Cultivating Growth

Annual Report 2013

ICI PAKISTAN™

A Part of YBG

Cultivating Growth

At ICI Pakistan, we have been imagining the future for our customers and helping them build it.

For over 70 years, we have been introducing ideas that have enabled our customers, communities and this country to grow.

Today, we are re-imagining the future for ourselves. Exploring new possibilities in a new era – under the banner of a new identity and a new vision.

ICI Pakistan-Cultivating Growth

ICI Pakistan at a Glance

We manufacture and trade in a diversified range of products including Polyester Staple Fiber, Soda Ash and Specialty Chemicals. We also market toll-manufactured Pharmaceuticals and Animal Health products, along with a range of Chemicals, Field Crop Seeds, Vegetable Seeds and other Agri Products.

Our long history predates the formation of Pakistan with modest beginnings as a trading company. Today the Company has businesses that are major players within their respective industries, bringing together outstanding knowledge of customer needs with leading edge technology platforms.

Our four businesses, Polyester, Soda Ash, Chemicals and Life Sciences, manufacture and sell a wide range of industrial and consumer products. These include:

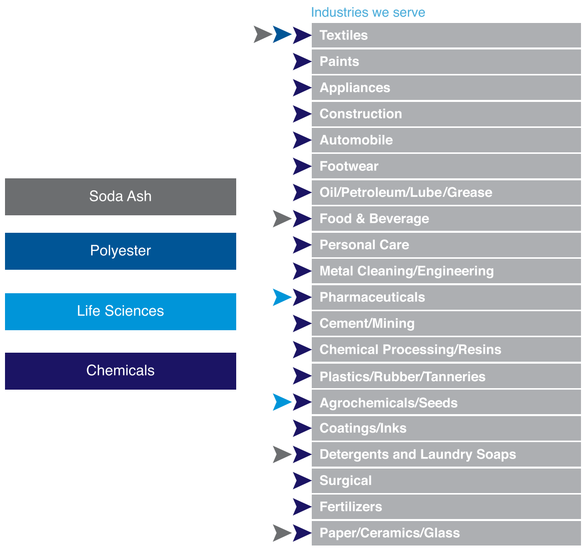
- Polyester Staple Fibers
- POY Chips
- Light and Dense Soda Ash
- Sodium Bicarbonate
- Specialty Chemicals
- Polyurethanes
- Adhesives
- Pharmaceuticals
- Animal Health products
- Agri Products including Field Crop Seeds and Vegetable Seeds

In December 2012, Lucky Holdings Limited acquired the shareholding of ICI Omicron B.V. making us a part of YB Group.

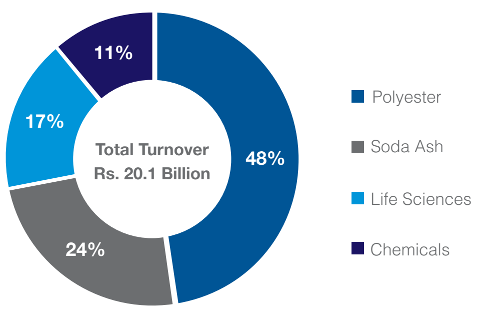
About the YB Group

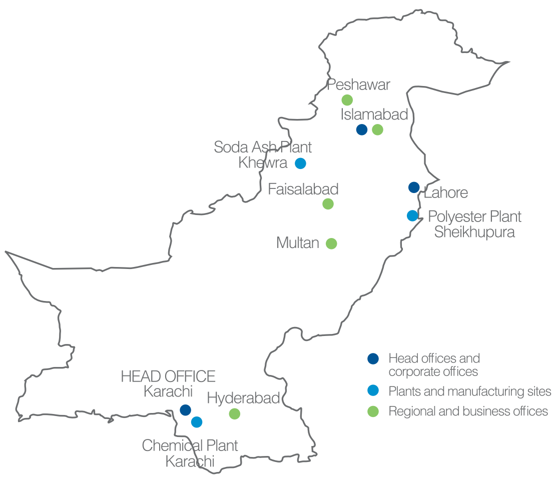
YBG is a conglomerate with diversified interests in textile, cement and power generation. The group was established in 1962 as a trading house and then grew rapidly over the years. Currently, YB is the largest export house as well as the largest cement manufacturer in Pakistan.

Our Scale and Presence



Total Turnover by business





Key Performance Indicators

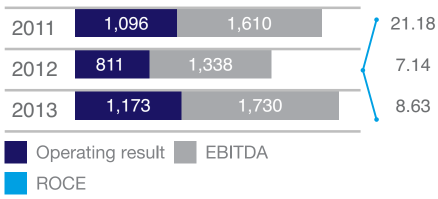
Statement of income

NSI in Rs Million	2012	16,729	▲ 9%
	2013	**18,316**	
Operating result in Rs Million	2012	811	▲ 45%
	2013	**1,173**	
Profit before tax in Rs Million	2012	773	▲ 33%
	2013	**1,026**	
Profit after tax in Rs Million	2012	503	▲ 37%
	2013	**688**	
EBITDA in Rs Million	2012	1,338	▲ 29%
	2013	**1,730**	
EBITDA margin % of NSI	2012	8.00	▲ 18%
	2013	**9.45**	
Earnings per share in Rs	2012	5.44	▲ 37%
	2013	**7.45**	

