors and Executives:</b>				
Opening balance at the beginning of the year			<b>60,847</b>	55,542
Disbursements			<b>20,762</b>	39,553
Repayments			<b>(25,825)</b>	(34,248)
Balance at the end of the year			<u><b>55,784</b></u>	<u>60,847</u>
<b>16.3</b> 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.				
<b>16.4</b> The maximum aggregate amount of long-term loans due from the Directors and Executives at the end of any month during the year was Rs 6.322 million and Rs 61.107 million (2003: Rs Nil and Rs 89.387 million) respectively.				
<b>16.5</b> Corresponding figures for executives and employees have been re-classified in accordance with the revised Fourth Schedule to the Ordinance.				
<b>17. Long-Term Deposits and Prepayments</b>				
Deposits			<b>19,110</b>	16,766
Prepayments			<b>7,099</b>	7,288
			<u><b>26,209</b></u>	<u>24,054</u>

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2004

	Amounts in Rs '000	
	2004	2003
<b>18. Stores and Spares</b>		
Stores (include in-transit Rs 8.869 million; 2003: Rs 4.548 million)	18,755	43,355
Spares (include in-transit Rs 3.372 million ; 2003: Rs 3.069 million)	678,973	629,154
Consumables	81,854	82,189
	<u>779,582</u>	<u>754,698</u>
Less: Provision for slow moving and obsolete items	72,706	47,989
	<u>706,876</u>	<u>706,709</u>
<b>19. Stock-in-Trade</b>		
Raw and packing materials (include in-transit Rs 291.949 million; 2003: Rs 140.237 million)	1,351,928	830,003
Work-in-process	142,348	79,969
Finished goods (include in-transit Rs 139.035 million; 2003: Rs 53.615 million)	1,464,674	1,200,419
	<u>2,958,950</u>	<u>2,110,391</u>
Less: Provision for slow moving and obsolete stock		
- Raw materials	16,946	16,496
- Finished goods	18,267	16,243
	<u>35,213</u>	<u>32,739</u>
	<u>2,923,737</u>	<u>2,077,652</u>
<b>20. Trade Debts</b>		
<b>Considered good</b>		
- Secured	515,618	385,876
- Unsecured	403,229	364,552
	<u>918,847</u>	<u>750,428</u>
<b>Considered doubtful</b>	162,483	161,317
	<u>1,081,330</u>	<u>911,745</u>
Less: Provision for:		
- Doubtful debts	162,483	161,317
- Discount payable	77,978	81,195
	<u>240,461</u>	<u>242,512</u>
	<u>840,869</u>	<u>669,233</u>



Amounts in Rs '000

	2004	2003
<b>21. Loans and Advances</b>		
<b><i>Considered good</i></b>		
Loans due from:		
Directors and Executives - note 16.1	16,248	13,949
Employees - note 16.1	17,853	20,950
	<u>34,101</u>	<u>34,899</u>
Advances to:		
Executives	536	862
Employees	1,162	1,849
Contractors and suppliers	54,962	50,850
Others	1,565	1,955
	<u>58,225</u>	<u>55,516</u>
<b><i>Considered doubtful</i></b>	<u>92,326</u>	<u>90,415</u>
	<u>9,003</u>	<u>9,003</u>
Less: Provision for doubtful loans and advances	<u>101,329</u>	<u>99,418</u>
	<u>9,003</u>	<u>9,003</u>
	<u><u>92,326</u></u>	<u><u>90,415</u></u>

**21.1** 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 0.864 million (2003: Rs Nil and Rs 1.350 million) respectively.

**21.2** Corresponding figures for executives and employees have been re-classified in accordance with the revised Fourth Schedule to the Ordinance.

