Chairman & Chief Executive Officer	• Mujtaba Rahim	
Directors	• Akbarali Pesnani	
	• Alfred Christian Munch	(Alternate: Atba Waheed Farooqui)
	• Dr S Mubarik Ali	
	• M Veqar Arif	
	• Peter Schiessl	
	• Stephan Lynen	
Company Secretary	• M Veqar Arif	
Management Committee	• Mujtaba Rahim	• M Veqar Arif
	• Ali Gul Haji	• Naveed Kamil
	• Atba Waheed Farooqui	• Zafir Hussain
	• Irfan H Chawala	
Audit Committee	• Dr S Mubarik Ali	- Chairman
	• Akbarali Pesnani	
	• Alfred Christian Munch	(Alternate: Atba Waheed Farooqui)
	• M Irfan Lakhani	- Secretary
Bankers	• Citibank NA	
	• Faysal Bank Limited	(Formerly: Royal Bank of Scotland)
	• Habib Bank Limited	
	• HSBC Bank Middle East Limited	
	• Meezan Bank Limited	
	• National Bank of Pakistan	
	• Standard Chartered Bank (Pakistan) Limited	
Auditors	• A F Ferguson & Co., Chartered Accountants	
Legal Advisors	• Rizvi, Isa, Afridi & Angell	
Share Registrars	• FAMCO Associates (Pvt) Limited. State Life Building No. 1-A, First Floor, I I Chundrigar Road, Karachi	
Registered Office	• 1-A/1, Sector 20, Korangi Industrial Area, Korangi, Karachi	
Factories	• Petaro Road, Jamshoro	
	• Korangi Industrial Area, Karachi	
	• Katarband Road, Thokar Niaz Baig, Lahore	
Website	• www.clariant.com.pk	

Report of the Board of Directors

The Directors of your Company take pleasure in presenting the Fifteenth Annual Report and the Audited Financial Statements for the operating year ended 31 December 2010.

Board of Directors

Messrs Peter Schiessl and Alfred C. Munch opted as nominee directors of Clariant International Limited, in place of Peter Lindner and Andreas Walde respectively with effect from 28 April 2010. Later, during the year upon resignation of Messrs Walter Kindler and Shamshad Ahmed the nominee Directors from Clariant International Limited and NIT respectively, Messrs Stephan Lynan and Akbarali Pesnani opted as the new nominee Directors and joined the Board with effect from 30 July 2010.The Board places on record its appreciation for the valuable contribution made by the outgoing Directors and welcomes the new members on the Board.

Business Overview

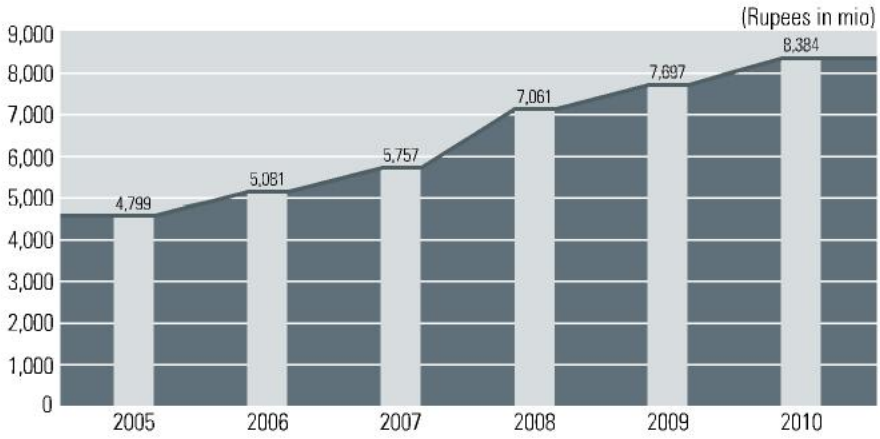
Business environment during the year ended 31 December 2010 was extremely challenging. During the year the Company faced concurrent headwinds notably on domestic front, significant decline in the economic activities worsened by the persistent energy crisis coupled with continual inflation and high cost of doing business. Our key consumption industry, Textile which has been mainstay of our operations hampered heavily on account of unavailability and volatile price of cotton, notably during the second half of the year it touched all time high in domestic and international market.

Despite of all these multifold challenges, it gives us great pleasure to report that your Company has registered landmark highest ever sales of Rs.9,000 mio and was able to achieve a net sales growth of 9% over the previous period. The increase in sales has been made possible through the sound contribution of all business units applying appropriate strategies in the prevailing scenario. It is worth mentioning the level of confidence and satisfaction shown by our customers.

In the testing business environment with jolts of macroeconomics instability, the emphasis on value creation for customers has played highly significant role in maintaining market leadership. In the back drop of very difficult situation all possible attempts have been made to minimize the effect of increase in cost through the optimal utilization of the capabilities within its control to ensure profitable growth.

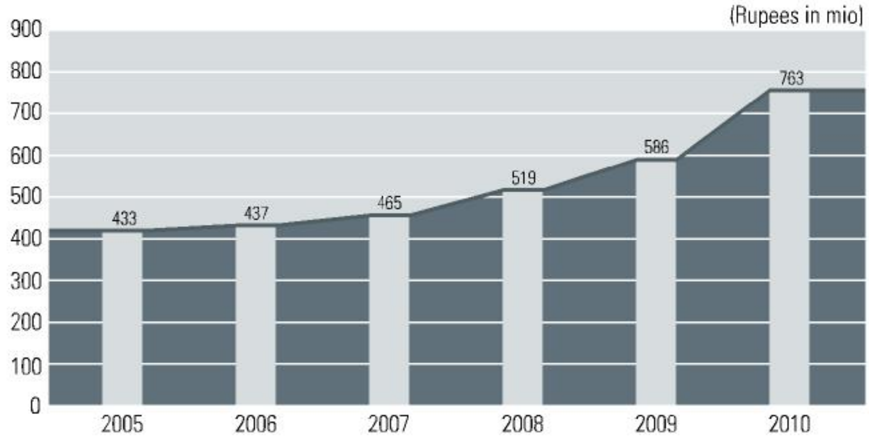
Net Sales

The Company during the period under review has been able to continue growth momentum and posted healthy growth of 9% in net sales as compared to 2009. Favourable sales growth has been recorded in Business Unit Masterbatches at 29%, Leather Services 25%, Emulsions 15% and Textiles 1%. It is pertinent to mention that in addition to growth in the domestic market your Company has also enhanced export sales by 34% over the previous year.

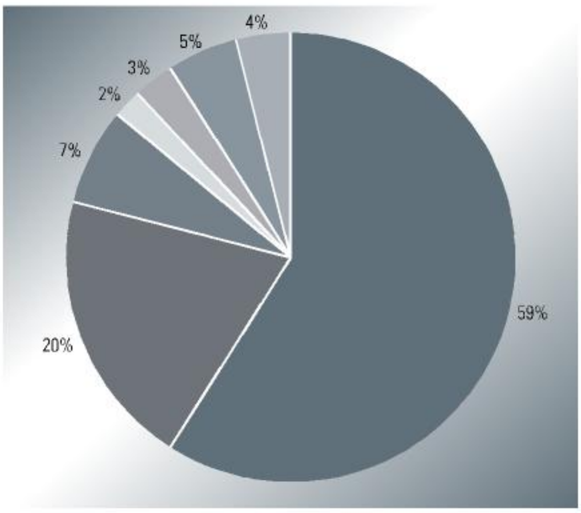


Profit After Tax

The Company has been able to achieve profit after tax for the year ended 2010 of Rs. 762.7 mio. The increase in profit was mainly attributable to the higher sales following best commercial strategy. The far-sighted financial discipline, strongly focusing primarily in the area of working capital has resulted in the decline in financial charges and has provided a supportive role. Despite of reduced margin in comparison to the previous year we managed to increase the net profit also due to higher sales values.



Distribution of Revenue - 2010



(Rupees in mio)

Raw & Packing Material	4,966
Cost of Sales (excl. employees remuneration)	1,688
Employees Remuneration	600
Finance Cost	197
Taxation	221
Dividend (including bonus)	437
Retained Profit	326
Total :	**8,435**

Appropriation of Profit

The proposed appropriation of profit of the Company is as under:

		(Rupees'000)
Profit for the year after taxation	762,700	
Unappropriated profit brought forward	2,764	
Profit available for appropriation		765,464
Appropriation:		
Proposed 135% final cash dividend to be paid after approval in the Annual General Meeting	368,473	
Proposed Bonus shares issue @ 25%	68,236	
Transferred to Revenue Reserves	325,000	761,709
Unappropriated profit carried forward		3,755

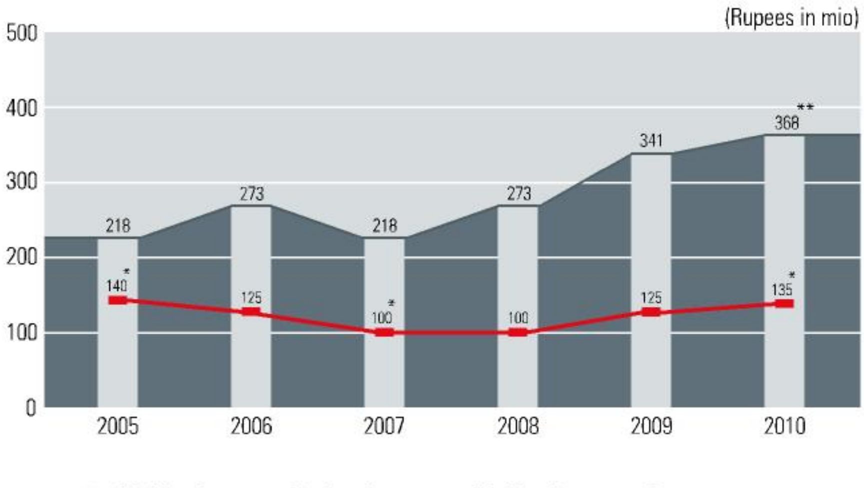
Earning Per Share

The earnings per share was Rs. 27.94 (2009: Rs 21.46)

Dividend

The Board of Directors maintaining fair return on earning of the Company to it's shareholders has recommended final cash dividend 135% (Rupees 13.50 per share) and bonus share issue @ 25% for the year under review. The Directors have been mindful of the need to balance shareholders' desire for income and Company's financing requirement for growth.

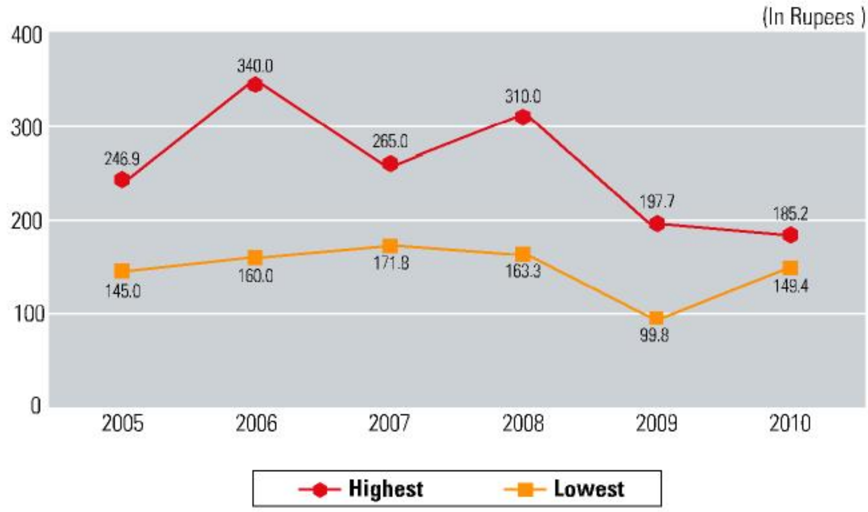
Dividend Payout



* In addition to cash dividend, bonus issued @ 40%, 25%, 25% respectively
** Subject to approval of shareholders in Annual General Meeting

Share Price

Company's share, during the year was quoted at its highest of Rs 185.20 and lowest at Rs 149.40 on the Karachi Stock Exchange Ready Board Quotations.



