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Board of Directors

Waqar A Malik
Chairman

M Afzal Jamil
Chief Operating Officer

Directors

David J Gee

Rafiq Akhund

F W Vellani

Tajammal Hussain Bokharee

Philip Gillett

Feroz Rizvi

Company Information

Board of Directors
Waqar A Malik (Chairman)
M Afzal Jamil (Chief Operating Officer)
Jonathan R Stoney (resigned w.e.f. 28 Feb 2006)
David J Gee
Rafiq Akhund
F W Vellani
Tajammal Hussain Bokharee
Philip Gillett
Feroz Rizvi (appointed w.e.f. 28 Feb 2006)

Audit Sub Committee of the Board
F W Vellani (Chairman)
Waqar A Malik
David J Gee
Ali Aamir (By invitation)
Nigel Cribb (Group Internal Auditor-by invitation)

Senior Remuneration Committee of the Board
Waqar A Malik (Chairman)
David J Gee
M Afzal Jamil (By invitation)

Shares Sub Committee of the Board
Waqar A Malik (Chairman)
F W Vellani

Chief Financial Officer and Company Secretary
Ali Aamir

Executive Management Team
M Afzal Jamil (Chief Operating Officer)
Ali Aamir
Sohail S Qureshi
Asif Saad
Zeshan Taj Khan

Bankers
ABN AMRO Bank NV
Askari Commercial Bank Limited
Citibank NA
Habib Bank Limited
HSBC Bank Plc
MCB Bank Limited
(formerly Muslim Commercial Bank Limited)
National Bank of Pakistan
Standard Chartered Bank
The Hong Kong &
Shanghai Banking Corporation Limited
United Bank Limited

Auditors
KPMG Taseer Hadi & Co.,
Chartered Accountants

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

Shares Registrar
Ferguson Associates (Pvt) Limited
State Life Building 1-A,
I.I. Chundrigar Road, Karachi

"PPTA is committed to the safety and health of its employees, contractors working on its site and visitors as well as the protection of the environment."

SH&E Policy

Report of the Directors

The Directors are pleased to present their report together with the audited financial statements of the Company for the year ended 31 December 2005

At the seventh Annual General Meeting of Pakistan PTA Limited held on 26 April 2005, Mr Waqar A Malik, Mr M Afzal Jamil, Mr Jonathan R Stoney, Mr David J Gee, Mr Rafiq Akhund,Mr F W Vellani, Mr Tajammal Hussain Bokharee and Mr Philip Gillett were elected as Directors of the Company for a three-year term commencing from 23 June 2005.

The Board of Directors in its thirtieth meeting held on 24 August 2005 appointed Mr Waqar A Malik as the Chairman of Pakistan PTA Limited upon the resignation of Mr Jonathan R Stoney as the Chairman with effect from 1 October 2005 for a term of three years up to 22 June 2008 and appointed Mr M Afzal Jamil as the Chief Operating Officer of Pakistan PTA Limited upon the resignation of Mr Waqar A Malik as the Chief Executive with effect from 1 September 2005 for a term of three years up to 22 June 2008.

Mr Jonathan R Stoney resigned as Director of the Company with effect from 28 February 2006 and Mr Feroz Rizvi was appointed Director on the same date for a term of 2 years and 4 months up to 22 June 2008, to fill the casual vacancy created on the Board by the resignation of Mr Jonathan R Stoney.

Overview

Crude oil (WTI) prices continued to rise in 2005, peaking at US$ 69.81 per barrel in August, thereby supporting the strong oil derivatives prices.

Overall, 2005 did not live up to expectations for the Asian polyester and derivatives industries, which were subjected to major downturns in demand in Q2 as well

"All employees understand and contribute to the sustainability agenda."

SH&E Challenge 2010

as in Q4. Consequently, Asian polyester growth fell from 9.3% in 2004 to 5.7% in 2005 with the Chinese polyester annual growth rate declining sharply from 20.2% in 2004 to 12.3% in 2005. However some revival in the polyester chain was seen in December 2005, with prices of both Paraxylene (Px) and PTA firming as a result of an improvement in downstream demand.

Px prices remained buoyant during the year supported by strong crude oil and naphtha prices as well as the tight demand-supply balance. Px prices for South East Asia peaked in Q1 2005 followed by a slump in Q2. Prices regained momentum in the latter half of the year as a result of the hurricanes in the US Gulf and on the back of an overall improvement in demand.

Despite high global PTA operating rates (93%) in 2005, producers struggled to maintain PTA margin over Px on account of the high Px prices and also because polyester manufacturers put up strong resistance to increases in PTA prices throughout the year. In Q2 the Chinese polyester industry reduced operations due to high stocks as well as costly raw material prices. PTA demand slumped again in Q4 as end-users resisted PTA price increases, causing spot prices to decline to US$ 785 per tonne CFR China from their highs of US$ 850 per tonne CFR China. However an improvement in Asian PTA demand in December 2005 (as polyester producers sought to build up their inventories before the Chinese Lunar New Year), supported by rising Px prices, caused PTA spot prices to increase from US$ 785 per tonne CFR China to US$ 810 per tonne CFR China at the year-end.

In the domestic market, polyester staple fibres (PSF) producers continued to suffer from cotton-substitution economics, resulting in a significant shrinkage in the PSF market size. Although a firming trend was seen in domestic cotton prices due to a lower cotton crop of approximately 12.7 million bales in 2005 (a reduction of 2 million bales from the previous year), these have still remained significantly lower than domestic PSF prices, thereby aggravating the situation for the PSF industry. The domestic demand was also adversely affected throughout Q2 on speculation that tariff on PTA would be reduced to zero. Domestic users of PTA therefore de-stocked heavily in anticipation of inventory losses with downstream PSF producers' operating rates dipping to 70% in May. Consequently, there was a decline in overall PSF production in 2005 as compared to 2004.

Strong representations made by your Company at various levels in the Government helped maintain status quo on the PTA tariff package. In light of the Government's strong desire to reduce duties within the textile chain and to make locally manufactured fabric competitive versus smuggled cloth, PSF producers have been allowed reimbursement of customs duty paid on imported PTA and a similar rebate on PTA purchased locally from your Company. Additionally, most inputs (raw materials etc) used in the textile chain have been zero rated for sales tax purposes, thus incentivising the downstream industry to reduce the cost of fabric manufactured in the country.

Strong representations made by your Company at various levels in the Government helped maintain status quo on the PTA tariff package.

By the end of 2005 more than 20 million man-hours had been completed without a Lost Time Case.

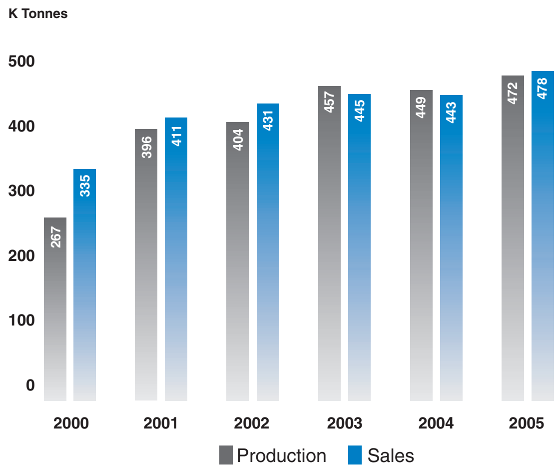
"Determine our environmental footprint across key activities and products so that future improvements are targeted for maximum impact."

SH&E Challenge 2010

Operations

The plant continued to operate satisfactorily throughout the year and a number of technical improvement projects, including the 59 tonnes per hour uprate project in May 2005, were successfully completed during the year. As a result, the average plant rate has increased from 56.7 tonnes per hour in 2004 to 59 tonnes per hour from June 2005 onwards. Production of 472,028 tonnes was 23,228 tonnes higher than 2004 despite a planned shutdown for the plant overhaul in May 2005 and frequent interruptions in the KESC power supply system. Continued focus on implementation of energy conservation plans and technical development projects resulted in conversion efficiencies, particularly energy usage, being better than last year.

Production & Sales



Sales volume for 2005 of 477,720 tonnes was 8% higher than the previous year. However, due to shrinkage in the local PSF market in 2005, domestic PTA sales accounted for 77% of total volume as compared to 96% in 2004. Nonetheless your Company succeeded in maintaining its market share, thereby signifying its strong relationships with the domestic PSF producers, as well as its position as the prime source of PTA in Pakistan. Exports of 111,059 tonnes during the year comprised of spot sales to China, Thailand, India and Europe.

Profit, Finance & Taxation

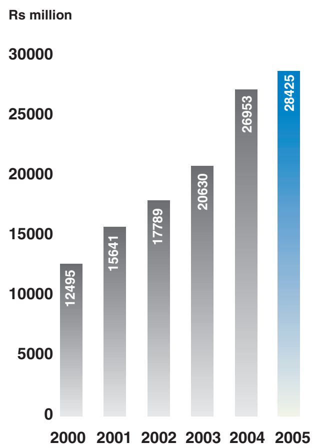
Higher volumes sold together with higher PTA prices during 2005 led to an 18% increase in net sales as compared to last year. However, gross profit for the year was 19% lower than last year mainly due to higher Px prices. As a result, PTA margin over Px reduced by 18% as compared to 2004. Distribution and selling expenses were higher than last year mainly due to higher exports during the year. However, administration expenses were lower by 19% over last year mainly due to continued focus on tighter control over costs.