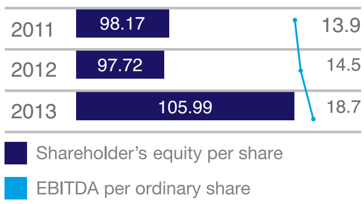
Ratios

Equity in Rs Million	2012	9,025	▲ 8%
	2013	**9,789**	
Price earning in times	2012	23.86	▼ -6%
	2013	**22.35**	
Return on capital employed in %	2012	7.14	▲ 21%
	2013	**8.63**	
Return on fixed assets % of revenue	2012	7.98	▲ 39%
	2013	**11.07**	
Operating result per employee in Rs Million	2012	0.74	▲ 49%
	2013	**1.10**	
Capital expenditures in Rs Million	2012	1,130	▼ -15%
	2013	**959**	

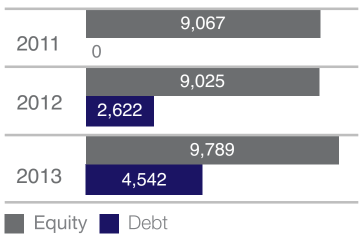
Operating result and EBITDA
Rs Million



Shareholder's equity and EBITDA
In Rs



Net debt and equity
Rs Million



Comparative analysis is based on six months performance of the current period versus same period last year (SPLY) for a meaningful comparison.

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Overview & Strategy

...a plan for all seasons

Our ambition is to grow. We have defined a new vision for ourselves and our working on ideas and strategies to achieve it.

This section provides an overview of our strategic priorities and highlights key performance areas. You will also find the Chief Executive's statement along with a quick snapshot of how we performed during the year.

Our Vision

As the partner of choice, we aspire to build our local and international footprint through sustainable growth and by creating value for all our stakeholders.

Our Values

Customer Centricity
Integrity and Responsibility
Innovation
Passion for People
Delivering Enduring Value

Customer Centricity
We are committed to the success of our customers and their needs are at the centre of our universe - we exist because of them.

Integrity and Responsibility
Ethical and responsible behavior is our license to operate. Uncompromising integrity in all our dealings is the backbone of our DNA. We have a zero tolerance policy to violations of our code and beliefs.

Innovation
To be responsive to the challenges of change and to new and existing opportunities, we need to constantly come up with better, smarter and simpler solutions.

Passion for People
Our success is based on the multiplier effect of our people. Our passion for people drives us to harness their energies, cultivate and nurture their talent, manage their well being and, most importantly, create a learning environment conducive for development and growth.

Delivering Enduring Value
Delivering sustained growth and enduring value to benefit our shareholders, employees, suppliers, customers and the communities in which we operate.

Code of Conduct

We have always had a strong sense of business principles and high ethical standards for the conduct of our business. Our business principles and ethical standards are enshrined in the ICI Pakistan Code of Conduct.

A brief overview of the code:

Business principles

- Each employee should implement our core values, comply with and observe applicable laws, support fundamental human rights and give due regard to health, safety and environment

Business integrity

- Bribery and any other form of unethical business practices are prohibited
- We promote free enterprise and require strict compliance with competition laws
- As responsible corporate citizens, we encourage participation in community activities and take all measures for the safety and health of our employees as well as for the protection of the environment
- Employees are expected to maintain confidentiality and to act in the Company's interests at all times

Company responsibilities

The Code encourages us to:

- Adopt the spirit of open communication
- Provide equal opportunities and a healthy, safe and secure environment
- Ensure the rights of employees to join unions/associations
- Protect personal data of employees
- Engage in an active performance and development dialog

Employee responsibilities

The Code provides employees guidance on their responsibilities vis a vis:

- Media relations and disclosures
- Inside information
- Corporate identity
- Protecting our intellectual property
- Internet use
- Business travel policy
- Prohibition on substance abuse

Our New Brand

We have been revitalized and re-energized for a new beginning. We have a new purpose for an exciting new era and to propel ourselves into that new era we have a new identity.

We have evolved our logo and introduced a vibrant visual element that energizes the brand creating a look that is dynamic and confident to capture our mindset as we embark upon an exciting new journey of expansion and growth.

Our new logo, ‘the blue pearl’, reflects our vision and a refreshed set of values and key strategic priorities that better define how we do things at ICI Pakistan and how we envision our future. It symbolizes the dawning of new ideas, treading of new grounds, strengthening of innovation and our renewed focus on value creation for all our stakeholders while maintaining our commitment to sustainability.

CE Statement

Dear Stakeholders,

I am thrilled to be sharing with you our performance and the ambitions we have for the Company post the acquisition by YBG. The transition, though challenging, has been extremely exciting for all of us and we see this as an opportunity to unleash the potential of this great Company.

We have an ambition to grow and I believe where we are today puts us in a perfect position to take the Company to a higher paradigm. We now have a majority shareholder who is not only a firmly entrenched long-term shareholder, but has acquired the Company as an engine for growth and diversification. The blend is opportune - YBG's dynamism and appetite for growth and ICI Pakistan's incredible talent, global expertise and exemplary management practices - the required ingredients to take the Company forward.