Cash Flows

The Company has successfully achieved increased in cash and cash equivalents of Rs. 228.7 million maintaining balance among sources and requirements. It was made possible on account of healthy cash generation from operating activities because of higher sales together with efficient working capital management.

Capital Expenditure

The Company continued with the policy of capacity enhancement and upgrading production facilities as well as focusing ESH requirement. In the quest for environment excellence the project of energy efficient second co-generation gas engine to generate electricity, steam and hot water has been initiated to provide economical and un-interrupted electricity.

The total capital expenditure incurred during the year amounted to Rs. 178.2 million (2009: Rs.111.6 million).

Future Outlook

Our performance during the year ended 31 December 2010 was quite satisfactory in term of sales growth despite taxing business environment. Through Clariant Excellence initiatives the Company systematically introducing continuous improvement projects to ensure that it will maintain the profitable growth momentum. The project started in year 2010 for capacity enhancement for the production and export of global range products will further add value to the business activities. However, overall performance keeping in view the difficult economic times of today, may not be an area of concern if the need to highlight the silver lining is stressed, such as making our country more attractive source for foreign buyers, surge in exports and improving fiscal and political stability.

With likely positive development on economic canvas it is expected that our Company in year 2011 will continue its growth pace for sustainable market leadership position.

Human Resource

The Company continues to invest in employees through various initiatives. These include regular staff training programs and continuing professional education to enhance the value of Human Resource and also enable the team to meet the rapidly growing challenges.

Corporate Social Responsibility

Clariant manufacturing site sprawling over 100 acres of land at Jamshoro is famous for providing complimentary high quality drinking water to the surrounding population at cost Rs. 1.8 mio per annum through the Water Purification Plant based on Swiss technology drawing supplies from river Indus through a 3.5 kilometers long 8 inches diameter pipeline laid out at Company cost. The river water is treated scientifically and made hygienic for consumption.

Effluent Treatment Plant at Jamshoro comprising of 10 acres of scientific lagooning with surface aerators to ensure that Plant's liquid discharges are properly decontaminated and made biodegradable.

To provide adequate medical facilities to the work force of 600 employees an in-house dispensary with round-the-clock availability of Doctor and ambulance service is also available. In addition, the Jamshoro workforce is also provided with canteen, sports, leisure and club facilities like full-size Cricket ground and Tennis courts etc.

Clariant has an ESH management system which complies with applicable laws, regulations and provisions as well as with international treaties & conventions and is mandatory for all companies of the Clariant group.

Corporate guidelines of Clariant only allow production of such products, which are eco-friendly safe-guarding the environment. Production processes are entirely environment friendly safe-guarding both the human resources of the Company & the Community at large. Suppliers, contractors and service providers are carefully selected taking into account their ESH performance and compliance with Clariant's ESH management system.

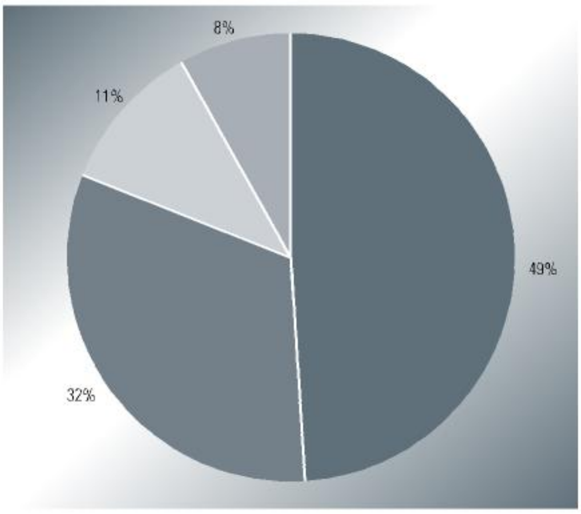
As a multinational company with strong local roots, your Company gives high importance to environmental and social concerns in all segments of operations. We strive to meet our consumer needs by providing them with high quality service and environmental friendly products.

Clariant Scientific Center, one of its kind in Pakistan not only provides in-house product solutions to the Textiles & Leather industry but also contributes in the development of future industry professionals by providing a complimentary six weeks course to the students of Engineering universities and Textiles Institute of Pakistan. Todate, Clariant has trained 123 batches comprising of more than 2,520 students from multifarious Universities. During the year under review, Company has incurred Rs. 3.7 mio for the complementary training of the students of various institutes.

Company has undertaken relief project for providing of constructed houses for flood affected families of village Chaker Khan. In addition to this, the Company has also undertaken rebuilding of reservoir and installation of water purification plant to provide water to nearby villagers.

Contribution to the National Exchequer-2010

Contribution to National Exchequer in form of taxes and levies is given in the notes to the accounts.



	(Rupees in mio)
Custom Duty	338
Incom tax	221
WPPF / WWF	75
Sales Tax & FED	51
Total:	**685**

Compliance with Code of Corporate Governance

Various aspects of corporate law and rules and regulations determine Company's Board of Directors' broad-based functions. The board is fully aware of its corporate responsibility with the issuance of Code of Corporate Governance by the Securities and Exchange Commission of Pakistan and it is pleased to certify that:

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

Proper books of account of the Company have been maintained.

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

International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the Company's financial statements.

The system of internal control of the Company is sound in design and has been effectively implemented and monitored.

There are no doubts upon the Company's ability to continue as a going concern. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.

Statement of Ethics and Business Practices

The Board of Directors of the Company has adopted a statement of ethics and business practices. All employees are informed and are required to observe these rules of conduct in relation to business and regulations.

Meetings of the Board of Directors

During the last business year four meetings of the Board of Directors were held. Attendance by each director was as follows:

Name of director	No of meetings attended
Mujtaba Rahim	4
Dr S Mubarik Ali	4
M Veqar Arif	4
Atba Waheed Farooqui (Alternate for Alfred Christian Munch)	3
Shamshad Ahmad	2
Akbarali Pesnani	1
Alfred Christian Munch	-
Peter Schiessl	-
Stephan Lynen	-

Leave of absence was granted to directors who could not attend the board meetings and they were represented by their respective alternates.

Audit Committee

During the year Mr. Shamshad Ahmed resigned from the committee and Mr. Akbarali Pesnani filled the casual vacancy. The Committee comprises of three members, all of them are non-executive Directors including the Chairman.

Value of Investment of Provident and Gratuity Funds

The value of investments of Provident and Gratuity funds based on the latest audited accounts at 30 June 2010.

	2010	2009
	(Rupees '000)	
Clariant Pakistan Limited Gratuity Fund	334,226	251,541
Clariant Pakistan Limited Senior Provident Fund	206,507	175,111
Clariant Pakistan Limited Junior Provident Fund	56,507	51,233

Holding Company

The Company is a subsidiary of Clariant International Limited, the global leader in the field of specialty chemicals with presence in five continents and 90 countries with more than 100 group companies and headquartered in Pratteln, Switzerland.

Auditors

The present auditors, Messrs A F Ferguson & Co., retiring on the date of Annual General Meeting, being eligible, have offered themselves for re-appointment. The Audit Committee has recommended their appointment.

Key Operating & Financial Data

Key Operating and Financial Data for last six years shown on page 25.

Pattern of Shareholding

A Statement of the pattern of shareholding is shown on page 62.

There was no trading in the shares of the Company by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children during the year.

Acknowledgement

The year 2010 again crossed all previous performance records due to the dedicated efforts of the entire team. The Board thanks all staff members and workers for their best ever performance and looks forward to achieve a further improved performance in the future.

On behalf of the Board

Mujtaba Rahim
Chairman and Chief Executive Officer

Karachi: 31 January 2011

Six years at a glance

	2010 (Rs '000)	2009 (Rs '000)	2008 (Rs '000)	2007 (Rs '000)	2006 (Rs '000)	2005 (Rs '000)
Property, plant and equipment	1,001,342	966,188	989,326	851,456	600,980	527,589
Net current assets excluding bank borrowings	2,813,836	2,680,822	2,928,822	2,258,200	2,185,203	2,105,783
Total assets employed	3,815,178	3,647,010	3,918,148	3,109,656	2,786,183	2,633,372
Share capital	272,943	272,943	272,943	218,355	218,355	155,968
Revenue reserves and unappropriated profit	2,385,464	1,963,943	1,651,049	1,296,276	1,104,371	893,595
Bank borrowings	1,156,771	1,410,124	1,994,156	1,595,025	1,463,457	1,583,809
Total funds employed	3,815,178	3,647,010	3,918,148	3,109,656	2,786,183	2,633,372
Net sales	8,383,872	7,697,030	7,061,056	5,757,456	5,081,003	4,798,884
Profit before taxation	983,529	831,031	739,776	664,736	652,872	669,079
Profit after taxation	762,700	585,837	518,538	464,848	436,928	432,938
Cash dividend - %	135	125	100	100	125	140
Bonus issue - %	25	-	-	25	-	40
Earnings per share - Rupees	27.94	21.46	19.00	17.03	16.01	15.86
Break-up value per share - Rupees	97.40	81.95	70.50	55.50	48.46	38.45
Current Ratio	1.89	1.66	1.61	1.51	1.87	1.52
Assets Turnover	1.56	1.55	1.49	1.35	1.41	1.40
Return on Assets %	18.34	16.71	15.65	15.62	18.14	19.52
Return on Equity %	37.00	37.15	38.45	43.89	49.35	63.75
Payout Ratio after tax	57.26	58.25	52.64	58.71	62.46	64.85

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of The Karachi Stock Exchange (Guarantee) Limited 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's Board as at 31 December 2010 comprised of seven directors Messers Mujtaba Rahim, Akbarali Pesnani, Alfred Christian Munch, Dr S Mubarik Ali, M Veqar Arif, Peter Schiessl and Stephan Lynen which included four non-executive directors and one independent non-executive director representing minority shareholders.

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

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a Banking Company, a Development Financial Institution or a Non-Banking Financial Institution or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Casual vacancies that occurred on the Board during the year 2010 were filled within thirty days of its occurrence.

5. The Company has prepared the 'Statement of Ethics and Business Practices' which has been signed by all the directors and employees of the Company.

6. The Board has developed a vision and mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors.

10. The Board arranges orientation courses for its directors as and when needed to apprise the Directors of their duties and responsibilities.

11. The Board approves appointments of the Chief Financial Officer, Company Secretary and Head of Internal Audit based on their remuneration and terms and conditions of employment, as determined by the Chief Executive Officer. However, there were no new appointments of CFO, Company Secretary and Head of Internal Audit during the year.

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

13. The financial statements of the Company were duly endorsed by the Chief Executive Officer and Chief Financial Officer before approval of the Board.

14. The Directors, Chief Executive Officer and Executives do not hold any interest in the shares of the Company.

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

16 The Board has formed an audit committee. It comprises of three members, all of whom are non-executive directors, including the chairman of the audit committee.

17. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

18. The Company has an effective internal audit function on a full time basis.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program 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.

20. 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.

21. We confirm that all other material principles contained in the code have been complied with.

On behalf of the Board

Mujtaba Rahim
Chairman and Chief Executive Officer

Karachi: 31 January 2011

A.F. FERGUSON & CO.

A member firm of
PRICEWATERHOUSECOOPERS

A.F.Ferguson & Co
Chartered Accountants
State Life Building No. 1-C
I.I.Chundrigar Road, P.O.Box 4716
Karachi-74000, Pakistan
Telephone: (021) 32426682-6 / 32426711-5
Facsimile: (021) 32415007 / 32427938

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE 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 **Clariant Pakistan Limited** to comply with the requirements of Chapter XI of the Listing Regulations of the Karachi Stock Exchange (Guarantee) Limited 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's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the 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.