Other operating income for the year was higher than last year mainly due to an insurance claim of Rs 226 million received on account of the plant shutdown caused by a failure on the Process Air Compressor in October 2004. Other operating expenses were substantially lower than last year mainly due to lower exchange losses of Rs 43 million as compared to Rs 362 million last year in respect of re-translation of the long-term US dollar loans and other one-off items charged in 2004.

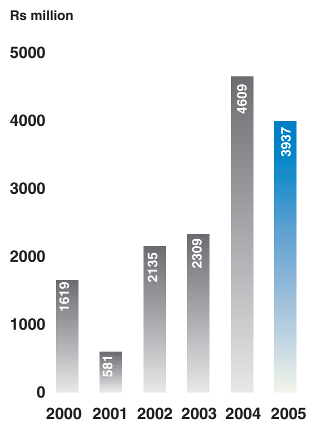
Financial charges (before reversal of the withholding tax provision of Rs 204 million as per note 29.1 to the financial statements) were 36% higher than last year mainly due to an overall increase in the US dollar and Rupee borrowing rates during the year.

As a result of the above, your Company generated a profit before tax of Rs 1,416 million as compared to Rs 1,402 million in 2004. Taxation charge for the year amounted to Rs 367 million, which represents normal tax charge on profit as reduced by allowable tax losses brought forward from previous years and partial reversal of deferred tax asset recognised in 2003 and 2004. Profit after tax for the year amounted to Rs 1,049 million as compared to Rs 1,358 million in 2004. Accumulated loss as at 31 December 2005 therefore reduced to Rs 8,708 million from Rs 9,757 million as at 31 December 2004.

Turnover



Operating Cash



Higher volumes sold together with higher PTA prices during 2005 led to an 18% increase in net sales as compared to last year.

"Our goal is to achieve maximum possible reduction in energy usage per unit of production."

SH&E Challenge 2010

Cash generated during the year on the back of robust operations enabled your Company to retire debt amounting to Rs 1,462 million, including US$ 2 million of ICI Group loans. Net debt as at 31 December 2005 amounted to Rs 7,122 million (31 December 2004: Rs 9,243 million).

After subordination of the parent company's debt (Mortar loans) to the local lenders in September 2005, your Company's debt to equity ratio as at 31 December 2005 was comfortably placed at 25:75 versus the maximum allowed under the Prudential Regulations of 80:20. The current ratio at 0.91 was, however, still less than 1.0 mandated by the Prudential Regulations, for which appropriate waivers have been obtained from all the concerned local lenders.

Dividend

Given the high level of your Company's debt and the ongoing need to conserve cash coupled with the need to comply with the Listing Regulations, the Directors propose a final cash dividend for the year ended 31 December 2005 at Rs 0.50 per share or 5% on the nominal value of the shares of the Company, payable to the shareholders whose names appear in the Register of Members on 19 April 2006. With a view to limiting the burden on your Company in its present financial condition, the parent company, ICI Omicron B.V., has waived its right to receive dividend in respect of the year ended 31 December 2005. Consequently ICI Omicron B.V. will not be entitled to the dividend declared for the year ended 31 December 2005.

Capital Expenditure

The capital expenditure programme for the year was aimed at maintaining plant reliability, enhancing plant capacity and availability as well as improving conversion efficiencies. The 59 tonnes per hour uprate project was completed during the annual overhaul and successfully commissioned within the allocated time. A number of energy conservation projects were completed and their benefit has already started to accrue within this year.

Following successful completion of the 59 tonnes per hour uprate project in May 2005 and in line with your Company's strategy to enhance plant rate incrementally through economical capital additions, a Supplementary Process Air Compressor costing US$ 2 million is being installed to increase plant rate to 60 tonnes per hour.

Human Resources

The previous wage agreement lapsed on 31 December 2004. Bilateral negotiations between management and CBA led to a new wage agreement which was signed on 31 March 2005 and is effective till 31 December 2006.

Stability and sustainability were maintained in the organisational numbers throughout 2005. Permanent staff strength at the year-end was 262 against 274 in the previous year.

Social Responsibility & Community Work

Your Company strongly believes in support and up-lift of the local community. A government boys' school located at Ghaggar Phatak was adopted through support of the Sindh Education Foundation last year that continued during 2005. Regular meetings were conducted with school staff and the local community to find out problem areas and assist in improving the operational functionality and general standard of education. Books were provided for establishing the school library according to the requirements of the school. An initiative has also been taken to organise teachers training with the help of Sindh Education Department and a non-governmental organisation.

The 59 tonnes per hour uprate project was completed during the annual overhaul and successfully commissioned within the allocated time.

"Maintain position in top company ratings

for health and safety performance."

SH&E Challenge 2010

Your Company entrusted the World Wide Fund for Nature – Pakistan to conduct a bio-diversity survey on site and the recommendations of the survey were implemented accordingly.

Your Company and its employees were at the forefront in contributing to the relief efforts for victims of the October earthquake in Pakistan, donating over Rs 5.9 million (including employees' contribution: Rs 0.9 million) for the President's earthquake relief fund.

Safety, Health & Environment

Your Company continues to uphold the highest safety standards for its own employees as well as contractors' staff, which is evidenced by an excellent safety record spread over 7 years without a lost time injury. By the end of 2005 more than 20 million man-hours had been completed without a Lost Time Case. A number of external audits were carried out during the year to verify compliance with regulations, standards and procedures. These included specialist engineering audits and regulatory audits. No concerns were highlighted in these audits.

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

Compliance with the Code of Corporate Governance

The Directors are pleased to confirm that:

- The financial statements of the Company, prepared by the management, present fairly its state of affairs, the results of its operations, cash flows and the changes in equity.
- Proper books of account have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and the accounting estimates are based on reasonable and prudent judgement.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and departures therefrom, if any, have been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts 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.

Key historical data is given on page 45 of the Annual Report.

The value of investments made by the staff retirement funds as per their respective audited financial statements for the year ended 31 December 2004, is as follows:

	Value (Rs '000)
Pakistan PTA Management Staff Provident Fund	105,646
Pakistan PTA Management Staff Pension Fund	97,780
Pakistan PTA Management Staff Gratuity Fund	61,982
Pakistan PTA Management Staff Defined Contribution Superannuation Fund	39,623
Pakistan PTA Non-Management Staff Provident Fund	15,212
Pakistan PTA Non-Management Staff Gratuity Fund	4,832

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

Date of Board of Directors' Meetings - 2005	24th Feb	28th April	24th Aug	21st Oct
Mr Waqar A Malik	✔	✔	✔	✔
Mr M Afzal Jamil	✔	✔	✔	✔
Mr Jonathan R Stoney	✔	✔	✔	✔
Mr David J Gee	✔	✔	✔	
Mr Rafiq Akhund	✔	✔	✔	✔
Mr F W Vellani	✔	✔	✔	✔
Mr Tajammal H Bokharee	✔	✔	✔	✔
Mr Philip Gillett*		✔		✔
Mr David Whitewood**				✔

** Mr Philip Gillett, upon invitation from the Board of Directors of Pakistan PTA Limited, attended the Twenty-Ninth meeting of the Board of Directors held on 28 April 2005.*

*** Alternate Director to Mr David J Gee.*

The pattern of shareholdings in the Company as at 31 December 2005, is given on page 46 of the Annual Report. ICI Omicron B.V., UK holds 75.01%, while the balance 24.99% is held by individuals and domestic and foreign institutions.

The Directors, Chief Operating Officer and Chief Financial Officer & Company Secretary and their spouses and minor children did not carry out any transaction in the shares of the Company during the year, except for the transfer of one share to Mr Philip Gillett.

Implementation of Section 404 Provisions of the Sarbanes Oxley Act of U.S.A.

Following a spate of large corporate financial failures in the United States of America in 2000/01, the U.S. government promulgated the Sarbanes Oxley Act (SOX) in 2002. Section 404 of SOX requires the management of companies listed on the U.S. stock exchanges to:

- accept responsibility for the effectiveness of the company's internal control over financial reporting (ICFR);
- evaluate the effectiveness of the company's ICFR using suitable control criteria;
- support the evaluation with sufficient evidence, including documentation; and
- present a written assessment of the effectiveness of the company's ICFR as at the end of the company's most recent fiscal year.

Since ICI plc is listed on the New York Stock Exchange, it is required to be compliant with provisions of SOX by 31 December 2006. Pursuant to ICI Group's strategy, your Company is pleased to report that it carried out a major exercise in this respect during the year and significant progress was made to achieve compliance by the stipulated deadline.

Auditors

The present auditors KPMG Taseer Hadi & Co. retire and offer themselves for re-appointment. The Audit Committee of the Board has recommended the appointment of KPMG Taseer Hadi & Co. as external auditors for the year ending 31 December 2006.

Future Outlook

All technical work related to the Supplementary Process Air Compressor for enhancing the plant rate to 60 tonnes per hour is complete. This uprate costing US$ 2 million will add a further 6,000 tonnes to the annual production capacity from Q1 2007.