Following the acquisition, our main focus has been on deciding our vision for the future, setting strategy and designing the right corporate structure to achieve our ambitions. We have evolved our brand to showcase our excitement for the future and our new identity is a blend of our legacy and the aspirations we have for the company. Our brand promise 'Cultivating Growth' is reflective of our unwavering commitment to progress and future investment for our existing Businesses and new ventures.

The performance review presented in this report is for six months following a change in our accounting period from January-December to July-June to align our financial year with associated companies in YBG. We have presented our performance for the first half of 2013 and, for a meaningful analysis, compared it to the same time period last year. The company posted net sales income of PKR 18.3 billion for the period which is 9% higher than same period last year mainly due to higher revenues in the Polyester and Soda Ash Businesses. Profit after tax at PKR 688 million is 37% higher compared to the same period last year on account of robust top line growth and lower administration and general expenses.

Despite the earnings growth, we look to the immediate future with cautious optimism as the energy crisis continues to impact operations and affect the broader macro-economic conditions. It is expected that with commissioning of the Coal Fired Boiler project in the coming months, the energy mix in our Soda Ash Business will improve. The Management, on a fast track basis, is also evaluating a full energy solution for the Polyester Business to address the untenable gas supply situation. The Chemicals and Life Sciences Businesses present exciting new opportunities which will positively impact the growth momentum of the Company.

Realization of our aspirations can only be possible with the energy and drive of our team. Our focus on talent development receives precedence and we are committed to creating an environment where people can build lasting careers.

There have been a lot of changes in the last few months and I would like to thank all our stakeholders for believing in us and standing by us in this transition. I am confident that with your continued support we can redefine the future and live up to our brand promise of **'Cultivating Growth'**.

Regards

Asif Jooma

Financial Highlights

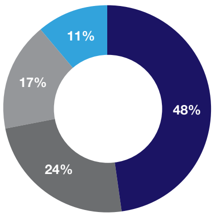
Our Results compared to same period last year at a glance

- 2013 turnover up by 10 percent
- 2013 gross profit up by 4 percent
- 2013 profit after tax up by 37 percent
- 2013 earnings per share: Rs. 7.45 (2012 : Rs 5.44)

Turnover by business

Total turnover Rs 20.1 Billion

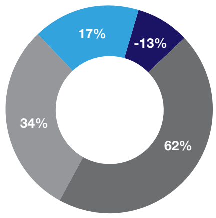
	%
Polyester	48
Soda Ash	24
Life Sciences	17
Chemicals	11



Operating result by business

Total Operating result Rs 1.2 Billion

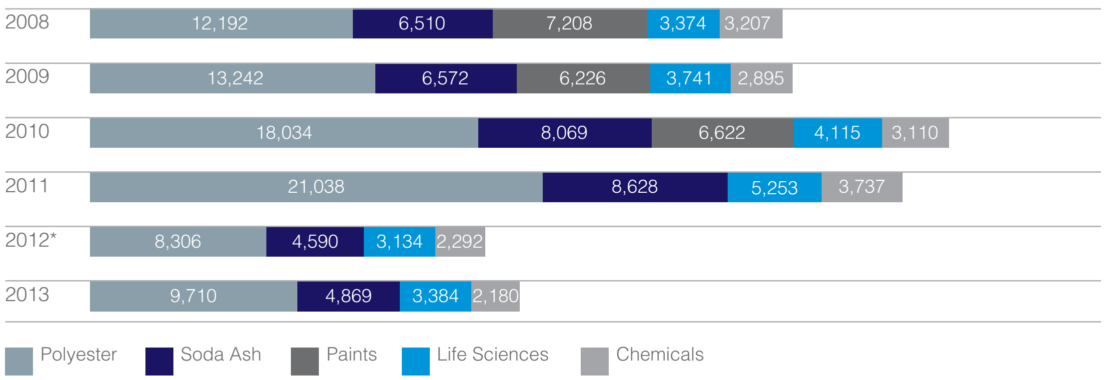
	%
Polyester	-13
Soda Ash	62
Life Sciences	34
Chemicals	17