Sub-Regulation (xiii a) of Listing Regulation 35 requires the company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. All such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of the above requirements to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length prices or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended December 31, 2010.

AFF&Co

Chartered Accountants

Dated: January 31, 2011

Karachi

A.F. FERGUSON & CO.

A member firm of
PRICEWATERHOUSECOOPERS

A.F.Ferguson & Co
Chartered Accountants
State Life Building No. 1-C
I.I.Chundrigar Road, P.O.Box 4716
Karachi-74000, Pakistan
Telephone: (021) 32426682-6 / 32426711-5
Facsimile: (021) 32415007 / 32427938

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Clariant Pakistan Limited** as at December 31, 2010 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 accounts have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion:

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

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at December 31, 2010 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, was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Chartered Accountants

Engagement Partner: **Rashid A. Jafer**

Dated: January 31, 2011

Karachi

Balance Sheet as at 31 December 2010

	Note	2010 (Rs '000)	2009 (Rs '000)
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,001,342	966,188
Long-term loans and advances	4	21,459	26,421
Long-term deposits		3,670	4,507
		1,026,471	997,116
Current Assets			
Stores and spares	5	25,886	33,919
Stock-in-trade	6	1,606,557	1,359,496
Trade debts	7	1,451,338	1,778,557
Loans and advances	8	17,634	17,943
Trade deposits and short-term prepayments	9	7,350	9,062
Other receivables	10	823,980	397,692
Cash and bank balances	11	402,830	379,796
		4,335,575	3,976,465
Total Assets		5,362,046	4,973,581
EQUITY AND LIABILITIES			
Equity			
Share Capital	12	272,943	272,943
Revenue Reserves		1,620,000	1,375,000
Unappropriated Profit		765,464	588,943
Shareholders' Equity		2,658,407	2,236,886
LIABILITIES			
Non-current liabilities			
Deferred taxation - net	13	79,129	72,878
Long-term financing	14	333,333	266,666
		412,462	339,544
Current liabilities			
Short-term borrowings	15	490,104	976,791
Mark-up accrued	16	20,817	33,916
Taxation - net		22,699	39,085
Trade and other payables	17	1,424,223	1,180,692
Current portion of long-term financing	14	333,334	166,667
		2,291,177	2,397,151
		2,703,639	2,736,695
Contingencies and Commitments	18		
Total Equity and Liabilities		5,362,046	4,973,581

The annexed notes 1 to 40 form an integral part of these financial statements.

Mujtaba Rahim
Chairman and Chief Executive Officer

M Veqar Arif
Director and Chief Financial Officer

Profit and Loss Account
for the year ended 31 December 2010

	Note	2010 (Rs '000)	2009 (Rs '000)
Sales	19	9,094,934	8,396,745
Discounts and commission	19	660,131	657,937
Sales tax and federal excise duty	19	50,931	41,778
		711,062	699,715
Net Sales		8,383,872	7,697,030
Cost of goods sold	20	6,475,658	5,895,796
Gross Profit		1,908,214	1,801,234
Distribution and marketing expenses	21	525,294	461,455
Administrative expenses	22	170,227	153,043
		695,521	614,498
		1,212,693	1,186,736
Other operating income	24	50,645	46,303
		1,263,338	1,233,039
Other operating expenses	25	82,822	99,064
Operating profit		1,180,516	1,133,975
Finance costs	26	196,987	302,944
Profit before taxation		983,529	831,031
Taxation - net	27	220,829	245,194
Profit after taxation		762,700	585,837
Other comprehensive income		-	-
Total Comprehensive Income for the year		762,700	585,837
		(Rupees)	(Rupees)
Earnings per share	28	27.94	21.46

Appropriations have been reflected in the statement of changes in equity.

The annexed notes 1 to 40 form an integral part of these financial statements.

Mujtaba Rahim
Chairman and Chief Executive Officer

M Veqar Arif
Director and Chief Financial Officer

Cash Flow Statement
for the year ended 31 December 2010

	Note	2010 (Rs ' 000)	2009 (Rs ' 000)
Cash flows from operating activities			
Cash generated from operations	33	1,315,102	1,564,777
Staff gratuity - paid		(104,954)	(104,916)
Mark-up paid		(193,498)	(273,291)
Income tax paid		(230,964)	(104,732)
Movement in long-term loans and advances		4,962	6,035
Movement in long-term deposits and prepayments		837	(567)
Net cash generated from operating activities		791,485	1,087,306
Cash flows from investing activities			
Fixed capital expenditure		(178,185)	(111,635)
Proceeds from disposal of operating fixed assets		2,825	924
Net cash used in investing activities		(175,360)	(110,711)
Cash flows from financing activities			
Long-term financing - proceeds		400,000	-
- repayments		(166,666)	(466,667)
Short-term borrowings - proceeds		4,223,358	5,019,000
- repayments		(4,504,373)	(4,675,000)
Dividend paid		(339,738)	(271,884)
Net cash used in financing activities		(387,419)	(394,551)
Net increase in cash and cash equivalents		228,706	582,044
Cash and cash equivalents at the beginning of the year		(2,995)	(585,039)
Cash and cash equivalents at the end of the year	34	225,711	(2,995)

The annexed notes 1 to 40 form an integral part of these financial statements.

Mujtaba Rahim
Chairman and Chief Executive Officer

M Veqar Arif
Director and Chief Financial Officer

Statement of Changes in Equity
for the year ended 31 December 2010

	Issued, subscribed and paid-up capital	Reserve for issue of bonus shares	Revenue reserves	Unappropriated profit	Total
	(Rupees ' 000)				
Balance as at 31 December 2008	272,943	-	1,125,000	526,049	1,923,992
Transfer to revenue reserves appropriated subsequent to year end	-	-	250,000	(250,000)	-
Final dividend for the year ended 31December 2008 declared subsequent to year end	-	-	-	(272,943)	(272,943)
Total comprehensive income for the year ended 31 December 2009	-	-	-	585,837	585,837
Balance as at 31 December 2009	272,943	-	1,375,000	588,943	2,236,886
Transfer to revenue reserves appropriated subsequent to year end	-	-	245,000	(245,000)	-
Final dividend for the year ended 31December 2009 declared subsequent to year end	-	-	-	(341,179)	(341,179)
Total comprehensive income for the year ended 31 December 2010	-	-	-	762,700	762,700
Balance as at 31 December 2010	272,943	-	1,620,000	765,464	2,658,407

Appropriations and transfers between reserves made subsequent to the year ended 31 December 2010 are disclosed in note 37 to these financial statements.

The annexed notes 1 to 40 form an integral part of these financial statements.

Mujtaba Rahim
Chairman and Chief Executive Officer

M Veqar Arif
Director and Chief Financial Officer

Notes to and forming part of the Financial Statements for the year ended 31 December 2010

1. The Company and its Operations

The Company is a limited liability Company and is incorporated and domiciled in Pakistan. The address of its registered office is 1-A/1, Sector 20, Korangi Industrial Area, Korangi, Karachi, Pakistan. The Company is listed on the Karachi Stock Exchange. The Company is a subsidiary of Clariant International Limited, incorporated in Switzerland.

The Company is engaged in the manufacture and sale of chemicals, dyestuffs, emulsions and masterbatches. It also acts as an indenting agent.

2. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless stated otherwise.

2.1 Basis of preparation

2.1.1 Statement of compliance

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

2.1.2 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain staff retirement benefits which are carried at present value.

2.1.3 New and amended standards and interpretation that are effective in the current year.

The following new and amended standards and interpretations have been published and are mandatory for the first time for the financial year beginning 1 January 2010:

- IAS 18 (Amendment), ' Revenue' (effective from 1 January 2010). The amendment provides additional guidance regarding the determination as to whether an entity is acting as a principal or an agent. The amendment does not have any impact on the Company' s financial statements.
- IFRS 2 (Amendments), 'Group Cash-settled and Share-based Payment Transactions' . In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and Treasury Share Transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The new guidance does not have a material impact on the Company' s financial statements.
- IFRS 7 (Amendment) 'Financial instruments: Disclosures'. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures, but does not have an impact on the Company's financial position or performance.
- IFRS 8 ' Operating Segments' (Amendments) effective from 1 January 2010. Under the amendment, it has been clarified that a measure of segment assets should be disclosed only if that amount is regularly provided to the chief operating decision-maker. Although the segment assets are not reported to the chief operating decision maker, the Company continues to disclose the segment assets and liabilities consistent with prior years.

There are other new and amended standards and interpretations that are mandatory for accounting periods beginning on or after 1 January 2010 but are considered not to be relevant or to have any significant effect on the Company' s operations and are, therefore, not disclosed in these financial statements.

Notes to and forming part of the Financial Statements
for the year ended 31 December 2010

2.1.4 New and amended standards and interpretations that are not yet effective:

The following standards and amendments to existing standards and interpretations have been published and are mandatory for the Company' s accounting period beginning on or after 1 January 2011.

IFRS 7, Financial Instruments (effective 1 January 2011). The amendment emphases the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The management is in the process of assessing the impact on the Company' s financial statements.

IAS 1, Presentation of financial statements (effective 1 January 2011). The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The amendment is not likely to have any impact on the Company' s financial statements as currently no items are being reported in other comprehensive income.

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Company is currently in the process of assessing the impact, if any, of the revised standard on the related party disclosures.

There are other new and amended standards and interpretations that are mandatory for accounting periods beginning on or after 1 January 2011 but are considered not to be relevant or do not have any significant effect on the Company' s operations and are therefore not detailed in these financial statements.

2.1.5 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company' s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 38 to these financial statements.

2.2 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) are capitalised as part of the cost of that asset. Currently, the Company does not have any borrowing costs directly attributable to the acquisition of or construction of qualifying assets.

2.3 Property, plant and equipment

2.3.1 Operating Fixed Assets

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except freehold land and capital work-in-progress which are stated at cost less accumulated impairment losses, if any.

Depreciation is charged to income applying the straight line method, whereby the depreciable amount of an asset is written off over its estimated useful life. The cost of leasehold land is amortised equally over the lease period. The asset' s residual values and useful lives are reviewed, and adjusted if required, at each balance sheet date.

Depreciation is charged on additions from the month the asset is available for use and on disposals upto the month preceding the month of disposal. The rates of depreciation are stated in 3.1 to these financial statements.

Notes to and forming part of the Financial Statements for the year ended 31 December 2010

Subsequent costs are included in the asset' s carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account as and when incurred.

Gains / losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the profit and loss account in the period in which they arise.

2.3.2 Capital Work in Progress

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these are available for use.

2.3.3 Impairment

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount and the differences are recognised in the profit and loss account.

2.4 Stock-in-trade

Stock-in-trade are valued at the lower of cost determined on the moving average method and net realisable value.

Cost of work-in-process and manufactured finished goods comprises cost of direct materials, direct labour and an appropriate portion of production overheads. Cost in respect of items in transit includes the invoice values and other charges incurred thereon.

Provision for obsolete and slow moving inventories is determined based on the management' s assessment regarding their future usability.

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

2.5 Stores and spares

Stores and spares are valued at the lower of cost determined on the moving average method and net realisable value. Cost in respect of items in transit includes the invoice values and other charges incurred thereon.

Provision for obsolete and slow moving stores and spares is determined based on the management' s assessment regarding their future usability.