## **22. Trade Deposits and Short-Term Prepayments**

Trade deposits	11,843	34,103
Short-term prepayments	126,277	85,794
Balances with statutory authorities	17,025	61,341
	<u>155,145</u>	<u>181,238</u>

## **23. Other Receivables**

<b><i>Considered good</i></b>		
Excise duty, sales tax and octroi refunds due	180,548	128,540
Due from Associate	67,582	55,984
Insurance claims	6,600	1,713
Commission receivable	42,790	29,938
Others	98,228	107,608
	<u>395,748</u>	<u>323,783</u>
<b><i>Considered doubtful</i></b>	<u>29,061</u>	<u>14,951</u>
	<u>424,809</u>	<u>338,734</u>
Less: Provision for doubtful receivables	<u>29,061</u>	<u>14,951</u>
	<u><u>395,748</u></u>	<u><u>323,783</u></u>

**23.1** The maximum aggregate amount due from Associate at the end of any month during the year was Rs 67.582 million (2003: Rs 55.984 million).

## **24. Cash and Bank Balances**

Deposit accounts	1,103,000	-
Current accounts	47,401	1,017,984
In hand		
- Cheques	50,356	13,794
- Cash	663,421	15,395
	<u>1,864,178</u>	<u>1,047,173</u>

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2004

Amounts in Rs '000

25. Operating Results

	Polyester		General Chemicals		Soda Ash		Paints		Others		Group	Group
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Sales												
Inter-segment	-	-	351,188	275,391	-	-	-	-	387,554	364,721	-	-
Others	10,236,433	8,648,117	1,932,287	5,439,434	3,447,333	3,179,488	3,575,338	2,988,826	2,052,111	1,851,310	21,243,502	22,107,175
	10,236,433	8,648,117	2,283,475	5,714,825	3,447,333	3,179,488	3,575,338	2,988,826	2,439,665	2,216,031	21,243,502	22,107,175
Commission income	-	-	59,996	49,090	-	-	-	-	-	-	59,996	49,090
Turnover	10,236,433	8,648,117	2,343,471	5,763,915	3,447,333	3,179,488	3,575,338	2,988,826	2,439,665	2,216,031	21,303,498	22,156,265
Sales tax	1,505,507	1,437,863	322,573	780,589	504,974	534,369	471,622	420,797	115,411	116,366	2,920,087	3,289,984
Commission and discounts to distributors and customers	74,821	105,823	42,870	20,078	86,632	121,755	334,378	286,841	244,771	245,617	783,472	780,114
	1,580,328	1,543,686	365,443	800,667	591,606	656,124	806,000	707,638	360,182	361,983	3,703,559	4,070,098
Net sales and commission income	8,656,105	7,104,431	1,978,028	4,963,248	2,855,727	2,523,364	2,769,338	2,281,188	2,079,483	1,854,048	17,599,939	18,086,167
Cost of sales 26	8,300,936	6,881,008	1,753,512	4,453,818	2,139,624	1,804,645	1,888,594	1,554,118	1,447,134	1,350,432	14,791,058	15,403,909
Gross profit	355,169	223,423	224,516	509,430	716,103	718,719	880,744	727,070	632,349	503,616	2,808,881	2,682,258
Selling and distribution expenses 27	38,126	43,754	81,246	352,986	88,769	102,034	291,780	249,504	244,538	236,874	744,459	985,152
Administration and general expenses 28	159,758	155,481	64,919	35,324	217,103	202,039	93,177	82,487	139,886	116,495	674,843	591,826
Operating result	157,285	24,188	78,351	121,120	410,231	414,646	495,787	395,079	247,925	150,247	1,389,579	1,105,280
<b>25.1 Segment assets</b>	<b>5,062,488</b>	<b>4,492,652</b>	<b>613,249</b>	<b>860,972</b>	<b>3,655,345</b>	<b>3,801,296</b>	<b>1,001,867</b>	<b>743,922</b>	<b>1,343,864</b>	<b>1,128,672</b>	<b>11,676,813</b>	<b>11,027,514</b>
<b>25.2 Unallocated assets</b>	-	-	-	-	-	-	-	-	-	-	<b>2,320,241</b>	1,592,691
											<b>13,997,054</b>	12,620,205
<b>25.3 Segment liabilities</b>	<b>2,713,139</b>	<b>1,972,713</b>	<b>455,744</b>	<b>467,825</b>	<b>575,591</b>	<b>476,037</b>	<b>468,727</b>	<b>283,748</b>	<b>777,746</b>	<b>578,007</b>	<b>4,990,947</b>	<b>3,778,330</b>
<b>25.4 Unallocated liabilities</b>	-	-	-	-	-	-	-	-	-	-	<b>425,081</b>	4,424,646
											<b>5,416,028</b>	8,202,976
<b>25.5 Non-cash items (excluding depreciation)</b>	<b>8,404</b>	<b>3,066</b>	<b>56</b>	<b>45</b>	<b>7,720</b>	<b>6,721</b>	<b>820</b>	<b>1,115</b>	<b>562</b>	<b>22,104</b>	<b>17,562</b>	<b>33,051</b>
<b>25.6 Capital expenditure</b>	<b>185,924</b>	<b>204,183</b>	<b>5,948</b>	<b>6,863</b>	<b>257,341</b>	<b>181,841</b>	<b>72,513</b>	<b>45,772</b>	<b>57,022</b>	<b>86,901</b>	<b>578,748</b>	<b>525,560</b>