Polyester Soda Ash Life Sciences Chemicals

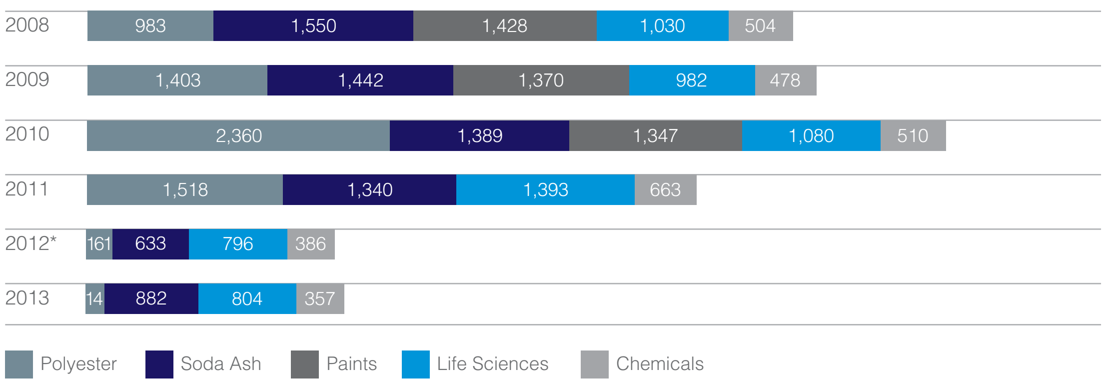
Turnover

Rs Million



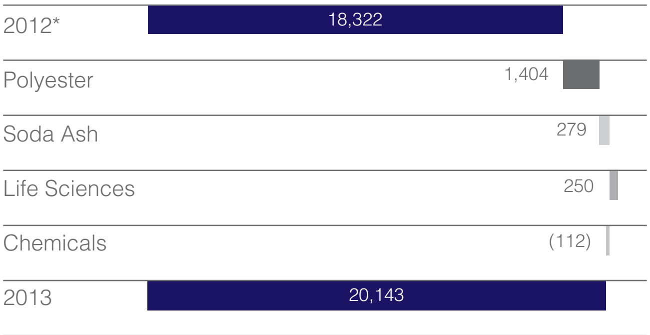
Gross Profit

Rs Million

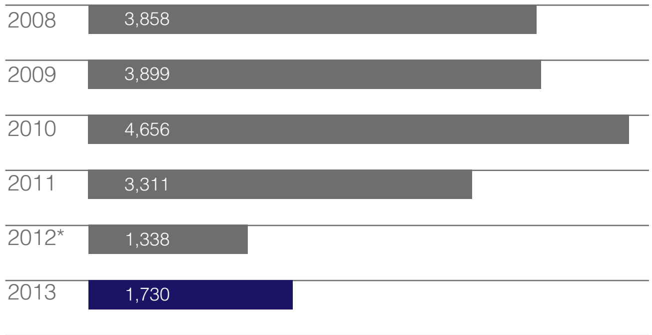


2011 and 2012 numbers have been restated due to IAS 19 revision.
Year 2011 and 2012 exlcude effect of Paints business due to demerger.
*Comparative analysis is based on six months performance of current period versus same period last year (SPLY) for a meaningful comparison.

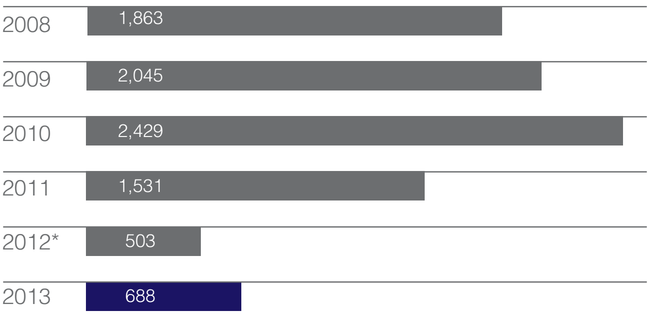
Revenue Development (Business-wise)
Rs Million



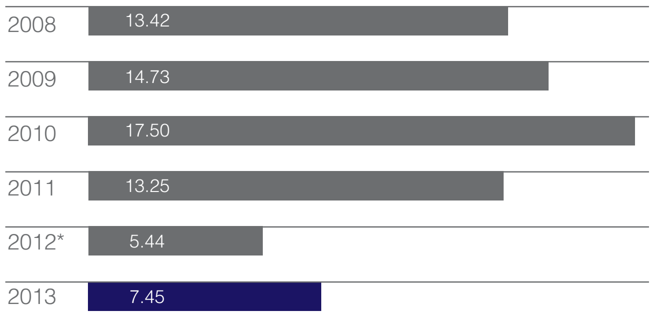
EBITDA
Rs Million



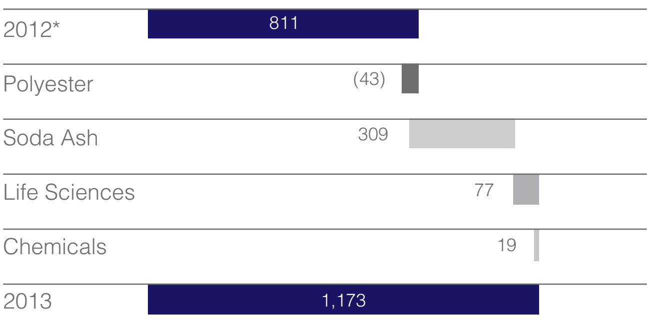
Profit after tax
Rs Million



Earnings per share
Rs



Operating Result Development (Business-wise)
Rs Million



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Year 2011 and 2012 exlcude effect of Paints business due to demerger.
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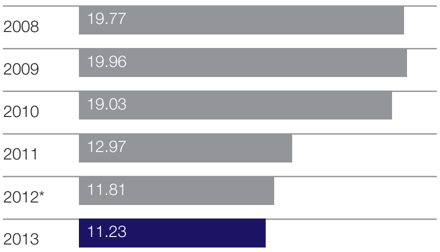
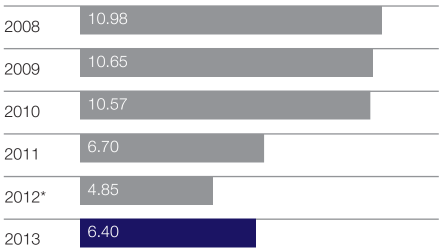
Profitability ratios