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

2.6 Financial instruments

2.6.1 Financial assets

2.6.1.1 Classification

The management determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standard 39 (IAS 39), "Financial Instruments: Recognition and Measurement" at the time of purchase of financial assets and re-evaluates this classification on a regular basis. The financial assets of the Company are categorized as follows:

Notes to and forming part of the Financial Statements for the year ended 31 December 2010

a) **Financial assets at fair value through profit or loss**

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as ' financial assets at fair value through profit or loss' category.

b) **Loans and receivables**

These are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market. The Company' s loans and receivables comprise of trade debts, loans and advances, deposits, cash and bank balances and other receivables in the balance sheet.

c) **Held to maturity**

These are financial assets with fixed or determinable payments and fixed maturity which the Company has positive intent and ability to hold to maturity.

d) **Available for sale financial assets**

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as ' available for sale' . Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables (b) held to maturity (c) financial assets at fair value through profit or loss.

2.6.1.2 Initial recognition and measurement

All financial assets are recognised at the time the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the profit and loss account.

2.6.1.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) **' Financial asset at fair value through profit or loss' and ' available for sale'**

' Financial assets at fair value through profit or loss' are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account in the period in which these arise.

' Available for sale' financial assets are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognised in other comprehensive income.

b) **' Loans and receivables' and ' held to maturity'**

Loans and receivables and held to maturity financial assets are carried at amortised cost.

2.6.1.4 Impairment

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. A significant or prolonged decline in the fair value of a financial asset below its cost / amortised cost is also an objective evidence of impairment. Provision for impairment in the value of financial assets, if any, is taken to the profit and loss account.

Notes to and forming part of the Financial Statements for the year ended 31 December 2010

2.6.1.5 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

2.6.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

2.6.3 Derecognition

Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised at the time when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the profit and loss account.

2.7 Loans, advances and deposits

These are stated at cost less estimates made for any doubtful receivables based on a review of all outstanding amounts at the balance sheet date. Balances considered bad and irrecoverable are written off when identified.

2.8 Trade and other receivables

Trade and other receivables are carried at original invoice amount less an estimate for doubtful balances which is determined based on review of outstanding amounts and previous repayment pattern. Balances considered bad and irrecoverable are written off when identified.

2.9 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include cash in hand, cheques and drafts in hand, balances held with banks in current accounts and short-term running finances. Short-term running finances are shown within short-term borrowings in current liabilities on the balance sheet.

2.10 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any, and taxes paid under Final Tax Regime. The charge for the current tax also include adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the year.

Deferred

Deferred taxation is recognised using the balance sheet liability method on all major temporary differences arising between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Notes to and forming part of the Financial Statements for the year ended 31 December 2010

2.11 Trade and other payables

Liability for trade and other amounts payable are carried at cost, which is the fair value of consideration to be paid in the future for goods and services whether or not billed to the Company.

2.12 Staff benefits

2.12.1 Retirement benefits

The Company operates:

a) an approved contributory provident fund for all eligible employees; and

b) an approved gratuity fund for all employees. Annual contributions are made to the fund on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method. Actuarial gains or losses at each valuation date are recognised as income or expense immediately.

Staff retirement benefits are payable to staff on completion of prescribed qualifying period of service under these schemes.

2.12.2 Compensated absences

The liability in respect of compensated absences of employees on unavailed leave balances is accounted for in the period in which the leave is earned.

2.12.3 Share - based payment transactions

The Clariant group has a Clariant Executive Bonus Plan (CEBP) which was issued in 2007. Under the 2007 CEBP Restricted Share Grant, share appreciation rights in respect of shares of Clariant International Ltd., Pratteln, Switzerland are granted to certain employees based on the performance of the Group and the performance of the unit / function in which incentive plan members work. The granted share appreciation right of Clariant International Ltd., Pratteln, Switzerland become vested and are exercisable after 3 years. No options are granted under the CEBP.

The fair value of the amount payable to employees in respect of share appreciation rights and / or phantom stocks, which are settled in cash, is recognised as an expense, with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as salaries, wages and benefits in the profit and loss account.

2.13 Foreign currency transactions

Transactions in foreign currencies are translated to Pakistani Rupees at the foreign exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Rupees at the rates of exchange approximating those at the balance sheet date. Exchange gains / losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to the profit and loss account.

2.14 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company' s functional and presentation currency.

Notes to and forming part of the Financial Statements for the year ended 31 December 2010

2.15 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.16 Proposed dividend and transfer between reserves

Dividends declared and transfers between reserves made subsequent to the balance sheet date are considered as non-adjusting events and are recognised in the financial statements in the period in which such dividends are declared / transfers are made.

2.17 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

- Sales are recognised as revenue when goods are delivered and invoiced.
- Indenting commission is recognised on receipt of shipment confirmation from suppliers.

2.18 Operating leases / Assets acquired under Ijarah financing

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases and ijarah financing (net of any incentives received from the lessor) are charged to the profit and loss account on a straight-line basis over the period of the lease / ijarah term.

2.19 Segment reporting

Operating segments are determined and presented in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Company' s other components.

The Company has determined operating segments using business units. The business units have been established on the basis of products offered to external customers. The Company' s Chief Executive Officer reviews the financial performance of the Company by business units.

During the period, the Company has made various changes to the internal reporting structure as per the guidelines of the parent company. In accordance with the Company' s internal reports that are regularly reviewed by the entity' s chief operating decision-maker to allocate resources to the segments and assess their performance, function costs (comprising those with respect to finance, procurement, other administration, legal, information technology, human resources, etc.) are allocated to the respective operating segments. Previously, the above mentioned function costs were not allocated to the respective operating segments based on the then applicable internal reporting structure. Further, the operating results of Emulsions which were previously classified under the operating segment of Textile has been reclassified and shown separately. Accordingly, comparatives for 2009 have been restated in these financial statements. The segment information has been disclosed in note 29 to these financial statements.

3. PROPERTY, PLANT AND EQUIPMENT

	Note	2010 (Rs ' 000)	2009 (Rs ' 000)
Operating fixed assets	3.1	883,612	920,298
Capital work-in-progress	3.5	117,730	45,890
		1,001,342	966,188

Notes to and forming part of the Financial Statements for the year ended 31 December 2010

3.1 The following is a statement of operating fixed assets:

2010

	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Vehicles	Furniture, fixtures and equipment	Total
	(Rupees ' 000)							
At 1 January 2010								
Cost	36,314	18,797	333,433	144,698	1,188,249	672	422,689	2,144,852
Accumulated depreciation / amortisation	-	(5,177)	(158,781)	(71,182)	(691,290)	(629)	(297,495)	(1,224,554)
Net book value	36,314	13,620	174,652	73,516	496,959	43	125,194	920,298
Year ended 31 December 2010								
Opening net book value	36,314	13,620	174,652	73,516	496,959	43	125,194	920,298
Additions	-	-			73,572		32,773	106,345
Disposals								
Cost	-	-	-	-	17,640	-	52,962	70,602
Accumulated depreciation	-	-	-	-	(16,554)	-	(52,955)	(69,509)
	-	-	-	-	1,086	-	7	1,093
Depreciation / amortisation charge for the year	-	(301)	(15,335)	(7,243)	(79,117)	(10)	(39,932)	(141,938)
Closing net book value	36,314	13,319	159,317	66,273	490,328	33	118,028	883,612
At 31 December 2010								
Cost	36,314	18,797	333,433	144,698	1,244,181	672	402,500	2,180,595
Accumulated depreciation / amortisation	-	(5,478)	(174,116)	(78,425)	(753,853)	(639)	(284,472)	(1,296,983)
Net book value	36,314	13,319	159,317	66,273	490,328	33	118,028	883,612
Depreciation / amortisation rate: % per annum	-	1.32 & 5	2.5 & 5	5	10 & 20	20	10 to 33.33	

2009

	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Vehicles	Furniture, fixtures and equipment	Total
	(Rupees ' 000)							
At 1 January 2009								
Cost	36,314	18,797	329,506	146,058	1,182,075	787	388,799	2,102,336
Accumulated depreciation / amortisation	-	(4,877)	(143,390)	(65,619)	(656,912)	(787)	(278,778)	(1,150,363)
Net book value	36,314	13,920	186,116	80,439	525,163	-	110,021	951,973
Year ended 31 December 2009								
Opening net book value	36,314	13,920	186,116	80,439	525,163	-	110,021	951,973
Additions	-	-	3,927	1,788	48,024	51	49,308	103,098
Disposals and deletions								
Cost	-	-	-	3,148	41,850	166	15,418	60,582
Accumulated depreciation	-	-	-	(3,148)	(41,850)	(166)	(15,418)	(60,582)
	-	-	-	-	-	-	-	-
Depreciation / amortisation charge for the year	-	(300)	(15,391)	(8,711)	(76,228)	(8)	(34,135)	(134,773)
Closing net book value	36,314	13,620	174,652	73,516	496,959	43	125,194	920,298
At 31 December 2009								
Cost	36,314	18,797	333,433	144,698	1,188,249	672	422,689	2,144,852
Accumulated depreciation / amortisation	-	(5,177)	(158,781)	(71,182)	(691,290)	(629)	(297,495)	(1,224,554)
Net book value	36,314	13,620	174,652	73,516	496,959	43	125,194	920,298
Depreciation / amortisation rate: % per annum	-	1.32 & 5	2.5 & 5	5	10	20	10 to 33.33	

Notes to and forming part of the Financial Statements for the year ended 31 December 2010

3.2 The depreciation / amortisation charge for the year has been allocated as follows:

	Note	2010 (Rs ' 000)	2009 (Rs ' 000)
Cost of goods sold	20	116,008	109,862
Distribution and marketing expenses	21	22,567	21,409
Administrative expenses	22	3,363	3,502
		141,938	134,773

3.3 Details of property, plant and equipment disposed off during the year:

Description	Mode of Disposal	Cost	Accumulated depreciation	Book value	Sale proceeds	Particulars of buyers
		(Rupees ' 000)				
Plant and Machinery	Negotiation/ Company policy	3,522	2,436	1,086	516	M/s. Mushtaq Ahmed & Son, Jamshoro
Plant and Machinery and Furniture and Fixtures having book value below Rs 50,000		67,080	67,073	7	2,309	Various
		70,602	69,509	1,093	2,825	

3.4 The above balance includes furniture, fixtures and equipment with a ' Nil' net book value disposed off to key management personnel during the year for Rs 0.095 million (2009: Rs 0.094 million) as per the Company' s policy.

3.5 Capital Work-in-Progress

	Note	2010 (Rs ' 000)	2009 (Rs ' 000)
Civil works		12,246	-
Plant and machinery		102,005	31,238
Equipment		3,479	14,652
		117,730	45,890

4. Long-term Loans and Advances

	Note	2010 (Rs ' 000)	2009 (Rs ' 000)
Considered good			
Due from:			
Chief Executive Officer	4.3	2,808	4,212
Executives	4.1 & 4.3	23,867	24,605
Employees		11,525	13,854
	4.2	38,200	42,671
Less: Receivable within one year	8	16,741	16,250
		21,459	26,421

4.1 This includes an amount of Rs 3.404 million (2009: Rs 6.555 million) in respect of loans provided to key management personnel of the Company.

4.2 Loan to the Chief Executive Officer has been provided for house building assistance. Loans to Executives and employees are provided for the purchase of motor vehicles, furniture and for house building assistance in accordance with the terms of their employment. These loans are un-secured, interest free and are repayable over varying periods ranging between two to six years.

4.3 Reconciliation of carrying amount of loans to Chief Executive Officer and Executives

	2010 Chief Executive Officer	2010 Executives	2009 Chief Executive Officer	2009 Executives
	(Rs ' 000)		(Rs ' 000)	
Opening balance	4,212	24,605	5,616	14,750
Disbursements / transfers during the year	-	11,321	-	23,179
Repayments during the year	(1,404)	(12,059)	(1,404)	(13,324)
Closing Balance	2,808	23,867	4,212	24,605

Notes to and forming part of the Financial Statements for the year ended 31 December 2010

4.4 The maximum aggregate amount due from the Chief Executive Officer and Executives at the end of any month during the year were Rs 4.095 million and Rs 23.867 million respectively (2009: Chief Executive Officer: Rs 5.499 million and Executives: Rs 31.972 million).