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.

25.9 Administration and general expenses, previously clubbed with selling and distribution expenses, have been disclosed separately in accordance with the Fourth Schedule to the Companies Ordinance.





Amounts in Rs '000

**26. Cost of Sales**

	Polyester		General Chemicals		Soda Ash		Paints		Others		Group 2004	Group 2003
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003		
Raw and packing materials consumed												
Opening 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
Purchases												
Inter-segment	-	-	-	-	-	-	435,591	325,405	-	-	-	-
Others	7,562,477	5,602,636	180,968	130,883	669,346	484,836	1,279,169	861,444	792,732	683,841	10,484,692	7,763,640
	7,562,477	5,602,636	180,968	130,883	669,346	484,836	1,714,760	1,186,849	792,732	683,841	10,484,692	7,763,640
	8,064,394	6,032,593	207,092	149,345	717,469	535,241	1,799,946	1,297,867	944,889	830,581	11,298,199	8,520,222
Closing stock	(793,251)	(501,917)	(56,466)	(26,124)	(74,980)	(48,123)	(197,540)	(85,186)	(212,745)	(152,157)	(1,334,982)	(813,507)
	7,271,143	5,530,676	150,626	123,221	642,489	487,118	1,602,406	1,212,681	732,144	678,424	9,963,217	7,706,715
Salaries, wages and benefits	227,257	187,496	2,180	2,845	339,660	298,958	62,747	65,783	45,546	37,931	677,390	593,013
Stores and spares consumed	78,267	57,307	465	63	76,718	79,336	1,187	1,050	37,239	14,220	193,876	151,976
Conversion fee paid to contract manufacturers												
- Modaraba - note 11.7	274,492	290,123	-	-	-	-	-	-	-	-	274,492	290,123
- Others	-	-	-	-	-	-	-	-	93,435	80,137	93,435	80,137
Oil, gas and electricity	551,201	493,652	342	382	526,747	519,059	8,517	8,212	3,831	3,339	787,487	709,937
Rent, rates and taxes	848	873	18	-	423	633	3	-	763	1,125	2,055	2,631
Insurance	43,185	35,166	2	-	25,800	21,741	14,354	8,353	3,110	2,293	86,451	67,553
Repairs and maintenance	5,213	5,926	61	110	537	5,150	11,256	8,661	1,548	1,297	18,615	21,144
Depreciation and amortisation - note 12.5 & 13.1	290,118	273,009	461	469	316,375	314,738	22,377	18,340	38,091	36,428	667,422	642,984
Excise duty	-	-	-	-	-	-	134,197	245,327	5,168	4,394	139,365	249,721
Technical fees	2,298	2,271	-	-	-	-	15,607	7,234	-	-	17,905	9,505
Royalty Fee	-	-	6,595	13,025	-	-	-	-	-	-	6,595	13,025
General expenses	48,367	58,598	708	791	45,545	32,980	15,359	12,424	8,450	7,330	118,429	112,123
Opening stock of work-in-process	59,393	110,813	-	-	-	-	19,008	15,194	1,568	772	79,969	126,779
Closing stock of work-in-process	(120,400)	(59,393)	-	-	-	-	(19,366)	(19,008)	(2,582)	(1,568)	(142,348)	(79,969)
Cost of goods manufactured	8,731,382	6,986,517	161,458	140,906	1,974,294	1,759,713	1,887,652	1,584,251	968,311	866,122	12,984,355	10,697,397
Opening 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
Finished goods purchased	1,902	-	1,435,970	4,579,559	119,446	34,924	-	-	527,071	394,632	2,084,389	5,009,115
	9,224,206	7,371,930	1,985,253	4,841,643	2,172,938	1,883,843	1,970,057	1,636,523	1,639,208	1,502,758	16,252,920	16,596,585
Closing stock of finished goods	(914,054)	(490,922)	(229,919)	(387,825)	(33,314)	(79,198)	(80,660)	(82,405)	(188,460)	(143,826)	(1,446,407)	(1,184,176)
Provision for obsolete stocks shown under administration & general and selling & distribution expenses	(9,216)	-	(1,822)	-	-	-	(803)	-	(3,614)	(8,500)	(15,455)	(8,500)
	8,300,936	6,881,008	1,753,512	4,453,818	2,139,624	1,804,645	1,888,594	1,554,118	1,447,134	1,350,432	14,791,058	15,403,909