Despite a slowdown in 2005 in the Asian PSF sector, substitution economics is expected to become favourable for PSF if cotton prices increase, and on the back of new textile agreements between US/EU and China. However, any improvement in PTA margin over Px is predicated on crude oil and derivatives (including Px) prices remaining stable.

Your Company continues to believe that the existing level of PTA tariff is important.

Waqar A Malik
Chairman

M Afzal Jamil
Chief Operating Officer

Date: 28 February 2006

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

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

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

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

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

KPMG Taseer Hadi & Co.

Date: 28 February 2006

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

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

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

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

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

3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-banking Financial Institution. None of the resident Directors are a member of any of the stock exchanges on which the Company's shares are listed.

4. During the year no casual vacancies occurred in the Board of Directors.

5. The Company has prepared a 'Code of Business Ethics' under the title of 'The Way We Do Things Around Here', which has been regularly circulated within the Company since 2002 and is in the knowledge of the Company's directors and employees.

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

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

8. All the meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated in time.

9. The Directors have been provided with copies of the Listing Regulations of the Stock Exchange, the Company's Memorandum and Articles of Association and the Code of Corporate Governance. Orientation courses, both in-house and external, were also arranged for the Board in 2004, and they are well conversant with their duties and responsibilities.

10. During the year, Mr Ali Aamir was appointed as Chief Financial Officer & Company Secretary with effect from 01 March 2005 and Mr Nasir Jamal was appointed as the Chief Internal Auditor with effect from 21 October 2005.

11. The Directors' report for the year ended 31 December 2005 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by the Chief Operating Officer and the Chief Financial Officer, before approval of the Board.

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

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

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

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of quarterly, half yearly 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.

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

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

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

For and on behalf of the Board

Waqar A Malik
Chairman

Date: 28 February 2006

M Afzal Jamil
Chief Operating Officer

Auditors' Report to the Members

We have audited the annexed balance sheet of **Pakistan PTA Limited** as at 31 December 2005 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion:

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

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2005 and of the profit, its cash flows and changes in equity for the year then ended; and

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

KPMG Taseer Hadi & Co.

Date: 28 February 2006

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

Balance Sheet
AS AT 31 DECEMBER 2005

Amounts in Rs '000

	Note	2005	2004
Share Capital and Reserves			
Authorised capital 2,000,000,000 (2004: 2,000,000,000) ordinary shares of Rs 10 each		**20,000,000**	20,000,000
Issued, subscribed and paid-up capital	3	**15,142,072**	15,142,072
Capital reserves	4	**2,345**	2,345
Accumulated loss		**(8,707,613)**	(9,756,765)
		6,436,804	5,387,652
Non-Current Liabilities			
Long-term loan	5	**2,024,022**	3,351,867
Deferred liability	6	**2,906**	2,071
		2,026,928	3,353,938
Current Liabilities			
Trade and other payables	7	**3,460,476**	3,722,376
Accrued mark-up on loans	8	**224,495**	1,010,572
Taxation payable		**147,882**	-
Short-term financing	9	**3,780,645**	4,572,434
Current portion of long-term loan	5	**1,349,348**	1,340,747
		8,962,846	10,646,129
Contingencies and Commitments	10		
		17,426,578	19,387,719

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

Balance Sheet
AS AT 31 DECEMBER 2005

Amounts in Rs '000

	Note	2005	2004
Property, Plant and Equipment	11	**12,568,358**	13,842,955
Long-Term Loans and Advances	12	**27,508**	22,885
Long-Term Deposits and Prepayments	13	**74,221**	108,377
Deferred Tax Asset - net	14	**61,459**	207,091
Current Assets			
Stores and spares	15	**539,847**	574,291
Stock-in-trade	16	**2,835,633**	4,030,551
Trade debts	17	**779,160**	165,270
Loans and advances	18	**30,505**	40,682
Deposits and short-term prepayments	19	**242,550**	154,169
Other receivables	20	**235,184**	99,006
Taxation recoverable		**-**	120,822
Cash and bank balances	21	**32,153**	21,620
		4,695,032	5,206,411
		17,426,578	19,387,719

Waqar A Malik
Chairman

M Afzal Jamil
Chief Operating Officer

Profit and Loss Account
FOR THE YEAR ENDED 31 DECEMBER 2005

Amounts in Rs '000

	Note	2005	2004
Turnover	22	**28,424,844**	26,953,240
Sales tax, commission and discounts	23	**(2,472,915)**	(4,951,265)
Net sales		**25,951,929**	22,001,975
Cost of sales	24	**(23,281,336)**	(18,688,921)
Gross profit		**2,670,593**	3,313,054
Distribution and selling expenses	25	**(183,083)**	(90,423)
Administration expenses	26	**(173,145)**	(214,211)
Other operating income	27	**242,050**	48,812
Other operating expenses	28	**(161,400)**	(789,881)
		(275,578)	(1,045,703)
		2,395,015	2,267,351
Financial charges	29	**(979,170)**	(864,970)
Profit before taxation		**1,415,845**	1,402,381
Taxation	30	**(366,693)**	(44,543)
Profit after taxation		**1,049,152**	1,357,838
		Rupees	Rupees
Earnings per share - Basic and Diluted	31	**0.69**	0.90

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

Waqar A Malik
Chairman

M Afzal Jamil
Chief Operating Officer

Cash Flow Statement
FOR THE YEAR ENDED 31 DECEMBER 2005

Amounts in Rs '000

	2005	2004
Cash Flows from Operating Activities		
Profit before taxation	**1,415,845**	1,402,381
Adjustments for:		
Depreciation	**1,622,352**	1,600,770
Loss on sale / retirement of property, plant and equipment	**19**	172,456
Provision for staff retirement benefit scheme - unfunded	**882**	492
Financial charges	**979,170**	864,970
Unrealised exchange loss	**47,804**	310,763
Provision for obsolete, slow moving and rejected items	**-**	131,791
Share issue expenses	**-**	24,122
	4,066,072	4,507,745
Movement in:		
Working capital	**(30,196)**	(1,337,795)
Long-term loans and advances	**(4,623)**	(2,208)
Long-term deposits	**91**	200
	(34,728)	(1,339,803)
Cash generated from operations	**4,031,344**	3,167,942
(Payments) / refunds for:		
Financial charges	**(1,731,181)**	(712,602)
Staff retirement benefit scheme - unfunded	**(47)**	(8)
Taxation refunds	**47,643**	(4,376)
	(1,683,585)	(716,986)
Net cash generated from operating activities	**2,347,759**	2,450,956
Cash Flows from Investing Activities		
Payments for capital expenditure	**(300,108)**	(446,798)
Proceeds from sale of property, plant and equipment	**12**	3,054
Net cash used in investing activities	**(300,096)**	(443,744)
Net cash flows before financing activities	**2,047,663**	2,007,212

Cash Flow Statement
FOR THE YEAR ENDED 31 DECEMBER 2005

ppta

Amounts in Rs '000

	2005	2004
Cash Flows from Financing Activities		
Long-term loan repayments (net of borrowings)	**(1,340,493)**	(2,568,960)
Share issue expenses	-	(24,122)
Net cash used in financing activities	**(1,340,493)**	(2,593,082)
Net increase / (decrease) in cash and cash equivalents	**707,170**	(585,870)
Cash and cash equivalents at 1 January	**(675,190)**	(89,320)
Cash and cash equivalents at 31 December	**31,980**	(675,190)
Movement in Working Capital		
Decrease / (increase) in current assets:		
Stores and spares	**(13,235)**	70,451
Stock-in-trade	**1,194,918**	(1,823,709)
Trade debts - net	**(613,890)**	170,070
Loans and advances	**10,177**	278
Deposits and short-term prepayments	**(88,381)**	142,048
Other receivables	**(136,178)**	43,901
	353,411	(1,396,961)
(Decrease) / increase in trade and other payables	**(261,900)**	1,557,715
(Decrease) in short term loans	**(121,707)**	(1,498,549)
	(383,607)	59,166
	(30,196)	(1,337,795)
Cash and Cash Equivalents		
Cash and cash equivalents include:		
Cash and bank balances - note 21	**32,153**	21,620
Running finance - note 9	**(173)**	(696,810)
	31,980	(675,190)

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

Waqar A Malik
Chairman

M Afzal Jamil
Chief Operating Officer

Statement of Changes in Equity
FOR THE YEAR ENDED 31 DECEMBER 2005

Amounts in Rs '000

	Issued, subscribed and paid-up capital	Capital reserves	Accumulated loss	Total
Balance as on 1 January 2004	15,142,072	2,345	(11,114,603)	4,029,814
Profit for the year ended 31 December 2004	-	-	1,357,838	1,357,838
Balance as on 31 December 2004	15,142,072	2,345	(9,756,765)	5,387,652
Profit for the year ended 31 December 2005	-	-	1,049,152	1,049,152
Balance as on 31 December 2005	**15,142,072**	**2,345**	**(8,707,613)**	**6,436,804**

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

Waqar A Malik
Chairman

M Afzal Jamil
Chief Operating Officer

1. Status and Nature of Business

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

2. Summary of Significant Accounting Policies

2.1 Statement of compliance

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

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention, except that certain items of operating property, plant and equipment have been included at revalued amounts and certain exchange elements were incorporated in the cost of the relevant operating property, plant and equipment upto 04 July 2004.