	Note	2010 (Rs '000)	2009 (Rs '000)
5. Stores and Spares			
Stores		4,446	7,123
Spares		19,884	26,744
In transit		1,556	52
		25,886	33,919
6. Stock-in-Trade			
Raw and packing materials including goods in transit of Rs 143.264 million (2009: Rs 179.332 million)		803,432	638,993
Work-in-process	20	140,634	107,673
Finished goods including goods in transit of Rs 25.476 million (2009: Rs 94.470 million)	6.2 & 20	662,491	612,830
		1,606,557	1,359,496

6.1 The above balance includes items costing Rs 2.584 million (2009: Rs 6.113 million) which have been valued at their net realisable value amounting to Rs 2.270 million (2009: Rs 3.282 million).

6.2 This includes imported finished goods amounting to Rs 193.566 million (2009: Rs 216.906 million)

	Note	2010 (Rs '000)	2009 (Rs '000)
7. Trade Debts			
Considered good			
Related parties			
- Clariant Turkey A.S.		3,142	9,267
- Clariant Japan K.K.		-	170
- PT Clariant Indonesia		22,082	27,763
- Clariant Chemicals (Thailand) Limited		2,873	6,539
- Clariant Produkte (Deutschland) GmbH		6,613	14,517
- Clariant Masterbatch Iberica AS		2,272	-
- Clariant (Malaysia) Sdn Bhd		283	-
- Clariant (China) Limited		7,825	39,302
- Clariant MB (Saudi Arabia) Limited		-	430
		45,090	97,988
Others			
- Secured		55,041	15,219
- Unsecured		1,351,207	1,665,350
		1,451,338	1,778,557
Considered doubtful			
Others		187,179	204,350
		1,638,517	1,982,907
Less: Provision for impairment of trade debts	7.1	(187,179)	(204,350)
		1,451,338	1,778,557
7.1 Reconciliation of provision for impairment of trade debts			
Opening provision		204,350	170,254
Charge for the year - net	25	5,570	34,096
Written off during the year		(22,741)	-
Closing provision		187,179	204,350

Notes to and forming part of the Financial Statements for the year ended 31 December 2010

7.2 As at 31 December 2010, Rs 357.497 million (2009: Rs 461.354 million) of the gross trade debts are overdue but not impaired. These balances relate to various customers for whom there is no recent history of default. The aging analysis of these trade debts is as follows:

	Note	2010 (Rs '000)	2009 (Rs '000)
1 to 3 months		302,249	380,499
3 to 6 months		55,248	80,855
		357,497	461,354

8. Loans and Advances

Considered good - unsecured

Current portion of loans and advances

	Note	2010 (Rs '000)	2009 (Rs '000)
Amounts due from:			
- Chief Executive Officer		1,404	1,404
- Executives		10,513	9,859
- Employees		4,824	4,987
	4	16,741	16,250
Advances for supplies and services		893	1,693
		17,634	17,943

9. Trade Deposits and Short-term Prepayments

	Note	2010 (Rs '000)	2009 (Rs '000)
Deposits		1,824	2,518
Short-term prepayments		5,526	6,544
		7,350	9,062

10. Other Receivables

Considered good

	Note	2010 (Rs '000)	2009 (Rs '000)
Due from the Government:			
- Sales tax and Federal excise duty		811,764	381,700
- Others		1,160	1,344
		812,924	383,044
Indent commission due from:			
- Related parties - group companies	10.1	5,155	2,512
- Others		1,507	864
Receivable from provident fund (related party)		4,369	11,021
Others		25	251
		823,980	397,692

10.1 The names of group companies and the corresponding amounts due from them in respect of indenting commission as at 31 December 2010 are as follows:

	2010 (Rs '000)	2009 (Rs '000)
Clariant (China) Limited	726	318
Clariant Chemicals (Taiwan) Co. Limited	6	-
Clariant Corporation USA	34	-
Clariant Masterbatches Huningue	343	365
P.T. Clariant Indonesia	154	54
Clariant International Limited	3,109	-
Clariant Masterbatches (UK) Limited	2	2
Clariant (Gulf) FZE	-	6
Clariant (Japan) K.K.	-	7
Clariant Chemicals (India) Limited	781	98
Clariant Export AG	-	1,260
Clariant (Korea) Limited	-	108
Clariant Masterbatches (Deutschland) GmbH	-	8
Clariant S.A.	-	208
Clariant Masterbatches (Italia) S.b.A	-	6
Clariant Production (UK) Limited	-	72
	5,155	2,512

Notes to and forming part of the Financial Statements for the year ended 31 December 2010

11. Cash and Bank Balances

	2010 (Rs '000)	2009 (Rs '000)
With banks in current accounts	82,103	4,562
Cash in hand	3,283	1,593
Cheques and drafts in hand	317,444	373,641
	402,830	379,796

12. Share Capital

12.1 Authorised capital

2010 (Number of shares)	2009 (Number of shares)		2010 (Rs '000)	2009 (Rs '000)
50,000,000	50,000,000	Ordinary shares of Rs 10 each	500,000	500,000

12.2 Issued, subscribed and paid-up capital

Issued for consideration other than cash	Issued as bonus shares	Total		(Rupees '000)
----------------	Number of shares	------------------		
7,441,639	19,852,666	27,294,305	Opening balance - 1 January 2009	272,943
-	-	-	Shares issued during 2009	-
7,441,639	19,852,666	27,294,305	Closing balance - 31 December 2009	272,943
-	-	-	Shares issued during 2010	-
7,441,639	19,852,666	27,294,305	Closing balance - 31 December 2010	272,943

12.3 Clariant International Limited, Pratteln, Switzerland and its nominees held 20,470,727 (2009: 20,470,727) ordinary shares of Rs 10 each at 31 December 2010.

13. Deferred Taxation - net

	Note	2010 (Rs '000)	2009 (Rs '000)
Deferred tax liabilities arising on taxable temporary differences:			
Accelerated tax depreciation allowance		99,506	103,448
Deferred tax assets arising on deductible temporary differences:			
Provision for impairment of trade debts		20,377	14,255
Staff retirement gratuity		-	16,315
		20,377	30,570
Deferred tax liability - net		79,129	72,878

13.1 Reconciliation of deferred tax liability

	Note	2010 (Rs '000)	2009 (Rs '000)
Deferred tax liability as at 1 January		72,878	65,694
Recognised for the year	27	6,251	7,184
Deferred tax liability as at 31 December		79,129	72,878

Notes to and forming part of the Financial Statements for the year ended 31 December 2010

14. Long Term Financing

Secured

	Financier	Installments payable	Repayment period	Mark-up not due	2010 (Rs '000)	2009 (Rs '000)
				(Rs '000)		
14.1	Commercial Bank	at maturity	2010	-	-	100,000
14.2	Commercial Bank	semi - annually	2011	3,415	66,667	133,333
14.3	Commercial Bank	at maturity	2011	24,261	200,000	200,000
14.4	Commercial Bank	semi - annually	2013	78,753	200,000	-
14.5	Commercial Bank	at maturity	2013	49,853	200,000	-
					666,667	433,333
	Less: Current portion shown under current liabilities				(333,334)	(166,667)
					333,333	266,666

14.6 The long-term financing in note 14.2 and 14.3 is secured by letter of comfort provided from Clariant International Ltd, Pratteln, Switzerland. In addition, the long-term finances mentioned in note 14.2, 14.3, 14.4 and 14.5 are secured by a floating charge over the Company' s operating assets for Rs 960 million (2009: Rs 480 million).

15. Short-term Borrowings

Secured	Note	2010 (Rs '000)	2009 (Rs '000)
From banking companies			
Short-term loans	15.1	312,985	594,000
Short-term running finances utilised under mark-up arrangements	15.2	177,119	382,791
		490,104	976,791

15.1 These local currency loans are repayable on various dates ranging between January 2011 to April 2011 (2009: January 2010 to June 2010). These loans are secured by hypothecation of the Company' s stock-in-trade and trade debts.

15.2 The facilities for running finance available from various banks at 31 December 2010 amounted to Rs 2,008 million (2009: Rs 1,808 million) and the purchase prices are payable on various dates by December 2011 (2009: December 2010). These arrangements are secured by way of a pari passu charge against hypothecation of the Company' s stock-in-trade and trade debts and letter of comfort provided by Clariant International Ltd., Pratteln, Switzerland.

15.3 The facilities for opening letters of credit as at 31 December 2010 amounted to Rs 1,600 million (2009: Rs 1,600 million) of which the amount utilised at the year end was Rs 520.867 million (2009: Rs 491.074 million).

16. Mark-up Accrued

	2010 (Rs '000)	2009 (Rs '000)
Mark-up accrued on:		
Secured long-term financing	5,020	11,154
Short-term running finances utilised under mark-up arrangements	7,925	20,007
Secured short-term loans	7,872	2,755
	20,817	33,916

Notes to and forming part of the Financial Statements for the year ended 31 December 2010

		Note	2010 (Rs ' 000)	2009 (Rs ' 000)
17.	**Trade and Other Payables**			
	Creditors		387,625	231,248
	Accrued liabilities		265,285	228,314
	Bills payable :			
	- Related party - Clariant International Ltd., Pratteln, Switzerland (Parent Company)		46,662	83,422
	- Related parties - other group companies		90,993	165,223
	- Others		467,579	271,412
	Workers' profit participation fund	17.1	55,465	45,999
	Workers' welfare fund		73,509	69,258
	Royalty payable to Clariant International Ltd., Pratteln, Switzerland (Parent Company)		17,077	15,325
	Payable to gratuity fund (related party)	23.1.1	-	56,979
	Payable to employees cooperative society (related party)		7,235	4,409
	Unclaimed dividend		9,416	7,975
	Others		3,377	1,128
			1,424,223	1,180,692
17.1	**Workers' Profit Participation Fund**			
	Balance at 1 January		45,999	39,870
	Allocation for the year	25	53,010	44,710
			99,009	84,580
	Interest on funds utilised in the Company' s business	26	2,455	1,312
			101,464	85,892
	Less: Amounts paid to and on behalf of the fund		20,999	12,983
	Deposited with the Government		25,000	26,910
			45,999	39,893
	Balance at 31 December		55,465	45,999

17.2 Included in accrued liabilities is an amount of Rs 58.0 million (2009: Rs 40.0 million) in respect of employees compensated absences.

18. Contingencies and Commitments

18.1 Contingencies

18.1.1 Octroi levies amounting to approximately Rs 31.319 million are in dispute with a contractor. A petition has been filed by the Company in the Court of law challenging the above levies. As management is confident that the decision will be in favour of the Company, no provision has been made in these financial statements in respect of the aforesaid amount.

18.1.2 A petition had been filed in the High Court of Sindh against the Company by one of its customers for recovery of Rs 196.923 million along with mark-up for losses, damages and compensation on the grounds that materials supplied by the Company were defective. The Company has filed its written statement in the Court denying the allegations. The management is confident, based on advice received from its legal counsel, that it will not be exposed to any loss on account of this claim and consequently no provision has been made by the Company in respect of this matter.

18.1.3 During the year ended 31 December 2007, a damages and compensation case was filed in the Civil Court, Lahore against the Company and one of its affiliates for claim of approximately Rs 50 million on account of late shipment. The Company acted as an indenting agent for this supply. The management is confident, based on advice received from its legal counsel, that the matter will be decided in favour of the Company and the Company will not be exposed to any loss on account of this claim. Accordingly, no provision has been made in these financial statements in respect of this claim.

18.1.4 During the year ended 31 December 2009 the Company received notices from the sales tax authorities to show cause as to why certain products of the Company should not be eligible for zero-rating. An adverse action under such show cause may result in a demand of Rs 233.424 million along with the default surcharges on supply of the products to its customers from June 2007 to June 2009. The Company, however, restrained the proceedings of such show cause by filing a civil suit with the High Court of Sindh. The Court restrained the tax authorities to proceed with the matter till the decision of the suit. The management is confident that the matter will be decided in favour of the Company as the zero rating status of the supplies is available and, accordingly, the Company will not be exposed to any loss on account of this action. Therefore, no provision has been made in these financial statements in respect of these notices.