**26.1 Inter-segment purchases**

Inter-segment purchases have been eliminated from the total.

**26.2** Oil, gas and electricity includes inter-segment purchases of Rs 303.151 million (2003: Rs 314.707 million) which have been eliminated from the total.**26.3 Staff retirement benefits**

Salaries, wages and benefits include Rs 75.243 million (2003: Rs 52.160 million) in respect of staff retirement benefits.

**26.4 Severance cost**

Salaries, wages and benefits include Rs 42.825 million (2003: Rs 3.430 million) in respect of severance cost.

# Notes to the Consolidated Financial Statements for the Year Ended 31 December 2004

Amounts in Rs '000

## 27. Selling and Distribution Expenses

	Polyester		General Chemicals		Soda Ash		Paints		Others		Group 2004	Group 2003
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003		
Salaries and benefits	20,608	18,835	41,565	22,134	23,945	21,483	105,972	98,983	132,033	115,552	324,123	276,987
Repairs and maintenance	47	411	216	244	1,137	917	1,368	1,018	1,140	1,373	3,908	3,963
Advertising and sales promotion	3,259	2,074	756	662	1,788	1,781	70,948	63,545	28,563	27,825	105,314	95,887
Rent, rates and taxes	51	704	249	572	1,273	1,026	7,103	4,413	3,108	2,969	11,784	9,684
Insurance	-	-	3,343	5,008	1,206	2,760	138	2,893	4,229	3,539	8,916	14,200
Lighting, heating and cooling	-	371	161	130	1,369	959	2,569	2,525	1,704	1,851	5,803	5,836
Depreciation and amortisation - note 12.5 & 13.1	175	179	964	748	155	110	500	450	457	-	2,251	1,487
Outward freight and handling	6,183	15,357	10,639	285,708	43,652	56,014	62,869	49,598	7,745	11,579	131,088	418,256
Provision for doubtful debts												
- trade	-	-	-	14,800	-	-	-	900	-	9,186	-	24,886
- others	-	-	-	-	-	-	-	-	-	-	-	-
Provision for obsolete stock	-	-	1,822	-	-	-	803	-	-	8,500	2,625	8,500
Traveling expenses	2,944	3,109	7,164	6,073	2,416	2,446	16,768	10,983	29,141	27,668	58,433	50,279
Postage, telegram, telephone and telex	585	975	4,822	5,068	2,037	3,006	4,849	5,204	7,726	10,263	20,019	24,516
General expenses	4,274	1,739	9,545	11,839	9,791	11,532	17,893	8,992	28,692	16,569	70,195	50,671
	<u>38,126</u>	<u>43,754</u>	<u>81,246</u>	<u>352,986</u>	<u>88,769</u>	<u>102,034</u>	<u>291,780</u>	<u>249,504</u>	<u>244,538</u>	<u>236,874</u>	<u>744,459</u>	<u>985,152</u>

### 27.1 Staff retirement benefits

Salaries and benefits include Rs 40.609 million (2003: Rs 31.045 million) in respect of staff retirement benefits.