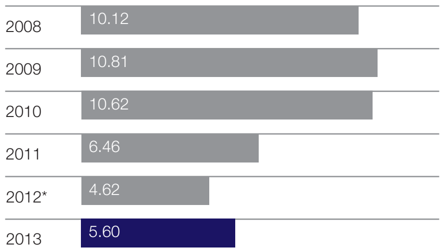
Gross margin
(%)



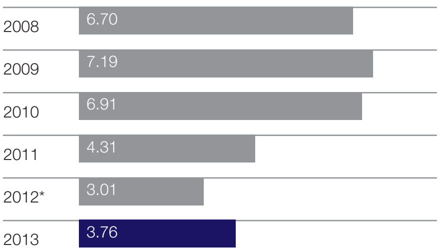
Operating result margin
(%)



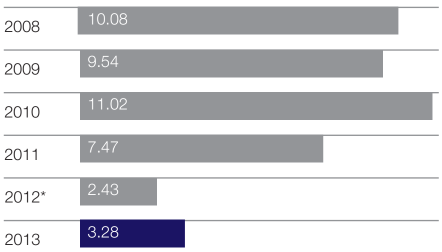
Profit before tax margin
(%)



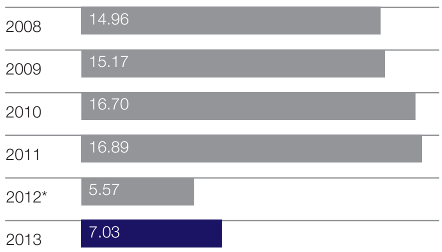
Profit after tax margin
(%)



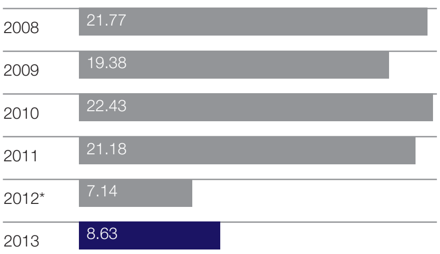
Return on assets
(%)



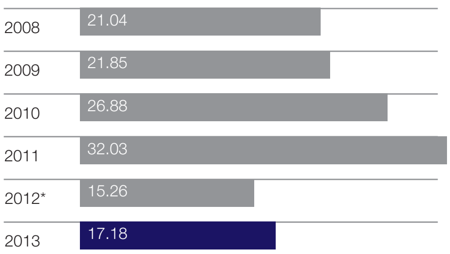
Return on equity
(%)



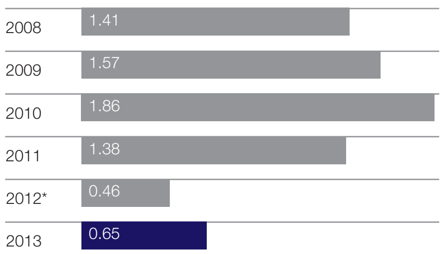
Return on capital employed
(%)



Revenue per employee
(Rs million)



Net income per employee
(Rs million)

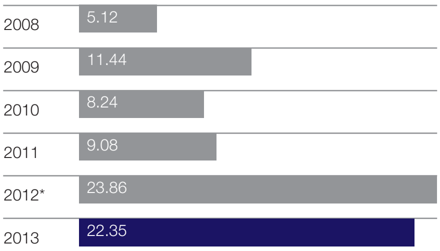


*Comparative analysis is based on six months performance of current period versus same period last year (SPLY) for a meaningful comparison.

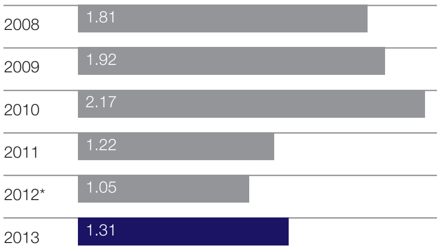
Liquidity & other ratios

Efficiency ratios

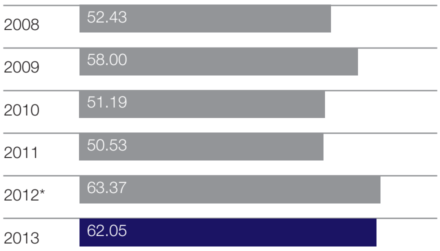
Price earning ratio
(Rs)



Current ratio



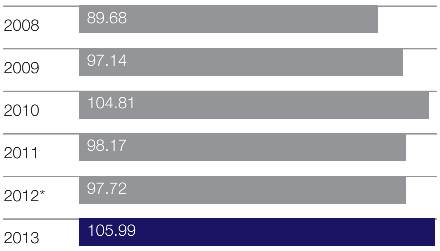
Inventory days



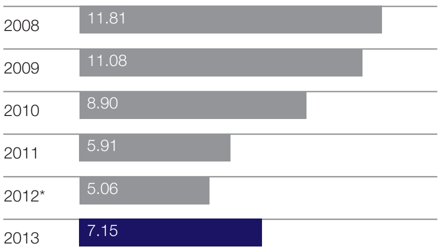
Cost ratios

Administration cost as % of net sales

Stockholders' equity per common share
(Rs)

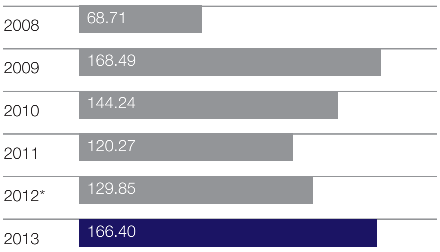


Debtor days

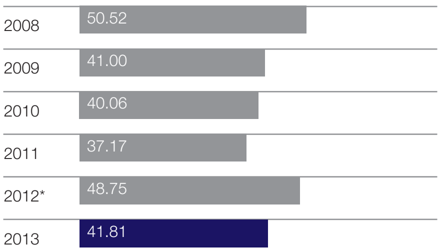


Operating cost as a % of net sales**

Market value per share
(Rs)



Creditor days



*Comparative analysis is based on six months performance of current period versus same period last year (SPLY) for a meaningful comparison.
** Operating cost includes cost of sales, selling & distribution and administration & general expenses.