Notes to and forming part of the Financial Statements for the year ended 31 December 2010

18.1.5 During the current year an ex-employee of the Company has filed a suit for recovery of Rs 26.782 million in respect of post retirement benefits. The ex-employee claims that the amount of payment made to him at the time of his final settlement on account of post retirement benefits was less than his entitlement. Based on the advice of the Company's legal counsel, the management is confident that the case will be decided in favour of the Company. Accordingly no provision has been made in these financial statements in respect of this case.

18.1.6 The Company has provided bank guarantees of Rs 22.810 million (2009: Rs 24.675 million) in favour of various parties.

18.2 Commitments

18.2.1 Commitments for rentals under operating lease agreements in respect of vehicles and equipment amounted to Rs 20.933 million (2009: Rs 36.727 million) payable over the next five years and onwards as follows:

Year	2010 (Rs '000)	2009 (Rs '000)
2010	-	16,099
2011	10,930	11,517
2012	6,592	6,660
2013	2,630	2,213
2014	658	238
2015	123	-
	20,933	36,727

18.2.2 Commitments for rentals under operating lease agreements in respect of rented property amounted to Rs 6.249 million (2009: Rs 5.886 million) payable over the next five years and onwards as follows:

Year	2010 (Rs '000)	2009 (Rs '000)
2010	-	453
2011	2,908	2,091
2012	692	692
2013	748	748
2014	807	1,902
2015 and onwards	1,094	-
	6,249	5,886

18.2.3 Commitments for Ijarah rentals in respect of Ijarah transactions amounted to Rs 77.995 million (2009: Rs 38.022 million) payable upto 2013 as follows:

	2010 (Rs '000)	2009 (Rs '000)
Not later than one year	25,681	10,722
Later than one year but not later than five years	52,314	27,300
	77,995	38,022

18.2.4 Commitments for capital expenditure as at 31 December 2010 aggregated Rs 34.058 million (2009: Rs 8.994 million).

19. Sales

	Textile		Leather		Masterbatches		Emulsions		Others		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
		(Restated)						(Restated)				(Restated)
	(Rupees '000)											
Sales												
Local	5,008,409	5,129,295	1,272,002	1,000,662	1,291,224	999,670	809,232	703,916	165,795	159,104	8,546,662	7,992,647
Export	474,826	344,535	-	-	68,274	56,642	3,313	1,472	1,859	1,449	548,272	404,098
Total sales	5,483,235	5,473,830	1,272,002	1,000,662	1,359,498	1,056,312	812,545	705,388	167,654	160,553	9,094,934	8,396,745
Discounts & Commission	467,971	515,355	119,982	82,020	45,143	36,595	23,640	20,226	3,395	3,741	660,131	657,937
Sales tax and federal excise duty	5,039	6,643	7,420	2,732	15,395	11,810	17,361	15,267	5,716	5,326	50,931	41,778
	473,010	521,998	127,402	84,752	60,538	48,405	41,001	35,493	9,111	9,067	711,062	699,715
Net sales (from external customers)	5,010,225	4,951,832	1,144,600	915,910	1,298,960	1,007,907	771,544	669,895	158,543	151,486	8,383,872	7,697,030

Notes to and forming part of the Financial Statements for the year ended 31 December 2010

20. Cost of Goods Sold	Note	2010 (Rs '000)	2009 (Rs '000)
Raw and packing materials consumed		4,965,679	4,361,262
Stores, spares and supplies consumed		60,043	47,401
Salaries, wages and benefits		295,709	261,852
Fuel and power		108,850	90,067
Legal and professional charges		2,628	1,920
Royalty		40,849	35,763
Travelling and entertainment		10,743	11,072
Communication		3,229	3,060
Rent, rates and taxes		19,813	14,711
Insurance		8,669	7,163
Repairs and maintenance		57,445	47,642
Depreciation / amortisation	3.2	116,008	109,862
Printing and stationery		3,695	2,446
Opening stock of work-in-process		107,673	104,028
Closing stock of work-in-process	6	(140,634)	(107,673)
Cost of goods manufactured		5,660,399	4,990,576
Opening stock of finished goods		612,830	605,207
Finished goods purchased		870,750	920,841
Included under distribution and marketing expenses:			
Cost of samples issued	21	(4,154)	(4,549)
Cost of shortages and breakages	21	(704)	(1,891)
Rebate on export		(972)	(1,558)
Closing stock of finished goods	6	(662,491)	(612,830)
		6,475,658	5,895,796

20.1 Staff retirement benefits

Salaries, wages and benefits include Rs 21.098 million and Rs 6.749 million (2009: Rs 41.187 million and Rs 3.774 million) in respect of defined benefit scheme and defined contribution plan respectively.

Notes to and forming part of the Financial Statements for the year ended 31 December 2010

21. Distribution and Marketing Expenses	Note	2010 (Rs ' 000)	2009 (Rs ' 000)
Salaries and benefits		178,493	168,902
Traveling and entertainment		60,149	50,780
Repairs and maintenance		11,615	8,723
Advertising and sales promotion		9,896	9,930
Rent, rates and taxes		33,149	26,526
Communication		12,859	7,317
Printing and stationery		15,808	8,658
Insurance		8,046	6,555
Legal and professional charges		3,041	2,974
Fuel and power		18,655	14,230
Depreciation / amortisation	3.2	22,567	21,409
Outward freight and handling		145,729	128,681
Shortages and breakages	20	704	1,891
Samples	20	4,154	4,549
Fees and subscription		312	228
Books and periodicals		117	102
		525,294	461,455

21.1 Staff retirement benefits

Salaries and benefits include Rs 13.474 million and Rs 5.259 million (2009: Rs 19.574 million and Rs 4.113 million) in respect of defined benefit scheme and defined contribution plan respectively.

22. Administrative Expenses	Note	2010 (Rs ' 000)	2009 (Rs ' 000)
Salaries and benefits		126,113	108,055
Traveling and entertainment		7,724	3,915
Repairs and maintenance		4,987	4,488
Rent, rates and taxes		11,855	18,321
Communication		2,635	2,709
Printing and stationery		3,598	3,991
Insurance		669	768
Legal and professional charges		2,582	2,628
Fuel and power		4,892	3,245
Depreciation / amortisation	3.2	3,363	3,502
Fees and subscription		1,637	1,315
Books and periodicals		172	106
		170,227	153,043

22.1 Staff retirement benefits

Salaries and benefits include Rs 13.403 million and Rs 4.851 million (2009: Rs 19.785 million and Rs 3.648 million) in respect of defined benefit scheme and defined contribution plan respectively.

Notes to and forming part of the Financial Statements for the year ended 31 December 2010

23. Staff Retirement Benefits

23.1 Defined benefit plan - approved gratuity fund

The Company operates an approved funded gratuity for all eligible employees. Actuarial valuation is carried out every year and the latest valuation was carried out as at 31 December 2010. The information provided in notes 23.1 to 23.1.10 has been obtained from the actuarial valuation carried out as at 31 December 2010. The following significant assumptions have been used for valuation of this scheme:

		2010	2009
a)	Expected rate of increase in salary level	14.0%	13.0%
b)	Discount rate	14.0%	13.0%
c)	Expected return on plan assets	14.0%	13.0%
d)	Assumptions regarding future mortality experience are based on actuarial recommendations and published statistics.		

23.1.1 Amounts recognised in the balance sheet:

	Note	2010 (Rs '000)	2009 (Rs '000)
Present value of defined benefit obligation	23.1.2	411,139	351,852
Less: Fair value of plan assets	23.1.3	(411,139)	(294,873)
Deficit		-	56,979

23.1.2 Movement in defined benefit obligation:

	2010	2009
Obligation at the beginning of the year	351,852	259,731
Current service cost	17,479	20,543
Interest cost	44,646	38,960
Benefits paid	(16,839)	(46,171)
Actuarial losses	14,001	78,789
Obligation at the end of the year	411,139	351,852

23.1.3 Movement in fair value of plan assets:

	2010	2009
Fair value at the beginning of the year	294,873	178,382
Expected return on plan assets	38,333	26,757
Company contributions	104,954	104,916
Benefits paid	(16,839)	(46,171)
Actuarial gain / (losses)	(10,182)	30,989
Fair value at the end of the year	411,139	294,873

23.1.4 Amounts recognised in the profit and loss

	2010	2009
Current service cost	17,479	20,543
Interest cost	44,646	38,960
Expected return on plan assets	(38,333)	(26,757)
Net actuarial losses recognised during the year	24,183	47,800
	47,975	80,546

23.1.5 Actual return on plan assets during the year was Rs 28.151 million (2009: Rs 57.746 million).

Notes to and forming part of the Financial Statements for the year ended 31 December 2010

23.1.6 Plan assets are comprised as follows:

	2010 (Rs '000)	Percentage Composition	2009 (Rs '000)	Percentage Composition
Government securities	3,843	0.93%	20,898	7.09%
Debt securities	275,118	66.92%	128,915	43.72%
Investments in units of mutual funds	128,510	31.26%	144,652	49.06%
Balances with banks	3,668	0.89%	408	0.14%
	411,139	100.00%	294,873	100.00%

23.1.7 As per the actuarial recommendations, the expected return on plan assets was taken as 14% (2009:13%), which is representative of yields on long-term Government bonds. Due to the increased volatility of share prices in recent months, there is no clear indication of return on equity. It is therefore assumed that the yield on equity matches the return on debt.

23.1.8 Based on actuarial advice, the Company intends to charge an amount of Rs 19.277 million in the financial statements for the year ending 31 December 2011.

23.1.9 5 year data on the deficit / (surplus) of the plan is as follows:

	2010 (Rs '000)	2009 (Rs '000)	2008 (Rs '000)	2007 (Rs '000)	2006 (Rs '000)
Present value of defined benefit obligation	411,139	351,852	259,731	236,019	201,535
Fair value of plan assets	(411,139)	(294,873)	(178,382)	(221,927)	(197,165)
Deficit / (surplus)	-	56,979	81,349	14,092	4,370

23.1.10 5 year data on experience adjustments is as follows:

	2010 (Rs '000)	2009 (Rs '000)	2008 (Rs '000)	2007 (Rs '000)	2006 (Rs '000)
Experience adjustments on plan liabilities	(14,001)	(78,789)	(1,199)	(16,994)	(52,234)
Experience adjustments on plan assets	(10,182)	30,989	(81,760)	1,821	41,006

23.2 Defined contribution plan - provident fund

During the year an amount of Rs 16.859 million (2009: Rs 11.535 million) has been charged to the profit and loss account in respect of the Company' s contributions to the employees provident fund.