### 27.2 Severance cost

Salaries and benefits include Rs 16.500 million (2003: Rs 6.193 million) in respect of severance cost.

## 28. Administration and General Expenses

Salaries and benefits	98,161	77,292	27,929	20,596	150,505	122,234	46,436	43,592	101,445	106,864	424,476	370,578
Repairs and maintenance	3,005	2,979	460	507	3,073	4,407	3,834	4,298	2,472	3,719	12,844	15,910
Advertising and sales promotion	1,084	2,119	355	672	2,139	5,569	252	725	3,252	2,400	7,082	11,485
Rent, rates and taxes	3,247	2,235	674	524	5,342	4,718	1,195	1,128	2,672	1,599	13,130	10,204
Insurance	752	1,045	276	758	2,126	3,115	-	127	1,872	2,885	5,026	7,930
Lighting, heating and cooling	2,694	2,152	565	507	4,504	4,559	1,807	1,803	2,999	3,566	12,569	12,587
Depreciation and amortisation - note 12.5 & 13.1	5,930	5,870	3,670	2,237	13,054	12,388	6,162	5,495	13,118	7,074	41,934	33,064
Outward freight and handling	-	-	-	-	-	-	-	-	-	-	-	-
Provision for doubtful debts:												
- trade	-	32,800	7,385	-	-	-	4,620	-	-	-	12,005	32,800
- others	-	-	16,063	-	-	-	-	-	-	-	16,063	-
Provision for obsolete stock	9,216	-	-	-	-	-	-	-	3,614	-	12,830	-
Traveling expenses	5,402	5,050	2,015	1,725	5,671	6,396	5,693	3,863	9,103	8,874	27,884	25,908
Postage, telegram, telephone and telex	1,287	2,150	603	597	1,813	3,331	5,454	4,811	3,558	3,210	12,715	14,099
General expenses	28,980	21,789	4,924	7,201	28,876	35,322	17,724	16,645	40,784	36,319	121,288	117,276
	<u>159,758</u>	<u>155,481</u>	<u>64,919</u>	<u>35,324</u>	<u>217,103</u>	<u>202,039</u>	<u>93,177</u>	<u>82,487</u>	<u>184,889</u>	<u>176,510</u>	<u>719,846</u>	<u>651,841</u>
Less:												
Service charges from Pakistan PTA Limited	-	-	-	-	-	-	-	-	45,003	60,015	45,003	60,015
	<u>159,758</u>	<u>155,481</u>	<u>64,919</u>	<u>35,324</u>	<u>217,103</u>	<u>202,039</u>	<u>93,177</u>	<u>82,487</u>	<u>139,886</u>	<u>116,495</u>	<u>674,843</u>	<u>591,826</u>

### 28.1 Staff retirement benefits

Salaries and benefits include Rs 49.121 million (2003: Rs 37.565 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.

### 28.3 Severance cost

Salaries and benefits include Rs 78.175 million (2003: Rs 7.569 million) in respect of severance cost