Operating and Financial Highlights

		Twelve months									Six months	
Ratios		**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2012****	**2013**
Profitability Ratios									**Restated**	**Restated**	**Restated**	
Gross margin	%	15.62	18.14	20.85	20.93	19.77	19.96	19.03	12.97	11.51	11.81	11.23
Gross profit turnover	%	13.21	15.92	18.60	18.54	17.22	17.52	16.91	12.01	10.56	10.79	10.22
Operating result margin	%	7.64	9.97	12.66	12.96	10.98	10.65	10.57	6.70	4.68	4.85	6.40
Net profit margin	%	6.00	8.51	7.44	7.75	6.70	7.19	6.91	4.31	2.81	3.01	3.76
Profit markup	%	18.51	22.16	26.34	26.47	24.64	24.94	23.51	14.90	13.01	13.39	12.65
Profit before tax margin	%	6.30	8.73	10.82	12.02	10.12	10.81	10.62	6.46	4.31	4.62	5.60
Return on equity	%	13.13	16.56	14.18	15.70	14.96	15.17	16.70	16.89	10.79	5.57	7.03
Return on capital employed	%	15.44	18.28	21.57	23.87	21.77	19.38	22.43	21.18	14.30	7.14	8.63
Return on assets	%	7.59	9.85	8.60	9.51	10.08	9.54	11.02	7.47	4.70	2.43	3.28
Return on fixed assets	%	25.01	25.18	29.46	34.92	32.61	32.82	40.91	28.55	15.99	7.98	11.07
Growth Ratios												
Net sales	%	(2.69)	4.74	5.94	17.63	20.74	2.27	23.57	1.10	(2.35)	(6.93)	9.48
Operating results	%	23.82	36.81	34.54	20.37	2.29	(0.81)	22.62	(35.94)	(31.69)	(26.05)	44.67
EBITDA	%	16.80	25.34	28.27	18.40	-	1.04	19.45	(28.89)	(18.38)	(16.89)	29.28
Profit after tax	%	38.06	48.63	(7.42)	22.61	4.37	9.77	18.78	(36.95)	(36.42)	(33.50)	36.81
Operating working capital	%	(104.67)	(324.95)	(199.82)	(118.86)	218.10	(82.19)	320.64	(429.90)	140.02	140.02	130.28
Efficiency Ratios												
Asset turnover	Times	1.27	1.16	1.16	1.23	1.51	1.33	1.59	1.73	1.67	0.81	0.87
Fixed asset turnover	Times	3.28	2.52	2.33	2.69	2.97	3.08	3.87	4.26	3.41	1.65	1.73
Inventory turnover	Times	4.16	4.73	5.07	6.24	6.39	6.08	6.71	7.15	5.18	2.49	3.17
Current asset turnover	Times	2.45	2.84	2.79	2.55	3.46	2.56	2.96	3.13	3.53	1.70	1.91
Capital employed turnover	Times	2.39	2.09	1.91	2.08	2.28	2.07	2.39	3.41	3.33	1.61	1.48
Operating working capital turnover	Times	(440.62)	(108.61)	(38.38)	(20.62)	21.09	121.06	35.56	(10.90)	26.59	12.83	6.10
Debtor turnover ratio	Days	15.09	14.44	12.84	13.65	11.81	11.08	8.90	5.91	4.88	5.06	7.15
Creditor turnover ratio	Days	75.62	78.70	75.90	78.24	50.52	41.00	40.06	37.17	46.87	48.75	41.81
Inventory turnover ratio	Days	76.94	81.77	73.67	59.85	52.43	58.00	51.19	50.53	60.93	63.37	62.05
Operating cycle	Days	16.41	17.52	10.62	(4.74)	13.72	28.08	20.03	19.28	18.94	19.68	27.39
Revenue per employee	Rs'000	13,434	14,137	15,304	17,946	21,044	21,852	26,878	32,025	31,644	15,264	17,182
Net Income per employee	Rs'000	806	1,203	1,138	1,391	1,410	1,572	1,858	1,381	888	459	645
Cost Ratios												
Operating costs (%of sales)	%	92.36	90.03	87.34	87.04	89.02	89.35	89.43	93.30	95.32	95.15	93.60
Administration costs (%of sales)	%	3.77	3.75	3.71	3.30	4.05	4.14	3.70	3.42	3.75	3.74	1.97
Selling costs (% of sales)	%	4.22	4.41	4.48	4.67	4.74	5.17	4.77	2.85	3.08	3.23	2.86
Financial charges/Interest cost (%of sales) *	%	1.44	1.50	1.45	0.44	0.32	-	-	-	0.36	0.22	1.01
Equity Ratios												
Price earnings ratio	Rs	11.76	12.40	11.01	15.29	5.12	11.44	8.24	9.08	16.49	23.86	22.35
Earnings per share	Rs	7.62	11.33	10.49	12.86	13.42	14.73	17.50	13.25	10.54	5.44	7.45
Market value per share	Rs	89.65	140.50	115.50	196.65	68.71	168.49	144.24	120.27	173.89	129.85	166.40
Break-up value per share with surplus on revaluation	Rs	62.25	71.95	82.05	89.20	96.62	103.85	111.35	85.58	105.73	105.73	113.55
Break-up value per share excluding surplus on revaluation	Rs	58.02	68.39	73.95	81.91	89.68	97.14	104.81	98.17	97.72	97.72	105.99
Liquidity Ratios												
Current ratio	Ratio	1.38:1	1.10:1	1.29:1	1.44:1	1.81:1	1.92:1	2.17:1	1.22:1	1.05:1	1.05:1	1.31:1
Quick ratio/Acid test ratio	Ratio	0.69:1	0.56:1	0.73:1	0.97:1	1.02:1	1.27:1	1.39:1	0.76:1	0.42:1	0.42:1	0.61:1
Cash ratio	Ratio	0.33:1	0.29:1	0.33:1	0.58:1	0.44:1	0.77:1	0.85:1	0.50:1	0.09:1	0.09:1	0.10:1
Leverage Ratios												
Debt to equity	%	1.39	-	0.04	-	-	-	-	-	29.06	29.06	46.39
Total debt to capital ratio	Ratio	1:99	0:100	0:100	0:100	0:100	0:100	0:100	0:100	21:79	21:79	30:70
Interest cover *	Times	5.36	6.82	8.44	28.42	32.29	-	-	-	12.83	22.27	6.52
Summary of Cash Flows												
Cash generated from operations	Rs. Million	1,917	2,667	3,554	4,312	1,188	4,938	3,716	4,127	(1,964)	(1,964)	(164)
Net cash generated from operating activities	Rs. Million	1,824	2,522	3,477	4,094	970	4,476	2,334	2,875	(3,177)	(3,177)	(971)
Net cash used in investing activities	Rs. Million	3,379	(1,421)	(1,040)	(1,397)	(1,781)	(938)	(753)	(510)	(2,126)	(2,126)	(941)
Net cash used in financing activities	Rs. Million	(4,542)	(1,118)	(2,337)	(869)	(833)	(1,041)	(1,388)	(2,151)	(796)	(796)	1,453
Cash and cash equivalents at December 31 / June 30	Rs. Million	1,705	1,688	1,788	3,615	1,971	4,468	4,662	4,633	(1,466)	(1,466)	(1,924)