24. Other Operating Income

	Note	2010 (Rs '000)	2009 (Rs '000)
Income from non-financial assets			
Indenting commission - net of payment of Rs 10.842 million (2009: Rs 8.035 million)		41,126	38,766
Sale of scrap		5,346	3,712
Income from laboratory services provided to customers		2,441	2,901
Gain on disposal of operating fixed assets		1,732	924
		50,645	46,303

25. Other Operating Expenses

	Note	2010 (Rs '000)	2009 (Rs '000)
Auditors' remuneration	25.1	2,678	2,797
Workers' Profit Participation Fund	17.1	53,010	44,710
Provision for impairment of trade debts	7.1	5,570	34,096
Workers' Welfare Fund		21,214	17,141
Donations	25.2	350	320
		82,822	99,064

Notes to and forming part of the Financial Statements for the year ended 31 December 2010

		Note	2010 (Rs ' 000)	2009 (Rs ' 000)
25.1	**Auditors' remuneration**			
	Audit fee		1,100	1,100
	Special certifications, half yearly review and sundry services		755	750
	Tax services		705	705
	Out of pocket expenses		118	242
			2,678	2,797
25.2	Recipients of donations do not include any donee in whom any Director or his spouse had any interest.			
26.	**Finance Cost**			
	Interest on :			
	Workers' Profit Participation Fund	17.1	2,455	1,312
	Mark-up on :			
	Long-term financing		56,697	94,814
	Short-term running finances		37,986	76,322
	Short-term loans		85,716	58,276
	Exchange (gain)/loss - net		(50)	60,258
	Bank charges and other costs		14,183	11,962
			196,987	302,944
27.	**Taxation - Net**			
	Current - for the year		244,578	256,010
	- for prior years		(30,000)	(18,000)
	Deferred	13.1	6,251	7,184
			220,829	245,194
27.1	**Reconciliation between tax expense and accounting profit**			
	Accounting profit before taxation		983,529	831,031
	Tax rate		35%	35%
	Tax on accounting profit		344,235	290,861
	Tax effect of prior years		(30,000)	(18,000)
	Tax effect of income taxed under lower tax rates		(80,022)	(49,962)
	Tax effect of items that are not deductible in determining taxable profit - permanent differences		(14,655)	21,693
	Others including the impact of allocation ratio of NTR and FTR		1,271	602
			220,829	245,194
28.	**Earnings per Share**			
28.1	**Basic**			
	Profit after taxation attributable to ordinary shareholders		762,700	585,837
			No of shares	No of shares
	Weighted average number of ordinary shares outstanding during the year		27,294,305	27,294,305
			(Rupees)	(Rupees)
	Earnings per share		27.94	21.46

28.2 Diluted

There were no convertible dilutive potential ordinary shares in issue as at 31 December 2010 and 2009.

Notes to and forming part of the Financial Statements for the year ended 31 December 2010

29. Segment Information

	Note	Textile		Leather		Masterbatches		Emulsions		Others		Total	
		2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
		(Rs '000)	(Rs '000) (Restated)	(Rs '000)	(Rs '000)	(Rs '000)	(Rs '000)	(Rs '000)	(Rs '000) (Restated)	(Rs '000)	(Rs '000)	(Rs '000)	(Rs '000) (Restated)
Net sales	19	5,010,225	4,951,832	1,144,600	915,910	1,298,960	1,007,907	771,544	669,895	158,543	151,486	8,383,872	7,697,030
Segment results based on 'management approach'		628,651	677,685	151,812	101,340	265,292	217,091	149,870	145,266	57,954	54,524	1,253,579	1,195,906
Other operating expenses - WPPF & WWF												74,224	61,851
Assets charged to profit and loss for internal reporting purposes bsed on group guidelines												1,161	(80)
Operating Profit												1,180,516	1,133,975
Finance costs	26											196,987	302,944
Profit before taxation												983,529	831,031
Segment Assets		2,438,637	2,565,877	639,850	647,656	678,405	491,368	277,273	277,401	40,621	43,104	4,074,786	4,025,406
Unallocated												1,287,260	948,175
												5,362,046	4,973,581
Segment Liabilities		658,777	587,270	141,540	103,850	198,640	110,546	109,572	57,676	7,145	8,750	1,115,674	868,092
Unallocated												1,587,965	1,868,603
												2,703,639	2,736,695
Fixed Capital Expenditures		106,663	89,649	851	3,770	70,191	14,876	44	27	107	41	177,856	108,363
Unallocated												329	3,272
												178,185	111,635
Depreciation / amortisation		109,563	95,673	1,601	5,031	28,374	26,782	10	6	22	340	139,570	127,832
Unallocated												2,368	6,941
												141,938	134,773

29.1 Others mainly include paper, chemicals and dyes, pigments and additives and industrial & consumer specialities. These do not constitute a separately reportable segment.

29.2 25.15% and 19.39% (collectively 44.54%) of the Company's gross sales for the year ended 31 December 2010 were made to two distributors. The segment wise sales to these two distributors is as follows:

	TEXTILE		LEATHER		MASTERBATCH		EMULSIONS		OTHERS		TOTAL	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	%	%	%	%	%	%	%	%	%	%	%	%
Distributor	20.38	25.89	4.77	2.20	-	-	-	-	-	-	25.15	28.09
Distributor	18.46	20.68	0.93	-	-	-	-	-	-	-	19.39	20.68

Notes to and forming part of the Financial Statements for the year ended 31 December 2010

30 Remuneration of Chief Executive Officer, Directors and Executives

	Chief Executive Officer		Directors		Executives		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	(Rs ' 000)	(Rs ' 000)	(Rs ' 000)	(Rs ' 000)	(Rs ' 000)	(Rs ' 000)	(Rs ' 000)	(Rs ' 000)
Short-term employee benefits								
Managerial remuneration (including bonus and leave pay)	14,000	9,576	4,929	3,133	111,045	84,595	129,974	97,304
Housing and utilities	5,143	3,916	2,516	1,510	58,759	44,616	66,418	50,042
Medical	75	176	260	360	4,729	3,771	5,064	4,307
Share based payments	468	77	-	-	-	-	468	77
Post employment benefits								
Retirement benefits	3,083	2,102	1,410	580	26,794	16,212	31,287	18,894
	22,769	15,847	9,115	5,583	201,327	149,194	233,211	170,624
Number of persons	1	1	1	2	109	92	111	95

30.1 The remuneration for Executives also includes Rs 6.298 million (2009: Rs 5.485 million) paid to 1 (2009: 2) alternate Directors.

30.2 The aggregate amount charged in these financial statements for fee to non-executive directors was Rs 0.175 million (2009: Rs 0.165 million).

30.3 The Chief Executive Officer, Directors and certain Executives are also provided with free use of Company cars, residential equipment, reimbursement of utilities and club memberships in accordance with their entitlements.

31. Transactions with Related Parties

	Parent Company		Other Related Parties		Key Management Personnel	
	2010	2009	2010	2009	2010	2009
	(Rs ' 000)	(Rs ' 000)	(Rs ' 000)	(Rs ' 000)	(Rs ' 000)	(Rs ' 000)
Sales	-	-	267,021	294,479	-	-
Purchases of goods and machinery	712,016	988,941	296,970	220,212	-	-
Indenting commission earned	-	-	41,454	44,711	-	-
Export commission paid	9,143	3,098	1,698	901	-	-
Royalty expense	40,849	35,763	-	-	-	-
Other charges	16,899	22,817	-	-	-	-
Dividend paid	255,884	204,707	-	-	-	-
Bonus shares issued	-	-		-	-	-
Transaction with key management personnel:						
- Salaries, benefits and compensation	-	-	-	-	53,694	39,673
- Post employment benefits	-	-	-	-	9,118	5,619
- Share based payments	-	-	-	-	468	77

The Company enters into transactions with related parties for the sale of its products, purchase of goods, indenting business and rendering of certain services.

Consideration for purchase and sales of goods and for the services is determined with mutual agreement considering the nature and level of such goods and services. In the case of indenting business, the Company acts only as an agent for the supplier for which it receives indenting commission.

In addition, royalty for the use of technical know-how is also paid to Clariant International Ltd., Pratteln, Switzerland on the sales of such branded locally manufactured products as are included in the royalty agreement duly registered with the State Bank of Pakistan.

Notes to and forming part of the Financial Statements for the year ended 31 December 2010

Balance outstanding with related parties as at the year end have been disclosed in the relevant balance sheet notes. All balances are interest free, unsecured and repayable on demand.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers all members of their management team, including the Chief Executive Officer and Directors to be key management personnel.

There are no transactions with key management personnel other than those under their terms of employment. These transactions are disclosed in notes 3.4, 4 and 30 to the financial statements. Particulars of transactions with Workers' Profit Participation Fund and staff retirement benefit funds are disclosed in notes 17.1 and 23 to the financial statements.

32. Capacity and Production

Production during the year was 46,562 tonnes (2009: 47,588 tonnes). The capacity is indeterminable because of multi-product plants involving varying processes of manufacture.

The Company' s production was according to market demand.

33. Cash Generated from Operations

	Note	2010 (Rs ' 000)	2009 (Rs ' 000)
Profit before taxation		983,529	831,031
Adjustment for non-cash charges and other items:			
Depreciation / amortisation		141,938	134,773
Provision for impairment of trade debts		5,570	34,096
Gain on disposal of operating fixed assets		(1,732)	(924)
Provision for staff gratuity	23.1.4	47,975	80,546
Interest / mark-up expense		180,399	229,412
Working capital changes	32.1	(42,577)	255,843
		1,315,102	1,564,777

33.1 Working capital changes

	2010 (Rs ' 000)	2009 (Rs ' 000)
(Increase) / decrease in current assets		
Stores and spares	8,033	(44)
Stock-in-trade	(247,061)	149,787
Trade debts	321,649	(207,732)
Loans and advances	309	602
Trade deposits and short-term prepayments	1,712	(7,503)
Other receivables	(426,288)	(218,417)
	(341,646)	(283,307)
Increase / (decrease) in current liabilities		
Trade and other payables (net)	299,069	539,150
	(42,577)	255,843

34 Cash and Cash Equivalents

Cash and cash equivalents included in the cash flow statement comprise of the following balance sheet amounts:

	Note	2010 (Rs ' 000)	2009 (Rs ' 000)
Cash and bank balances	11	402,830	379,796
Short-term running finances utilised under mark-up arrangements	15	(177,119)	(382,791)
		225,711	(2,995)

Notes to and forming part of the Financial Statements for the year ended 31 December 2010

35. Financial Instruments by Category

35.1 Financial assets and financial liabilities

	2010 (Rs '000)	2009 (Rs '000)
Financial assets		
Loans and Receivables		
Loans	38,200	42,671
Deposits	5,494	7,025
Trade debts	1,451,338	1,778,557
Other receivables	6,687	3,627
Cash and bank balances	402,830	379,796
	1,904,549	2,211,676
Financial liabilities		
Financial liabilities at amortised cost		
Long-term financing	666,667	433,333
Short-term loans	312,985	594,000
Short-term running finances utilised under mark-up arrangements	177,119	382,791
Mark-up accrued	20,817	33,916
Trade and other payables	1,295,249	1,065,435
	2,472,837	2,509,475

36. Financial Risk Management Objectives and Policies

The Company' s activities are exposed to a variety of financial risks namely credit risk, foreign exchange risk, interest rate risk and liquidity risk. The Company is not exposed to any price risk as it does not hold any investments exposed to price risk. The Company has established adequate procedures to manage each of these risks as explained below.

36.1 Credit risk and concentration of credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company' s performance to developments affecting a particular industry.

Credit risk arises from cash and cash equivalents and credit exposures to customers, including trade debts. Out of the total financial assets of Rs 1,904.549 million (2009: Rs 2,211.676 million), the financial assets that are subject to credit risk amounted to Rs 1,901.266 million (2009: Rs 2,210.083 million).

Out of the total bank balance of Rs 82.103 million placed with banks maintained in current accounts, amounts aggregating Rs 77.281 million have been placed with banks having short-term credit rating of A1+, whereas remaining amounts have been placed with banks having minimum short term credit rating of A1. Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non–performance by these counter parties on their obligations to the Company.

The most significant financial asset exposed to credit risk is the trade debts of the Company. For trade debts, individual credit limits are assigned to customers based on the recommendations from respective business units heads keeping in view their payment history, financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. The concentration of credit risk lies in the top 12 (2009: 12) customers which constitute 43.06% (2009: 52.44%) of the Company' s trade debts.