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

Judgements and estimates made by the management that may have a significant risk of material adjustment to the financial statements in subsequent years are discussed in note 39.

2.3 Staff retirement benefits

Defined benefit plans

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

The Company also has an approved funded defined benefit pension scheme for all management staff who have joined the Company before 01 May 2004.

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

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

Defined contribution plans

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

The Company also operates a defined contribution superannuation fund for its management staff, who joined the Company after 01 May 2004 and for those who opted out of the defined benefit pension scheme. Contributions are currently made at the rate of 10.6 percent of basic salary of the members of the fund, as recommended by the Actuary.

2.4 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account available tax credits and rebates, if any.

Deferred

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.5 Property, plant and equipment and depreciation

Operating property, plant and equipment, except for rolling stock and vehicles, are stated at revalued amounts less accumulated depreciation and impairment losses (if any). Rolling stock and vehicles are stated at cost less accumulated depreciation. Cost of certain items of operating property, plant and equipment comprises historical cost, exchange differences referred to in note 2.9 and the cost of borrowings during the construction period in respect of loans taken for the PTA project.

Depreciation charge is based on the straight-line method whereby the cost or revalued amount of an asset is written off to profit and loss account over its estimated useful life, from the date the asset is available for use. The revalued amount of leasehold land is amortised in equal installments over the lease period. The net exchange differences included in cost of assets upto 04 July 2004 are amortised in equal installments over remaining useful life of the assets.

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

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

2.6 Stores and spares

Stores and spares are stated at lower of cost and net realisable value. Cost is determined using the weighted average method.

2.7 Stock-in-trade

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

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

2.8 Trade debts and other receivables

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

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

2.9 Foreign currency transactions

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

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

In respect of foreign currency loans obtained for acquisition of operating property, plant and equipment, the exchange differences on principal amount upto 04 July 2004 were included in the cost of relevant operating property, plant and equipment. All exchange differences, effective 05 July 2004, are taken to the profit and loss account, due to amendments in the Fourth Schedule to the Ordinance.

2.10 Revenue recognition

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

2.11 Cash and cash equivalents

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

2.12 Impairment losses

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

2.13 Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

2.14 Financial liabilities

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

2.15 Offsetting

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

Amounts in Rs '000

3. Issued, Subscribed and Paid-up Capital

	2005	2004
504,735,636 (2004: 504,735,636) ordinary shares of Rs 10 each fully paid-up issued pursuant to the Scheme for consideration other than cash - note 3.1	**5,047,356**	5,047,356
1,009,471,572 (2004: 1,009,471,572) ordinary shares of Rs 10 each fully paid-up in cash	**10,094,716**	10,094,716
	15,142,072	15,142,072

3.1 With effect from 01 October 2000 the PTA Business of ICI Pakistan Limited was demerged under a Scheme of Arrangement, dated 12 December 2000, approved by the shareholders and sanctioned by the High Court of Sindh.

3.2 ICI Omicron B.V., UK, which is a wholly owned subsidiary of Imperial Chemical Industries PLC, UK held 1,135,806,239 (2004: 1,135,806,239) ordinary shares of Rs 10 each at 31 December 2005.

4. Capital Reserves

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

Amounts in Rs '000

5. Long-Term Loan - Unsecured

	Lender	Instalments payable	Interest rate	Repayment period	2005	2004
5.1	Consortium of Banks USD 56.216 million (31 December 2004: USD 78.702 million)	half-yearly	6.6% per annum & 0.525% per annum above 6 months LIBOR	1998-2008	**3,373,370**	4,692,614
	Less: Current portion shown under current liabilities				**(1,349,348)**	(1,340,747)
					2,024,022	3,351,867

6. Deferred Liability

	2005	2004
Provision for pensioners' medical scheme	2,906	2,071

Staff Retirement Benefits

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

	Funded			Unfunded
	Pension	Gratuity	Total	
Current service cost	4,493	5,533	**10,026**	**428**
Interest cost	7,316	4,634	**11,950**	**344**
Expected return on plan assets	(9,080)	(6,461)	**(15,541)**	**-**
Recognition of actuarial (gain) / loss	(2,665)	(326)	**(2,991)**	**84**
Past service cost	6,760	201	**6,961**	**26**
Charge for the year	6,824	3,581	**10,405**	**882**
2004	6,395	3,676	**10,071**	**492**

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

	Pension	Gratuity	Total	Unfunded
Opening balance	(9,898)	10,607	**709**	**(2,071)**
Charge for the year	(6,824)	(3,581)	**(10,405)**	**(882)**
Contributions	3,338	6,116	**9,454**	**47**
Closing balance	(13,384)	13,142	**(242)**	**(2,906)**

The amounts recognised in the balance sheet are as follows:

	Pension	Gratuity	Total	Unfunded
Present value of defined benefit obligations	(89,239)	(61,008)	**(150,247)**	**(4,236)**
Fair value of plan assets	135,446	95,890	**231,336**	**-**
Surplus / (deficit)	46,207	34,882	**81,089**	**(4,236)**
Unrecognised net (gain) / loss	(59,591)	(21,740)	**(81,331)**	**1,330**
Recognised asset / (liability)	(13,384)	13,142	**(242)**	**(2,906)**
2004	(9,898)	10,607	**709**	**(2,071)**

These figures are based on the latest actuarial valuation carried out as at 31 December 2005.

Amounts in Rs '000

The discount rate used for the valuation was 10.78 percent. Salary inflation was assumed to average 8.66 percent over the future working lives of current employees. Medical cost trend was assumed to average 5.5 percent in the long term. Return on plan assets was assumed equal to the discount rate. Actual return on plan assets during 2005 was Rs 67.00 million (2004: Rs 23.04 million).

The Company's contribution towards the provident fund for the year ended 31 December 2005 amounted to Rs 9.748 million (2004: Rs 9.616 million) and towards defined contribution superannuation fund amounted to Rs 7.224 million (2004: Rs 2.673 million).

7. Trade and Other Payables

	2005	2004
Trade creditors including bills payable - note 7.1	**2,459,519**	3,052,215
Accrued expenses	**625,857**	565,119
Contractors' earnest / retention money	**747**	2,147
Freight payable	**36,692**	4,157
Advances from customers	**208,684**	1,796
Provision for workers' profit participation fund - note 7.2	**76,334**	73,872
Provision for workers' welfare fund	**28,897**	1,713
Payable to staff retirement benefit fund - note 7.3	**13,384**	9,898
Others	**10,362**	11,459
	3,460,476	3,722,376

7.1 Trade creditors include Rs 0.192 million (2004: Rs 0.048 million) payable to ICI Pakistan Limited.

7.2 Reconciliation of provision for workers' profit participation fund

	2005	2004
Balance as on 1 January	**73,872**	-
Allocation for the year - note 28	**76,334**	73,872
	150,206	73,872
Interest on funds utilised at 11.5% (2004: Nil) per annum - note 29	**5,609**	-
	155,815	73,872
Less: Amount paid to the fund	**(79,481)**	-
Balance as at 31 December	**76,334**	73,872

7.3 The obligation pertaining to pension fund which was previously shown on net basis has now been reclassified on gross basis.

8. Accrued Mark-up on Loans

	2005	2004
Short-term finance	**131,667**	711,863
Long-term loan	**92,828**	298,709
	224,495	1,010,572

Amounts in Rs '000

		2005	2004
9.	**Short-Term Financing**		
	Associated Company		
	Mortar Investments International Limited		
	USD 63 million (31 December 2004: USD 65 million) unsecured - note 9.1	**3,780,472**	3,875,624
	Others		
	Running finance under mark-up arrangement - note 9.2	**173**	696,810
		3,780,645	4,572,434

9.1 These are short-term loans from a Group Company maturing in one month and carry mark-up at the rate of 1 percent per annum above one month LIBOR. These loans have been subordinated to financing from banks in Pakistan.

9.2 The facilities for Running Finance available from various banks amounted to Rs 2,855 million (2004: Rs 1,935 million) and carried mark-up ranging from 1 month KIBOR plus 0.75 percent per annum to 3 months KIBOR plus 1.0 percent per annum. These facilities were secured by Joint Pari-Passu Hypothecation Agreement over all the present and future stocks and book debts of the Company.

9.3 Foreign currency import finance facilities available against trust receipts from various banks, amounted to USD 15 million (2004: USD 15 million) and carried mark-up ranging from 0.75 percent to 1.00 percent per annum above 6 months LIBOR. The total amount utilised under these facilities as at 31 December 2005 amounted to USD Nil (2004: USD Nil).

9.4 Foreign currency export finance facility available from a local bank amounted to USD 10 million (2004: USD 2.350 million) and carried mark-up at 0.5 percent per annum above 1 to 6 months LIBOR. This facility was secured by Joint Pari-Passu Hypothecation Agreement over all the present and future stocks and book debts of the Company. The amount utilised under this facility as at 31 December 2005 amounted to USD Nil (2004: USD Nil).