Amounts in Rs '000

	<b>2004</b>	2003
<b>29. Financial Charges</b>		
Mark-up on:		
Short-term financing	<b>12,880</b>	33,687
Redeemable capital	<b>47,386</b>	140,219
Interest on:		
Long-term loans	<b>48,630</b>	75,832
Workers' profit participation fund - note 10.2	<b>373</b>	3,571
Discounting charges on receivables	<b>105,917</b>	135,310
Exchange loss	<b>43,147</b>	-
Others	<b>4,919</b>	10,365
	<b><u>263,252</u></b>	<u>398,984</u>
<b>30. Other operating charges</b>		
Auditors' remuneration - note 30.1	<b>4,615</b>	4,906
Donations - note 30.2	<b>4,608</b>	8,232
Workers' profit participation fund - note 10.2	<b>60,360</b>	43,726
Provision for diminution in the value of property, plant and equipment	-	21,400
	<b><u>69,583</u></b>	<u>78,264</u>
<b>30.1 Auditors' remuneration</b>		
Audit fee	<b>1,744</b>	1,888
Certifications including half yearly review and group reporting	<b>2,591</b>	2,740
Out-of-pocket expenses	<b>280</b>	278
	<b><u>4,615</u></b>	<u>4,906</u>
<b>30.2</b> Donations include Rs 3.831 million (2003: Rs 7.116 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.		
<b>31. Other operating income</b>		
Profit on short-term and call deposits	<b>3,183</b>	1,384
Return on loans due from Subsidiary / Associate	-	6,317
Scrap sales	<b>18,340</b>	20,553
Gain on disposal of property, plant and equipment	<b>6,095</b>	41,145
Provisions and accruals no longer required written back	<b>16,241</b>	44,385
Exchange gain	-	42,682
Gain on sale of investment - note 31.1	<b>3,272,074</b>	-
Others	<b>45,893</b>	31,095
	<b><u>3,361,826</u></b>	<u>187,561</u>

**31.1** This represents Rs 3,272.074 million on account of gain on sale of 25% equity investment in Pakistan PTA Limited on 1 September 2004.

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2004

Amounts in Rs '000

	<b>2004</b>	2003
<b>32. Taxation</b>		
Current - note 32.1	<b>116,077</b>	76,098
Deferred tax liability realised on taxable income	<b>440,995</b>	419,767
Deferred tax asset recognised	<b>(440,995)</b>	(419,767)
Deferred tax on surplus on revaluation of property plant and equipment transferred to retained earnings - note 32.2	<b>(44,406)</b>	(50,792)
	<b>(44,406)</b>	(50,792)
	<b>71,671</b>	25,306

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

**32.2** This represents deferred tax credited to profit and loss account amounting to Rs 44.406 million (2003: Rs 50.792 million) on surplus on revaluation of property, plant and equipment transferred to retained earnings (unappropriated profit) equivalent to incremental depreciation charged during the current year.

### **33. Earning / (Loss) per Share - Basic and Diluted**

Profit / (loss) after taxation for the year	<b>4,593,892</b>	(664,717)
	<b>Number of shares</b>	
Average number of ordinary shares in issue during the year	<b>138,802,300</b>	138,802,300
	<b>(Rupees)</b>	
Earning / (loss) per share	<b>33.10</b>	(4.79)



Amounts in Rs '000

### 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	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Managerial remuneration	1,167	1,169	7,499	7,485	16,709	10,195	284,115	228,575	309,490	247,424
Retirement benefits	-	-	-	992	3,641	2,592	65,396	62,306	69,037	65,890
Group insurance	-	-	17	17	52	35	1,501	1,508	1,570	1,560
Rent and house maintenance	-	-	3,356	4,869	3,334	1,144	69,302	63,939	75,992	69,952
Utilities	-	-	466	799	951	677	26,954	25,112	28,371	26,588
Medical expenses	-	-	187	103	95	96	8,444	7,841	8,726	8,040
Leave passage	-	-	-	58	57	29	532	391	589	478
	<u>1,167</u>	<u>1,169</u>	<u>11,525</u>	<u>14,323</u>	<u>24,839</u>	<u>14,768</u>	<u>456,244</u>	<u>389,672</u>	<u>493,775</u>	<u>419,932</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>3</u>	<u>196</u>	<u>182</u>	<u>201</u>	<u>188</u>

**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 financial statements for fee to Directors was Rs 2.702 million (2003: Rs 3.103 million) and for the remuneration of one director seconded by Pakistan PTA Limited amounted to Rs 7.668 million (2003: Rs 2.939 million)