Notes to and forming part of the Financial Statements for the year ended 31 December 2010

The breakup of amount due from customers other than related parties as disclosed in note 7 to these financial statements is presented below:

	2010 (Rs '000)	2009 (Rs '000)
Due from customers other than related parties		
Direct customers	737,348	875,193
Distributors	668,900	805,376
	1,406,248	1,680,569

Out of Rs 1,638.517 million (2009: Rs 1,982.907 million), the Company has provided Rs 187.179 million (2009: Rs 204.350 million) as the amounts being doubtful to be recovered from customers. The aging profile of trade debts overdue but not impaired has been disclosed in note 7.2 to these financial statements.

36.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet it's financial obligations as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and bank balances and availability of funding through an adequate amount of committed credit facilities. The Company aims to maintain flexibility in funding by keeping committed credit lines open.

The maturity profile of the Company' s liabilities based on contractual maturities is disclosed in note 36.3.2 of these financial statements.

36.3 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk and interest rate risk.

36.3.1 Currency Risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company primarily has foreign currency exposures in US Dollars (USD) and Euro. The details of balances are as follows:

	2010 (Rs '000)	2009 (Rs '000)
Trade debts	615	181
Other receivables	475	1,184
Trade payables	(5,277)	(3,323)
Other payables	(741)	(349)
Net foreign currency exposure	(4,928)	(2,307)

	2010 (Rs '000)	2009 (Rs '000)
Other receivables	96	13
Trade payables	(118)	(1,637)
Other payables	(765)	(87)
Net foreign currency exposure	(787)	(1,711)

At 31 December 2010, if the Pakistani Rupee had weakened / strengthened by 1% against the US Dollar and Euro with all other variables held constant, profit before taxation for the year would have been higher / lower by Rs 5.141 million (2009: Rs 4.017 million).

Notes to and forming part of the Financial Statements for the year ended 31 December 2010

36.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market in interest rates.

The Company is exposed to interest / mark-up rate risk in respect of the following:

	2010						
	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
	(Rupees ' 000)						
Financial assets							
Loans	-	-	-	16,741	21,459	38,200	38,200
Deposits	-	-	-	1,824	3,670	5,494	5,494
Trade debts	-	-	-	1,451,338	-	1,451,338	1,451,338
Other receivables	-	-	-	6,687	-	6,687	6,687
Cash and bank balances	-	-	-	402,830	-	402,830	402,830
	-	-	-	1,879,420	25,129	1,904,549	1,904,549
Financial liabilities							
Long-term financing	333,334	333,333	666,667	-	-	-	666,667
Short-term loans	312,985	-	312,985	-	-	-	312,985
Short-term running finances utilised under mark-up arrangements	177,119	-	177,119	-	-	-	177,119
Mark-up accrued	-	-	-	20,817	-	20,817	20,817
Trade and other payables	-	-	-	1,295,249	-	1,295,249	1,295,249
	823,438	333,333	1,156,771	1,316,066	-	1,316,066	2,472,837
	(823,438)	(333,333)	(1,156,771)	563,354	25,129	588,483	(568,288)

	2009						
	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
	(Rupees ' 000)						
Financial assets							
Loans	-	-	-	16,250	26,421	42,671	42,671
Deposits	-	-	-	2,518	4,507	7,025	7,025
Trade debts	-	-	-	1,778,557	-	1,778,557	1,778,557
Other receivables	-	-	-	3,627	-	3,627	3,627
Cash and bank balances	-	-	-	379,796	-	379,796	379,796
	-	-	-	2,180,748	30,928	2,211,676	2,211,676
Financial liabilities							
Long-term financing	166,667	266,666	433,333	-	-	-	433,333
Short-term loans	594,000	-	594,000	-	-	-	594,000
Short-term running finances utilised under mark-up arrangements	382,791	-	382,791	-	-	-	382,791
Mark-up accrued	-	-	-	33,916	-	33,916	33,916
Trade and other payables	-	-	-	1,065,435	-	1,065,435	1,065,435
	1,143,458	266,666	1,410,124	1,099,351	-	1,099,351	2,509,475
	(1,143,458)	(266,666)	(1,410,124)	1,081,397	30,928	1,112,325	(297,799)

Notes to and forming part of the Financial Statements for the year ended 31 December 2010

At 31 December 2010, if interest rates increase / decrease by 100 basis points (1%), with all other variables held constant, profit before taxation for the year would have been higher / lower by Rs 9.909 million (2009: Rs 2.174 million).

Effective interest / mark-up rates for the monetary financial liabilities are as follows:

	2010 %	2009 %
Long-term financing	13.20 - 14.60	13.48 - 13.85
Short-term loans	8.00 - 13.72	8.00 - 16.76
Short-term running finances utilised under mark-up arrangement	13.53 - 16.50	14.29 - 16.50

36.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm' s length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book values as the items are either short - term in nature or periodically repriced.

According to amendments to International Financial Reporting Standard 7, Financial Instruments : Disclosure -Improving disclosures about financial instruments, an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2) ; and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Currently there are no financial assets or financial liabilities which fall in the fair value hierarchy.

36.5 Capital risk management

The Company' s prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus net debt.

	2010 (Rs ' 000)	2009 (Rs ' 000)
Total Borrowings	1,156,771	1,410,124
Less: Cash and bank balances	(402,830)	(379,796)
Net Debt	753,941	1,030,328
Total Equity	2,658,407	2,236,886
Total Capital	3,412,348	3,267,214
Gearing ratio	22.1%	31.5%

Notes to and forming part of the Financial Statements for the year ended 31 December 2010

37. Non-Adjusting Event after the Balance Sheet Date

The Board of Directors of the Company in its meeting held on 31 January 2011 has proposed a cash dividend of Rs 13.50 (2009: cash dividend of Rs 12.5) per share and a bonus issue of 25% (2009: Nil) for the year ended 31 December 2010. Further, the Board has also announced appropriation of Rs 325 million (2009: Rs 245 million) from unappropriated profit to revenue reserves. These appropriations will be approved in the forthcoming Annual General Meeting. The financial statements for the year ended 31 December 2010 do not include the effect of these appropriations which will be accounted for in the financial statements for the year ending 31 December 2011.

38. Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company' s accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company' s financial statements or where judgment was exercised in application of accounting policies are as follows:

i) estimation in writing down items of stores and spares to their net realisable value (note 5);
ii) estimation of useful lives and residual values of operating fixed assets (note 2.3 and 3.1);
iii) estimation in writing down items of stock in trade to their net realisable value (note 6);
iv) estimation of provision for impairment of trade debts (note 2.8 and note 7);
v) provision for taxation (note 2.10 and 27); and
vi) calculation of provision for staff retirement gratuity (note 2.12 and 23.1).

39. Corresponding Figures

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. There have been no significant reclassification in these financial statements other than following:

- commitments in respect of Ijarah transactions have been shown separately which were classified till last year in commitment for rentals under operating lease agreements in respect of vehicles (2009: note 18.2.1) amounting to Rs 38.022 million.

Comparative information relating to segment information has been restated as described in note 2.19 and disclosed in note 29 to these financial statements. Accordingly, note 19 has also been restated.

40. Date of Authorisation

These financial statements were authorised for issue on 31 January 2011, by the Board of Directors of the Company.

Mujtaba Rahim
Chairman and Chief Executive Officer

M Veqar Arif
Director and Chief Financial Officer

Pattern of Shareholdings as at 31 December 2010

Form 34

No. of Shareholders	Shareholding			Shares held
355	1	-	100	14,792
402	101	-	500	114,195
198	501	-	1000	153,959
322	1001	-	5000	731,697
69	5001	-	10000	486,217
14	10001	-	15000	171,658
6	15001	-	20000	104,775
6	20001	-	25000	136,653
7	30001	-	35000	228,763
1	35001	-	40000	39,976
1	45001	-	50000	50,000
1	85001	-	90000	88,321
1	100001	-	105000	100,848
1	145001	-	150000	147,776
1	150001	-	155000	151,250
1	155001	-	160000	156,836
1	210001	-	215000	210,050
1	225001	-	230000	227,413
1	250001	-	255000	252,497
1	330001	-	335000	332,176
1	565001	-	570000	569,293
1	800001	-	805000	802,056
1	1550001	-	1555000	1,552,377
1	20470001	-	20475000	20,470,727
1,394				27,294,305

Categories of shareholders	No. of shareholders	No. of shares held	Percentage
Individuals	1,342	2,458,264	9.01
National Investment Trust and Investment Corporation of Pakistan	2	1,553,077	5.69
Public Sector Companies and Corporations	1	569,293	2.09
Associated Companies, Undertakings and Related Parties	1	20,470,727	75.00
Directors, Chief Executive Officer and their Spouses & Minor Children	-	-	-
Banks, Development Finance Institutions, Non-Banking Finance Institutions Insurance Companies, Modarabas and Mutual funds.	17	2,186,825	8.01
Others	31	56,119	0.21
	1,394	27,294,305	100.00

Shareholders holding 10% or more voting interest

Clariant International Limited, Pratteln, Switzerland	1	20,470,727	75.00

There was no trading in the shares of the Company by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children during the year.

Notice of Meeting

NOTICE is hereby given that the fifteenth Annual General Meeting of Clariant Pakistan Limited will be held at the Company's Registered Office at 1-A/1, Sector 20, Korangi Industrial Area, Korangi, Karachi on Tuesday, 29 March 2011 at 10:30 a.m. for the purpose of transacting the following business:

Ordinary Business

1. To receive and approve the Audited Financial Statements for the year ended 31 December 2010 alongwith the Directors' Report thereon.

2. To approve 135% final cash dividend (Rs. 13.50 per share) and bonus shares @ 25% i.e. 1 share for every 4 shares held by the existing shareholders as recommended by the Directors.

3. To appoint auditors for the year ending 31 December 2011 and to fix their remuneration. The Audit Committee has recommended the name of Messrs A F Ferguson & Co., Chartered Accountants, the retiring auditors, who have also offered themselves for re-appointment.

4. To approve 25% bonus shares out of the Company's reserves as recommended by the Directors and to adopt the following resolution as ordinary resolution.

   "RESOLVED that in pursuance of Article 109 of the Articles of Association of the Company a sum of Rs. 68,235,760 out of the Company's reserves be and is hereby capitalised by issue of 6,823,576 bonus shares of Rs 10 each fully paid and for this purpose the Directors be and are hereby authorised to apply the said sum of Rs 68,235,760 for issuance of 6,823,576 bonus shares as fully paid ordinary shares to such members who are registered in the books of the Company on 25 March 2011 in the proportion of 1 share for every 4 shares held by them and that such new shares when issued shall rank pari passu in all respects with the existing ordinary shares except for the final cash dividend for the year 2010.

   FURTHER RESOLVED that the fractional bonus entitlements will be consolidated into whole shares and issued in the name of one of the directors to be disposed off by him in the market and proceeds thereof shall be paid out to the respective shareholders according to their entitlements. For this purpose Messrs Mujtaba Rahim, M Veqar Arif and Muhammad Younus be and are hereby authorised to execute all necessary documents to complete all necessary formalities with joint signatures by any two of them and to settle any dispute that may arise with regards to the distribution of the said bonus shares or in the payment of sale proceeds of the fractional entitlements as they think fit."

5. To transact any other ordinary business with the permission of the Chair.

By Order of the Board

M Veqar Arif
Director / Company Secretary

Karachi: 5 March 2011

Notes:

1. The share transfer books of the Company will remain closed from 18 March to 25 March 2011 (both days inclusive). Transfers received in order by the Company's Share Registrars, FAMCO Associates (Pvt) Ltd., at 1st Floor, State Life Building No. 1-A, I I Chundrigar Road, Karachi by 17 March 2011 will be in time to entitle the transferees for the dividend & bonus issue to attend and vote at the Annual General Meeting.

2. A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. Proxies, in order to be valid must be received at the Registered Office of the Company not later than 48 hours before the Meeting.

3. Shareholders whose shares are deposited with Central Depository Company (CDC) are requested to bring their Original National Identity Card and account number in CDC for verification.