10. Contingencies and Commitments

10.1 Commitments in respect of capital expenditure - Rs 49.116 million (2004: Rs 63.485 million).

10.2 Commitments for rentals under operating lease agreements in respect of vehicles amounting to Rs 33.354 million (2004: Rs 24.271 million) are as follows:

Year	**2005**	2004
2005	-	12,126
2006	**11,510**	7,342
2007	**9,837**	3,734
2008	**8,597**	1,069
2009	**3,410**	-
	33,354	24,271

10.3 The Company has in place take or pay contracts with certain suppliers which secure its requirements for products and services essential for production. The present value as at 31 December 2005 of the Company's future financial commitments in respect of these contracts, amounts to Rs 5,038.560 million (2004: Rs 5,678.786 million).

10.4 ICI Pakistan Limited has issued a guarantee in respect of operational obligations of the Company amounting to Rs 2,640.0 million (2004: Rs 2,730.0 million) against which the Company has issued a counter guarantee to ICI Pakistan Limited.

10.5 Outstanding guarantees were Rs 290.000 million as at 31 December 2005 (2004: Rs 210.075 million) and outstanding letters of credit were Rs 679.600 million (2004: Rs 900.470 million).

Amounts in Rs '000

10.6 Guarantee issued by the Company in favour of a bank for certain finance facility utilised by a senior executive - Rs 10 million (2004: Rs 10 million) in accordance with his terms of employment.

10.7 While finalising the assessment for the assessment year 2002-2003 (income year 31 December 2001), the Taxation Officer has changed the basis of allocation of gross profit between local sales and export sales covered under the final tax regime. The Commissioner of Income Tax (Appeals) has upheld the assessment raised by the Taxation Officer and the Company has now filed an appeal with the Income Tax Appellate Tribunal which is pending. The Company has also filed an application with the Alternate Dispute Resolution Committee for early adjudication of the issue. No provision has been made in these financial statements for the additional liability of Rs 584.683 million which may arise in case of an adverse decision as the Company is confident of a favourable outcome from the appeal process.

10.8 Claims against the Company not acknowledged as debts - Rs 15.297 million (2004: Rs 9.435 million).

11. Property, Plant and Equipment

	2005	2004
11.1 Net book value of operating property, plant and equipment - note 11.2	**12,533,410**	13,740,975
Capital work in progress - note 11.7	**34,948**	101,980
	12,568,358	13,842,955

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

	Cost and revaluation at 1 January 2005	Additions & adjustments / (deletions)	Cost and revaluation at 31 December 2005	Accumulated depreciation at 1 January 2005	Charge for the year / (accumulated depreciation on deletions)	Accumulated depreciation at 31 December 2005	**Book value at 31 December 2005**	Depreciation rate on original cost and revaluation %
Leasehold land	181,313	-	181,313	23,555	3,626	27,181	**154,132**	2
Buildings on leasehold land	675,543	118	675,661	256,923	45,297	302,220	**373,441**	6.67
Plant and machinery	22,854,182	404,429	23,258,611	9,748,165	1,557,079	11,305,244	**11,953,367**	6.67
Rolling stock and vehicles	46,788	594	47,382	44,633	809	45,442	**1,940**	25
Furniture and equipment	364,041	9,677 (36)	373,682	307,616	15,541 (5)	323,152	**50,530**	10-33
2005	**24,121,867**	**414,818 (36)**	**24,536,649**	**10,380,892**	**1,622,352 (5)**	**12,003,239**	**12,533,410**	
2004	23,987,397	440,471 (306,001)	24,121,867	8,910,613	1,600,770 (130,491)	10,380,892	13,740,975	

11.3 As at 30 September 2003 leasehold land, buildings and furniture & equipment were revalued by Joseph Lobo (Private) Limited on the basis of open market value and the plant and machinery was revalued by SHM Smith Hodgkinson, UK, on the basis of depreciated replacement cost.

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

	2005	2004
Leasehold land	**77,469**	79,291
Buildings on leasehold land	**533,597**	600,130
Plant and machinery	**13,011,182**	14,304,874
Furniture and equipment	**44,541**	51,023
	13,666,789	15,035,318

11.5 Additions to plant and machinery include engineering spares capitalised amounting to Rs 47.679 million (2004: Rs Nil).

Amounts in Rs '000

11.6 The following operating property, plant and equipment were disposed of during the year:

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Particulars of buyer
Item less than net book value of Rs 50,000	36	5	31	12	MZ Trade, Karachi

11.7 Capital work-in-progress

	2005	2004
Civil works and buildings	**218**	2,622
Plant and machinery	**32,721**	70,766
Advances to suppliers	**2,009**	28,592
	34,948	101,980

12. Long-Term Loans and Advances - Considered Good

	Motor car	House building assistance	Others	Total	Total
Due from executives - note 12.1	10,097	6,228	814	**17,139**	17,992
Less: Receivable within one year - note 18	(1,274)	(4,159)	(578)	**(6,011)**	(7,782)
	8,823	2,069	236	**11,128**	10,210
Due from employees			21,414	**21,414**	16,588
Less: Receivable within one year - note 18			(5,034)	**(5,034)**	(3,913)
			16,380	**16,380**	12,675
			16,616	**27,508**	22,885
Outstanding for periods - less than three years				**14,230**	14,628
- three years and above				**13,278**	8,257
				27,508	22,885

12.1 Reconciliation of carrying amount of loans to executives

	Key Management Personnel	Executives	Total	Total
Balance at the beginning of the year	5,345	12,647	**17,992**	18,295
Disbursements	3,524	12,638	**16,162**	11,414
Repayments	(6,263)	(10,752)	**(17,015)**	(11,717)
Balance at the end of the year	2,606	14,533	**17,139**	17,992

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

12.3 The maximum aggregate amount of loans and advances due from the Chief Operating Officer, Directors and Executives at the end of any month during the year was Rs 0.163 million, Rs Nil and Rs 27.118 million (2004: Rs Nil, Rs Nil and Rs 19.242 million) respectively.

Amounts in Rs '000

		2005	2004
13.	**Long-Term Deposits and Prepayments**		
	Deposits - note 13.1	**40,204**	40,295
	Prepayments - note 13.2	**34,017**	68,082
		74,221	108,377

13.1 This includes Rs 14.418 million (2004: Rs 14.418 million) paid to Pakistan Steel Mills for emergency back-up supply of water and Rs 24.272 million (2004: Rs 24.272 million) paid to Karachi Electric Supply Corporation.

13.2 This represents unamortised portion of commission paid to Export Commission Guarantee Department (ECGD), UK, in July 1996 for providing a sovereign guarantee against performance of long-term loan from a consortium of banks.

14. Deferred Tax Asset - net

Debit balance arising in respect of:

	2005	2004
Difference in accounting and tax base of operating property, plant and equipment	**17,460**	40,511
Provision for		
- retirement benefits, unrealised exchange loss and others	**-**	68,537
- slow moving stores and spares and doubtful receivables	**42,057**	95,239
Others	**1,942**	2,804
Total debit balance in respect of deferred taxation	**61,459**	207,091

The amount of deductible temporary differences for which no deferred tax asset is recognised in the financial statements amounted to Rs Nil (2004: Rs 561.237 million)

15. Stores and Spares

	2005	2004
Stores (include in-transit Rs Nil; 2004: Rs 0.770 million)	**75,589**	78,903
Spares	**467,662**	629,814
	543,251	708,717
Less: Provision for impairment (i.e obsolete, slow moving and rejected items)	**(3,404)**	(134,426)
	539,847	574,291

15.1 Obsolete, slow moving and rejected items valuing Rs 131.022 million (2004: Rs Nil) were written off during the year against the provision for impairment.

16. Stock-in-Trade

	2005	2004
Raw and packing materials (include in-transit Rs 74.429 million; 2004: Rs 455.075 million)	**1,180,314**	2,357,794
Finished goods	**1,655,319**	1,672,757
	2,835,633	4,030,551

Amounts in Rs '000

	2005	2004
17. Trade Debts		
Considered good - Secured	**1,118,691**	626,558
Less: Discounts payable	**(339,531)**	(461,288)
	779,160	165,270

17.1 Trade debts include aggregate amount of Rs 193.655 million (2004: Rs 227.488 million) due from ICI Pakistan Limited.

17.2 The maximum aggregate amount of trade debts due from ICI Pakistan Limited at the end of any month during the year was Rs 372.075 million (2004: Rs 551.008 million).

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

18. Loans and Advances - Considered Good

	2005	2004
Loans due from:		
- Executives - note 12	**6,011**	7,782
- Employees - note 12	**5,034**	3,913
	11,045	11,695
Advances to:		
- Executives	**1,447**	1,301
- Employees	**926**	677
- Contractors and suppliers	**17,087**	27,009
	19,460	28,987
	30,505	40,682

18.1 The maximum aggregate amount of advances due from the Chief Operating Officer, Directors and Executives at the end of any month during the year was Rs Nil, Rs Nil and Rs 2.084 million (2004: Rs Nil, Rs Nil and Rs 2.110 million) respectively.

18.2 The maximum aggregate amount of advances due from Shell Pakistan Limited, a related party, during 2005 was Rs 0.014 million (2004: Rs 0.215 million).

19. Deposits and Short-Term Prepayments

	2005	2004
Deposits - note 19.1	**2,521**	1,515
Margin on import letters of credit	**22,881**	7,889
Short-term prepayments	**217,148**	144,765
	242,550	154,169

19.1 Deposits of Rs 24.272 million (2004: Rs 24.272 million) paid to Karachi Electric Supply Corporation have been re-classified as long-term deposits and prepayments.