* Interest cover and interest cost (% of sales) is zero in 2009, 2010 and 2011 due to net interest income
Excluding turnover of discontinued furnace oil and coal business in 2003, one-off profit on sale of PPTA shares in 2004, recognition of deferred tax credit in 2005
The comparative (2004) have not been resated due to change in accounting policy on adoption of IFRIC 4.
2011 and 2012 numbers have been restated due to IAS 19 revision
** Comparative analysis is based on six months performance of current period versus same period last year (SPLY) for a meaningful comparison.

Vertical and Horizontal Analysis

	Twelve months										Six months			
Vertical Analysis	2008	2008	2009	2009	2010	2010	2011	2011	2012	2012	2012*	2012*	2013	2013
	Rs. m	%	Rs. m	%	Rs. m	%	Rs. m	%	Rs. m	%	Rs. m	%	Rs. m	%
Profit and Loss Account							Restated		Restated		Restated			
Net sales, commission & toll income	27,798.9	100.0	28,429.9	100.0	35,130.0	100.0	35,516.1	100.0	34,681.6	100.0	16,729.5	100.0	18,315.7	100.0
Cost of Sales	22,303.1	80.2	22,754.0	80.0	28,443.7	81.0	30,910.0	87.0	30,688.1	88.5	14,753.4	88.2	16,258.5	88.8
Gross profit	5,495.8	19.8	5,675.9	20.0	6,686.3	19.0	4,606.1	13.0	3,993.5	11.5	1,976.1	11.8	2,057.2	11.2
Selling & Distribution Expenses	1,317.3	4.7	1,470.2	5.2	1,674.7	4.8	1,012.8	2.9	1,068.5	3.1	540.2	3.2	523.4	2.9
Administration & General Expenses	1,126.2	4.1	1,178.1	4.1	1,299.0	3.7	1,214.8	3.4	1,300.3	3.7	625.3	3.7	361.1	2.0
Operating Result	3,052.4	11.0	3,027.7	10.6	3,712.6	10.6	2,378.4	6.7	1,624.6	4.7	810.6	4.8	1,172.7	6.4
Financial Charges	219.3	0.8	167.5	0.6	163.9	0.5	260.9	0.7	294.2	0.8	170.0	1.0	187.1	1.0
Other Operating Charges	233.7	0.8	247.6	0.9	303.4	0.9	206.7	0.6	132.6	0.4	66.4	0.4	85.1	0.5
Other Operating Income	213.4	0.8	460.0	1.6	486.3	1.4	383.8	1.1	298.4	0.9	198.9	1.2	125.6	0.7
Profit before taxation	2,812.8	10.1	3,072.5	10.8	3,731.5	10.6	2,294.7	6.5	1,496.2	4.3	773.1	4.6	1,026.1	5.6
Taxation	950.0	3.4	1,027.8	3.6	1,302.7	3.7	763.2	2.1	522.6	1.5	270.4	1.6	338.3	1.8
Profit after taxation	1,862.7	6.7	2,044.7	7.2	2,428.8	6.9	1,531.4	4.3	973.7	2.8	502.7	3.0	687.8	3.8
Balance Sheet														
Total Equity and Revaluation Reserve	13,410.9	73	14,414.6	67	15,455.4	70	9,890.9	48	9,765.5	47	9,765.5	47	10,487.5	50
Non Current Liability	613.0	3	1,208.1	6	1,093.2	5	1,340.3	7	1,593.3	8	1,593.3	8	3,107.5	15
Current Liability	4,446.8	24	5,799.9	27	5,482.0	25	9,281.0	45	9,355.3	45	9,355.3	45	7,349.7	35
Total Equity and Liabilities	**18,470.7**	**100**	**21,422.7**	**100**	**22,030.7**	**100**	**20,512.2**	**100**	**20,714.1**	**100**	**20,714.1**	**100**	**20,944.7**	**100**
Non Current Assets	10,435.3	56	10,297.5	48	10,152.4	46	9,154.4	45	10,898.1	53	10,898.1	53	11,330.5	54
Current Assets	8,035.4	44	11,125.2	52	11,878.3	54	11,357.8	55	9,816.0	47	9,816.0	47	9,614.2	46
Total Assets	**18,470.7**	**100**	**21,422.7**	**100**	**22,030.7**	**100**	**20,512.2**	**100**	**20,714.1**	**100**	**20,714.1**	**100**	**20,944.7**	**100**