### 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 financial statements are as follows:

	2004	2003
Purchase of goods, material and services	<u>6,162,294</u>	<u>4,768,795</u>
Sale of goods and materials	<u>39,400</u>	<u>27,176</u>
Repayment of loan to group companies	<u>2,011,800</u>	<u>-</u>
Loans from group companies - net	<u>-</u>	<u>39,150</u>
Interest on loans from group companies	<u>38,975</u>	<u>64,455</u>
Provision of services and other receipts	<u>45,003</u>	<u>60,015</u>
Receipt of interest / return on loans to Associate	<u>-</u>	<u>6,317</u>
Repayment of loan by Associate	<u>-</u>	<u>300,000</u>
Sale of shares to parent company	<u>972,995</u>	<u>-</u>
Donation	<u>3,831</u>	<u>7,116</u>
Payment of dividend to parent company	<u>263,065</u>	<u>236,766</u>

**36. Plant Capacity and Annual Production**

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

	<u>2004</u>		<u>2003</u>	
	<b>Annual Name Plate Capacity</b>	<b>Production</b>	Annual Name Plate Capacity	Production
Polyester	<b>56,000</b>	<b>67,247</b>	56,000	67,841
Soda Ash	<b>226,625</b>	<b>233,272</b>	225,000	234,070
Paints	-	<b>24,883</b>	-	19,938
Chemicals	-	<b>9,437</b>	-	7,070
Sodium Bicarbonate	<b>11,176</b>	<b>15,706</b>	10,000	14,200
PowerGen - note 36.2	<b>122,640</b>	<b>70,174</b>	122,640	73,947

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

**36.2** Electricity by PowerGen is produced as per demand.

**37. Fair Value of Financial Assets and Liabilities**

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



Amounts in Rs '000

**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:

	Effective Mark-up / interest rates %	Interest / mark-up bearing			Non-interest /mark-up bearing	Total
		Maturity upto one year	Maturity one to five years	Maturity after five years		
<b>Financial Assets</b>						
Long term loans	-	-	-	-	124,413	124,413
Long term deposits	-	-	-	-	19,110	19,110
Trade debts	-	-	-	-	840,869	840,869
Loans and advances	-	-	-	-	34,101	34,101
Trade deposits	-	-	-	-	11,843	11,843
Other receivables	-	-	-	-	395,748	395,748
Cash and bank balances	4 - 4.85	1,103,000	-	-	761,178	1,864,178
		1,103,000	-	-	2,187,262	3,290,262
<b>Financial Liabilities</b>						
Short-term financing	2.95 - 6.46	112,102	-	-	-	112,102
Trade and other payables	7.5 to 18.75	114,039	-	-	5,023,709	5,137,748
		226,141	-	-	5,023,709	5,249,850
<b>Net financial assets / (liabilities)</b>	<b>2004</b>	<b>876,859</b>	<b>-</b>	<b>-</b>	<b>(2,836,447)</b>	<b>(1,959,588)</b>
Net financial assets / (liabilities)	2003	(4,212,636)	(15,000)	-	(1,659,423)	(5,887,059)

# Notes to the Consolidated Financial Statements for the Year Ended 31 December 2004

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, loans excluding loans to associates and other receivables is given below:

	2004	2003
Public Sector:		
- Government	227,339	205,403
- Armed forces	2,345	1,660
- Communication	535	416
- Oil and gas	7,414	4,614
- Health	569	605
- Others	33,759	19,121
	<u>271,961</u>	<u>231,819</u>
Private Sector:		
- Institutional	20,666	11,505
- Trade	848,965	669,233
- Bank	2,423	1,283
- Others	282,069	341,977
	<u>1,154,123</u>	<u>1,023,998</u>
	<u>1,426,084</u>	<u>1,255,817</u>

## 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

Number of employees at 31 December	1,313	1,338
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## 42. Date of Authorisation

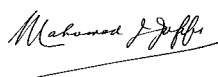
These financial statements were authorised for issue in the Board of Directors meeting held on 25 February 2005.

## 43. Corresponding figures

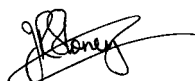
Previous year's figures have been arranged and reclassified wherever necessary for the purposes of comparison. Major changes made during the year were reclassifications resulting from the substituted Fourth Schedule to the Companies Ordinance, 1984. (note 10.4 and 12).

## 44. 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