Amounts in Rs '000

20. Other Receivables

	2005	2004
Tariff adjustment claim receivable from KESC	**124,048**	124,048
Sales tax refundable under sections 10 and 66 of Sales Tax Act, 1990	**10,133**	10,133
Sales tax receivable	**119,516**	56,577
Octroi refundable	**1,947**	1,947
Insurance claims	**1,072**	8,103
Rebates receivable	**78,987**	13,048
Receivable from staff retirement benefit funds - note 20.1	**13,142**	10,607
Others	**12,334**	538
	361,179	225,001
Less: Provisions for doubtful receivables	**(125,995)**	(125,995)
	235,184	99,006

20.1 The actuarial asset pertaining to gratuity fund which was previously shown on net basis has now been reclassified on gross basis.

21. Cash and Bank Balances

	2005	2004
Current accounts	**28,218**	15,346
Cash in hand	**3,935**	6,274
	32,153	21,620

22. Turnover

Turnover includes export sales amounting to Rs 5,253.972 million (2004: Rs 752.940 million).

23. Sales Tax, Commission and Discounts

	2005	2004
Sales tax - note 23.1	**999,750**	3,816,606
Commission and discounts	**1,473,165**	1,134,659
	2,472,915	4,951,265

23.1 The Company's sales have been zero rated with effect from 05 May 2005 as per SRO 363 (I) / 2005.

Amounts in Rs '000

	2005	2004
24. Cost of Sales		
Raw and packing materials consumed:		
Opening stock	**2,357,794**	1,147,667
Purchases	**18,407,041**	16,775,517
Closing stock	**(1,180,314)**	(2,357,794)
	19,584,521	15,565,390
Salaries, wages and benefits - note 24.1	**235,151**	215,750
Stores and spares consumed	**134,678**	123,444
Rent, rates and taxes	**162**	123
Insurance	**200,116**	170,711
Oil, gas and electricity	**1,138,248**	1,076,330
Printing and stationery	**1,640**	2,037
Communications	**4,800**	5,059
Travelling expenses	**31,809**	31,897
Depreciation - note 11.2	**1,622,352**	1,600,770
Repairs and maintenance	**282,458**	325,862
General expenses	**27,963**	41,128
Cost of goods manufactured	**23,263,898**	19,158,501
Opening stock of finished goods	**1,672,757**	1,059,175
Finished goods purchased	**-**	144,002
	24,936,655	20,361,678
Closing stock of finished goods	**(1,655,319)**	(1,672,757)
	23,281,336	18,688,921

24.1 Salaries, wages and benefits include Rs 19.370 million (2004: Rs 15.840 million) in respect of staff retirement benefits.

	2005	2004
25. Distribution and Selling Expenses		
Salaries and benefits - note 25.1	**29,297**	28,254
Repairs and maintenance	**75**	14
Advertising and sales promotion expenses	**553**	396
Lighting, heating and cooling	**97**	111
Outward freight and handling charges	**137,693**	46,587
Travelling expenses	**7,686**	7,593
Postage, telegram, telephone and telex	**1,962**	2,358
General expenses	**5,720**	5,110
	183,083	90,423

25.1 Salaries and benefits include Rs 2.661 million (2004: Rs 2.452 million) in respect of staff retirement benefits.

Amounts in Rs '000

		2005	2004
26.	**Administration Expenses**		
	Salaries and benefits - note 26.1	**80,731**	95,758
	Repairs and maintenance	**8,061**	7,890
	Advertising	**1,182**	1,517
	Rent, rates and taxes	**9,725**	9,136
	Lighting, heating and cooling	**146**	167
	Travelling expenses	**10,725**	9,682
	Postage, telegram, telephone and telex	**5,210**	5,939
	Service charges - note 26.2	**17,003**	45,002
	General expenses	**40,362**	39,120
		173,145	214,211

26.1 Salaries and benefits include Rs 6.228 million (2004: Rs 6.131 million) in respect of staff retirement benefits.

26.2 This represents amounts charged by ICI Pakistan Limited on an arm's length basis for certain administrative services rendered by it to the Company under a Service Level Agreement.

		2005	2004
27.	**Other Operating Income**		
	Insurance claim - note 27.1	**225,822**	-
	Scrap sales	**8,103**	1,474
	Pre-shipment inspection charges refunded	**6,680**	43,952
	Others	**1,445**	3,386
		242,050	48,812

27.1 This represents an insurance claim received on account of material damage and business interruption due to failure of process air compressor of the plant during 2004.

		2005	2004
28.	**Other Operating Expenses**		
	Auditors' remuneration - note 28.1	**1,871**	1,298
	Donations - note 28.2	**5,500**	671
	Exchange loss	**42,892**	361,964
	Loss on sale / retirement of operating property, plant and equipment	**19**	172,456
	Workers' profit participation fund	**76,334**	73,872
	Workers' welfare fund	**28,897**	1,713
	Provision for obsolete, slow moving and rejected items	**-**	131,791
	Provision against sales tax refundable	**-**	21,994
	Share issue expenses	**-**	24,122
	Others	**5,887**	-
		161,400	789,881
28.1	**Auditors' remuneration**		
	Audit fee	**438**	381
	Certifications including half year review, group reporting and SOX documentation review	**1,374**	867
	Out of pocket expenses	**59**	50
		1,871	1,298

28.2 Recipients of donations do not include any donee in whom any director or their spouse had any interest. Donations include Rs 5 million paid to the President's Relief Fund for Earthquake and Rs 0.050 million (2004: Rs 0.087 million) paid for community services.

Amounts in Rs '000

		2005	2004
29.	**Financial Charges**		
	Mark-up on:		
	Redeemable capital	-	109,342
	Short-term financing - note 29.1	86,133	182,534
	Interest / return on:		
	Long-term loans	192,125	217,170
	Discounting charges on receivables	596,944	240,881
	Guarantee fee	56,586	75,968
	ECGD commission	34,065	34,065
	Interest on workers' profit participation fund - note 7.2	5,609	-
	Others	7,708	5,010
		979,170	864,970

29.1 This includes reversal of provision of Rs 204.225 million in respect of withholding tax to be deducted on payment of interest on loans from Mortar Investments International Limited (Mortar). In accordance with the loan agreements such tax was to be borne by the Company. However, Mortar has agreed to bear this tax.

		2005	2004
30.	**Taxation**		
	Current		
	- for the year	410,900	110,017
	Prior year		
	- charge	1,784	-
	- turnover tax adjustment	(191,623)	-
		(189,839)	-
	Deferred	145,632	(65,474)
		366,693	44,543

		2005	2004
30.1	**Reconciliation of income tax expense for the year**		
	Profit before tax	1,415,845	1,402,381
	Applicable tax rate	35%	35%
	Tax calculated at the applicable tax rate	495,546	490,833
	Tax effect of:		
	- income chargeable to tax at reduced rate	(47,843)	-
	- deferred tax asset not recognised in previous years	(196,464)	(556,307)
	- turnover tax adjustment	(191,623)	-
	- permanent difference of demerged assets	329,337	-
	- minimum tax based on turnover	-	110,017
	- others	(22,260)	-
		366,693	44,543

Amounts in Rs '000

	2005	2004
31. Earnings Per Share - Basic and Diluted		
Profit after taxation for the year	**1,049,152**	1,357,838
	Number of shares	
Weighted average ordinary shares in issue during the year	**1,514,207,208**	1,514,207,208
	Rupees	
Earnings per share	**0.69**	0.90

32. Remuneration of Directors and Executives

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

	Chief Executive / Chief Operating Officer		Directors		Executives	
	2005	2004	**2005**	2004	**2005**	2004
Fee	**-**	-	**90**	60	**-**	-
Managerial remuneration	**8,542**	6,717	**5,748**	1,704	**85,343**	87,158
Retirement benefits	**1,051**	955	**539**	126	**14,923**	10,135
Group insurance	**31**	-	**17**	-	**352**	300
Rent and house maintenance	**2,122**	1,814	**1,024**	84	**21,099**	20,151
Utilities	**454**	447	**256**	36	**5,200**	5,207
Medical expenses	**69**	28	**35**	-	**2,764**	1,410
	12,269	9,961	**7,709**	2,010	**129,681**	124,361
Number of persons	**2**	1	**3**	3	**59**	57

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

Amounts in Rs '000

33. Transactions with Related Parties

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

	2005	2004
Sale of goods, materials and services	**5,227,899**	6,152,715
Purchase of goods	**18,977**	16,076
Financial charges to group companies	**226,708**	223,650
Purchase of services	**25,236**	48,066
Loans received from group companies	**1,074,468**	-
Loans paid to group companies	**1,196,174**	1,498,549
Payments to staff retirement benefit funds	**27,321**	49,052
Receivable from associates	**206,797**	238,094
Payable to associates	**126,963**	715,324

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

33.1 Transactions with key management personnel

Loans to key management personnel as at 31 December 2005 amounted to Rs 2.433 million (31 December 2004: Rs 4.292 million) and are included in "loans and advances". No interest is payable on these loans.

Key management personnel receive compensation in the form of remuneration and short-term benefits of Rs 36.549 million (2004: Rs 35.707 million), Company maintained cars of Rs 4.132 million (2004: Rs 5.001 million) and post-employment benefits of Rs 4.539 million (2004: Rs 5.110 million).

34. Capacity and Production – in metric tonnes

Annual name plate capacity	**457,402**	457,402
Production	**472,028**	448,800

35. Fair Value of Financial Assets and Liabilities

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

Amounts in Rs '000

36. Interest / Mark-up Rate Risk Management

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

	Interest / Mark-up bearing					Non-Interest / Mark-up bearing				Total
	Effective interest / mark-up rates %	Maturity upto one year	Maturity two to five years	Maturity after five years	Sub Total	Maturity upto one year	Maturity two to five years	Maturity after five years	Sub Total	
Financial Assets										
Loans and advances		-	-	-	-	30,505	19,896	7,612	58,013	58,013
Deposits	5.0	-	24,272	-	24,272	25,402	-	15,932	41,334	65,606
Trade debts		-	-	-	-	779,160	-	-	779,160	779,160
Other receivables		-	-	-	-	235,184	-	-	235,184	235,184
Cash and bank balances		-	-	-	-	32,153	-	-	32,153	32,153
As at 31 December 2005		**-**	**24,272**	**-**	**24,272**	**1,102,404**	**19,896**	**23,544**	**1,145,844**	**1,170,116**
As at 31 December 2004		-	24,272	-	24,272	326,084	18,765	20,143	364,992	389,264
Financial Liabilities										
Trade and other payables		-	-	-	-	3,460,476	-	-	3,460,476	3,460,476
Accrued mark-up on loans		-	-	-	-	224,495	-	-	224,495	224,495
Short-term financing										
- Running Finance	9.61	173	-	-	173	-	-	-	-	173
- Short term loans	5.37	3,780,472	-	-	3,780,472	-	-	-	-	3,780,472
Long-term loans	4.215 - 6.600	3,373,370	-	-	3,373,370	-	-	-	-	3,373,370
As at 31 December 2005		**7,154,015**	**-**	**-**	**7,154,015**	**3,684,971**	**-**	**-**	**3,684,971**	**10,838,986**
As at 31 December 2004		9,265,048	-	-	9,265,048	4,723,050	-	-	4,723,050	13,988,098

Amounts in Rs '000

37. Credit Risk and Concentration of Credit Risk

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

	2005	2004
Public Sector		
- Government	**144,267**	81,328
- Utilities	**25,301**	25,301
	169,568	106,629
Private Sector		
- Institutional	**150**	150
- Trade	**878,821**	214,940
- Banks	**22,881**	7,889
- Others	**66,543**	38,036
	968,395	261,015
	1,137,963	367,644

38. Foreign Exchange Risk Management

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

39. Accounting Estimates and Judgements

Income taxes

In making the estimates for income taxes, the Company takes into account the current income tax law and decisions taken by appellate authorities on certain issues in the past. There are various matters where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a material nature is in accordance with law, the difference between the potential and actual tax charge is shown as a contingent liability, as disclosed in note 10.7.

Defined benefit plans

The Company has adopted certain actuarial assumptions as disclosed in note 6 to the financial statements for valuation of present value of defined benefit obligations and fair value of plan assets, based on actuarial advice. Any changes in the assumptions in future years would affect the amount of unrecognised gains and losses in those years.

Operating property, plant and equipment

The estimates for revalued amounts of different classes of operating property, plant and equipment, are based on the valuation performed by external professional valuers and recommendations of technical teams of the Company. The said recommendations also include estimates in respect of residual values and depreciable lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years would affect the carrying amounts of the respective items of operating property, plant and equipment with a corresponding affect on the depreciation charge and impairment losses, if any.

40. Forthcoming Requirement Under International Accounting Standard (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors"

During the current year the International Financial Reporting Interpretation Committee (IFRIC) of the International Accounting Standards Board issued IFRIC Interpretation 4 (IFRIC-4) “Determining whether an Arrangement contains a Lease”. The interpretation is effective for financial periods beginning on or after 1 January 2006. The interpretation requires determination of whether an arrangement is, or contains, a lease, based on the substance of the arrangement and requires an assessment of whether:

(a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and

(b) the arrangement conveys a right to use the asset.

The Company has in place take or pay contracts with certain suppliers (referred in note 10.3). These contracts and the related terms are currently being reviewed to ascertain whether any of these arrangements should be classified as a lease. The impact of the change, if any, will be known on completion of the review in the first quarter of 2006.

41. Non-Adjusting Event after the Balance Sheet Date

The Board of Directors in its meeting held on 28 February 2006 has proposed a final cash dividend for the year ended 31 December 2005 at Rs 0.50 per share. The parent company, ICI Omicron B.V., has waived its right to receive dividend in respect of the year ended 31 December 2005. The financial statements for the year ended 31 December 2005 do not include the effect of proposed dividend amounting to Rs 189.200 million which will be accounted for in the financial statements for the year ending 31 December 2006, after approval by the members in the Annual General Meeting to be held on 25 April 2006.

42. General

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

43. Date of Authorisation

These financial statements were authorised for issue in the Board of Directors meeting held on 28 February 2006.

Waqar A Malik
Chairman

M Afzal Jamil
Chief Operating Officer

Comparison of Results

Amounts in Rs '000

Net Assets	2005	2004	2003	2002	2001	2000
Fixed assets	**12,533,410**	13,740,975	15,076,784	24,192,659	26,119,065	28,040,274
Capital work-in-progress	**34,948**	101,980	33,481	60,494	103,816	68,447
Deferred costs	-	-	-	3,832,386	-	-
Deferred taxation	**61,459**	207,091	141,617	-	-	-
Other net assets	**(4,166,085)**	(5,308,456)	(5,628,686)	(4,839,634)	(7,951,741)	(3,747,093)
Total Net Assets	**8,463,732**	8,741,590	9,623,196	23,245,905	18,271,140	24,361,628
Financed By						
Ordinary share capital	**15,142,072**	15,142,072	15,142,072	15,142,072	5,047,357	5,047,357
Reserves	**(8,705,268)**	(9,754,420)	(11,112,258)	(5,799,402)	(4,807,904)	(209,535)
Surplus on revaluation of fixed assets	-	-	-	6,033,090	7,582,946	7,582,946
Shareholders Equity	**6,436,804**	5,387,652	4,029,814	15,375,760	7,822,399	12,420,768
Subordinated loans	-	-	-	-	3,305,938	800,000
Long-term and deferred liabilities	**2,026,928**	3,353,938	5,593,382	7,870,145	7,142,803	11,140,860
Total Funds Invested	**8,463,732**	8,741,590	9,623,196	23,245,905	18,271,140	24,361,628

Turnover & Profits / (Losses)	2005	2004	2003	2002	2001	2000* (Three months)
Turnover	**28,424,844**	26,953,240	20,629,505	17,787,879	15,641,414	3,734,980
Profit / (loss) before financial charges, exceptional items and taxation	**2,395,015**	2,267,351	196,670	(38,339)	(1,724,775)	658,789
Financial charges	**(979,170)**	(864,970)	(724,477)	(2,227,029)	(2,810,912)	(778,454)
Exceptional items:						
Amortisation of deferred cost	-	-	(3,832,386)	(201,894)	-	-
Deficit on revaluation of fixed assets	-	-	(1,459,824)	-	-	-
	-	-	(5,292,210)	(201,894)	-	-
Profit / (loss) before taxation	**1,415,845**	1,402,381	(5,820,017)	(2,467,262)	(4,535,687)	(119,665)
Taxation:						
Current	**221,061**	(110,017)	(81,606)	(70,486)	(62,682)	(15,365)
Deferred	**145,632**	65,474	141,617	-	-	-
	366,693	(44,543)	60,011	(70,486)	(62,682)	(15,365)
Profit / (loss) after taxation	**1,049,152**	1,357,838	(5,760,006)	(2,537,748)	(4,598,369)	(135,030)
Earning / (loss) Per Share (Rupees)	**0.69**	0.90	(3.80)	(3.35)	(9.11)	(0.27)
Profit / (loss) Before Financial Charges, Exceptional Items and Taxation as a Percentage on Average Assets Employed Excluding Capital Work-in-Progress (%)	**28**	25	1	0	(8)	3

*** Note: The Company commenced operations as a separate entity from 1 October 2000.**

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Size of Holding		No. of Shareholders	No. of Shares Held
From	To		
1	100	2,888	106,716
101	500	5,453	1,584,302
501	1000	3,894	3,332,601
1001	5000	7,428	21,203,450
5001	10000	2,428	19,827,390
10001	15000	852	11,051,985
15001	20000	534	9,940,325
20001	25000	381	9,034,012
25001	30000	273	7,824,117
30001	35000	135	4,501,003
35001	40000	138	5,350,805
40001	45000	74	3,211,839
45001	50000	173	8,552,944
50001	55000	53	2,815,005
55001	60000	50	2,937,150
60001	65000	41	2,586,835
65001	70000	29	2,003,367
70001	75000	41	3,042,377
75001	80000	24	1,889,236
80001	85000	20	1,669,749
85001	90000	11	977,800
90001	95000	15	1,398,389
95001	100000	112	11,181,765
100001	105000	19	1,951,346
105001	110000	12	1,301,919
110001	115000	6	680,954
115001	120000	9	1,067,000
120001	125000	17	2,110,774
125001	130000	15	1,937,403
130001	135000	9	1,189,120
135001	140000	5	685,611
140001	145000	7	1,006,000
145001	150000	16	2,396,500
150001	155000	5	764,500
155001	160000	6	949,950
160001	165000	5	815,200
165001	170000	7	1,174,939
170001	175000	7	1,222,000
175001	180000	3	536,000
180001	185000	9	1,652,800
185001	190000	5	936,120
190001	195000	6	1,161,650
195001	200000	32	6,390,000
200001	205000	8	1,624,358
205001	210000	6	1,255,300
210001	215000	4	848,200
215001	220000	3	656,000
220001	225000	6	1,337,578
225001	230000	2	460,000
230001	235000	5	1,160,500
235001	240000	3	709,725
240001	245000	3	730,662
245001	250000	5	1,248,075
250001	255000	1	250,116
260001	265000	1	265,000
265001	270000	4	1,070,517
275001	280000	3	829,500

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Size of Holding		No. of Shareholders	No. of Shares Held
From	To		
280001	285000	1	283,000
285001	290000	2	571,400
290001	295000	3	877,128
295001	300000	13	3,900,000
300001	305000	2	606,000
305001	310000	6	1,841,107
310001	315000	2	627,500
315001	320000	1	317,500
320001	325000	3	969,500
325001	330000	2	658,100
335001	340000	3	1,012,000
345001	350000	3	1,046,133
350001	355000	2	705,977
360001	365000	1	361,500
365001	370000	1	370,000
370001	375000	2	746,798
375001	380000	1	380,000
380001	385000	2	764,000
390001	395000	1	395,000
395001	400000	12	4,795,800
400001	405000	3	1,210,169
410001	415000	2	824,500
420001	425000	1	425,000
425001	430000	2	854,735
430001	435000	1	435,000
435001	440000	1	440,000
445001	450000	3	1,341,951
470001	475000	1	475,000
490001	495000	3	1,477,565
495001	500000	8	3,998,539
515001	520000	1	516,500
525001	530000	5	2,637,650
540001	545000	1	541,238
550001	555000	1	554,005
555001	560000	1	558,500
560001	565000	1	561,300
585001	590000	1	586,000
590001	595000	2	1,184,390
595001	600000	2	1,200,000
605001	610000	1	609,500
625001	630000	1	626,250
640001	645000	1	642,800
645001	650000	1	646,767
660001	665000	2	1,323,000
670001	675000	1	672,000
675001	680000	1	680,000
720001	725000	2	1,450,000
735001	740000	1	738,025
740001	745000	1	744,900
745001	750000	1	750,000
760001	765000	1	762,900
765001	770000	1	766,777
780001	785000	1	781,750
795001	800000	3	2,395,500
800001	805000	1	802,000
810001	815000	1	813,000
835001	840000	1	838,481

Size of Holding From	Size of Holding To	No. of Shareholders	No. of Shares Held
845001	850000	2	1,696,000
850001	855000	2	1,703,687
865001	870000	1	870,000
895001	900000	1	900,000
970001	975000	1	971,572
995001	1000000	4	4,000,000
1015001	1020000	1	1,017,579
1095001	1100000	1	1,100,000
1120001	1125000	1	1,123,240
1125001	1130000	1	1,130,000
1170001	1175000	1	1,171,750
1195001	1200000	1	1,200,000
1295001	1300000	1	1,300,000
1435001	1440000	1	1,436,000
1485001	1490000	1	1,488,542
1895001	1900000	1	1,900,000
1995001	2000000	1	2,000,000
2020001	2025000	1	2,025,000
2085001	2090000	1	2,088,500
2330001	2335000	1	2,332,500
2355001	2360000	1	2,357,118
2400001	2405000	1	2,404,000
2770001	2775000	1	2,772,000
2775001	2780000	1	2,778,000
2795001	2800000	1	2,800,000
2800001	2805000	1	2,800,258
3095001	3100000	1	3,100,000
3670001	3675000	1	3,672,499
3930001	3935000	1	3,935,000
4000001	4005000	1	4,003,000
9895001	9900000	1	9,900,000
17385001	17390000	1	17,387,110
22600000	22650000	1	22,640,000
30900000	30908000	1	30,905,000
92365001	92370000	1	92,366,565
1043435001	1043440000	1	1,043,439,674
TOTAL		**25,467**	**1,514,207,208**

Shareholders Category	No. of Shareholders	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties	2	1,135,806,239	75.01
NIT and ICP	5	17,800,614	1.18
Directors, COO and their Spouses and minor children	9	15,704	0.00
Executives	6	14,328	0.00
Public Sector Companies and Corporations	17	29,884,984	1.97
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modaraba and Mutual Funds	93	13,905,156	0.92
Others	242	32,709,260	2.16
Individuals	25,093	284,070,923	18.76
TOTAL	**25,467**	**1,514,207,208**	**100.00**

Pattern of Share-Holding
AS AT 31 DECEMBER 2005

Shareholders Category	No. of Shareholders	No. of Shares held	Percentage
Associated Companies, Undertakings and Related Parties:			
ICI Omicron B.V.	2	1,135,806,239	75.01
NIT and ICP (name wise detail):			
National Bank of Pakistan, Trustee Deptt.		17,439,940	
M/s. Investment Corporation of Pakistan		360,674	
	5	17,800,614	1.18
Directors, COO and their spouses and minor children (name wise detail):			
Waqar Ahmed Malik		1	
Mohammad Afzal Jamil		14197	
Jonathan R Stoney		1	
David J Gee		1	
Rafiq Akhund		1	
Fatehali Wali Vellani		1501	
Tajammal Hussain Bokharee		1	
Philip Gillett		1	
	9	15,704	0.00
Executives	6	14,328	0.00
Public Sector Companies and Corporations	17	29,884,984	1.97
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modaraba and Mutual Funds	93	13,905,156	0.92
Others	242	32,709,260	2.16
Individuals	25,093	284,070,923	18.76
Total	**25,467**	**1,514,207,208**	**100.00**

Shareholders holding 10% or more voting interest

ICI Omicron B.V.	2	1,135,806,239

Notice of Meeting

Notice is hereby given that the Eighth Annual General Meeting of PAKISTAN PTA LIMITED will be held on Tuesday, 25 April 2006 at 10:00 a.m. at ICI House, 5 West Wharf, Karachi to transact the following business:

1. To receive and consider the Balance Sheet and Profit & Loss Account together with the Directors and Auditors Reports for the year ended 31 December 2005.

2. To declare in respect of the year ended 31 December 2005 a dividend as recommended by the Directors of the Company of Rs. 0.50 per ordinary share of Rs. 10 each of the Company, that is, a dividend of 5 % on the nominal value of the shares of the Company, to be paid to those Members whose names are entered in the Register of Members as at 19 April 2006 except the principal shareholder of the Company, ICI Omicron B.V., who has waived its right to receive the dividend for the year ended 31 December 2005.

3. To appoint Auditors and to fix their remuneration.

By Order of the Board

Ali Aamir
Company Secretary

28 February, 2006
Karachi

Notes:

1. The Register of Members and the Share Transfer Books of the Company will be closed from Wednesday, 19 April 2006 to Tuesday, 25 April 2006 (both days inclusive) for the purpose of the Annual General Meeting.

2. Entitlement to dividend and to attend the Eighth Annual General Meeting as a Member will be according to the Members Register as at 19 April 2006.

3. Only those persons whose names appear in the Register of Members of the Company as at 25 April 2006 are entitled to attend and participate in and vote at the Annual General Meeting.

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

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

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

A. For Attending the Meeting:

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

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

B. For Appointing Proxies:

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

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

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

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

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

Pakistan PTA Limited

ADMISSION SLIP

The Eighth Annual General Meeting of Pakistan PTA Limited will be held on Tuesday, 25 April 2006 at 10:00 a.m. at ICI House, 5 West Wharf, Karachi.

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

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

Company Secretary

Name ____

Shareholder No. ____________________ Signature ____________________

Note:

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

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

CDC Account Holders / Proxies / Corporate Entities:

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

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

This Admission Slip is Not Transferable

Form of Proxy

8th Annual General Meeting

I / We ____

of ____

being member(s) of Pakistan PTA Limited holding ____________________

ordinary shares hereby appoint ____________________________________

of ____________________ or failing him / her ____________________

of ______________________ who is / are also member (s) of Pakistan PTA Limited as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the Eighth Annual General Meeting of the Company to be held on 25 April 2006 and at any adjournment thereof.

As witness my / our hand / seal this __________ day of __________ 2006

Signed by the said ____________________________________

in the presence of 1. ____________________________________

____

2. ____________________________________

____

Folio / CDC Account No.

Signature on Revenue Stamp of Appropriate Value

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

Important:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company at EZ/1/P-4, Eastern Industrial Zone, Port Qasim, Karachi, not less than 48 hours before the time of holding the meeting.

2. No person shall act as proxy unless he / she himself / herself is a member of the Company, except that a corporation may appoint a person who is not a member.

3. If a member appoint more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

For CDC Account Holders / Corporate Entities:

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

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

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

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

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

AFFIX
CORRECT
POSTAGE

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