	Twelve months										Six months			
Horizontal Analysis	2008	2008	2009	2009	2010	2010	2011	2011	2012	2012	2012*	2012*	2013	2013
	Rs. m	%	Rs. m	%	Rs. m	%	Rs. m	%	Rs. m	%	Rs. m	%	Rs. m	%
Profit and Loss Account							Restated		Restated		Restated			
Net sales, commission & toll income	27,798.9	20.7	28,429.9	2.3	35,130.0	23.6	35,516.1	1.1	34,681.6	-2.3	16,729.5	-6.9	18,315.7	9.5
Cost of Sales	22,303.1	22.5	22,754.0	2.0	28,443.7	25.0	30,910.0	8.7	30,688.1	-0.7	14,753.4	-7.5	16,258.5	10.2
Gross profit	5,495.8	14.0	5,675.9	3.3	6,686.3	17.8	4,606.1	-31.1	3,993.5	-13.3	1,976.1	-2.2	2,057.2	4.1
Selling & Distribution Expenses	1,317.3	22.6	1,470.2	11.6	1,674.7	13.9	1,012.8	-39.5	1,068.5	5.5	540.2	11.2	523.4	-3.1
Administration & General Expenses	1,126.2	48.1	1,178.1	4.6	1,299.0	10.3	1,214.8	-6.5	1,300.3	7.0	625.3	42.5	361.1	-42.3
Operating Result	3,052.4	2.3	3,027.7	-0.8	3,712.6	22.6	2,378.4	-35.9	1,624.6	-31.7	810.6	-26.1	1,172.7	44.7
Financial Charges	219.3	49.8	167.5	-23.6	163.9	-2.2	260.9	59.2	294.2	12.7	170.0	337.6	187.1	10.1
Other Operating Charges	233.7	5.1	247.6	5.9	303.4	22.6	206.7	-31.9	132.6	-35.8	66.4	-37.7	85.1	28.2
Other Operating Income	213.4	39.2	460.0	115.5	486.3	5.7	383.8	-21.1	298.4	-22.2	198.9	-4.5	125.6	-36.9
Profit before taxation	2,812.8	1.6	3,072.5	9.2	3,731.5	21.4	2,294.7	-38.5	1,496.2	-34.8	773.1	-33.3	1,026.1	32.7
Taxation	950.0	-3.4	1,027.8	8.2	1,302.7	26.7	763.2	-41.4	522.6	-31.5	270.4	-32.9	338.3	25.1
Profit after taxation	1,862.7	4.4	2,044.7	9.8	2,428.8	18.8	1,531.4	-36.9	973.7	-36.4	502.7	-33.5	687.8	36.8
Balance Sheet														
Total Equity and Revaluation Reserve	13,410.9	8	14,414.6	7	15,455.4	7	9,890.9	-36	9,765.5	-1	9,765.5	-1	10,487.5	7
Non Current Liability	613.0	413	1,208.1	97	1,093.2	-10	1,340.3	23	1,593.3	19	1,593.3	19	3,107.5	95
Current Liability	4,446.8	-29	5,799.9	30	5,482.0	-5	9,281.0	69	9,355.3	1	9,355.3	1	7,349.7	-21
Total Equity and Liabilities	**18,470.7**	**-2**	**21,422.7**	**16**	**22,030.7**	**3**	**20,512.2**	**-7**	**20,714.1**	**1**	**20,714.1**	**1**	**20,944.7**	**1**
Non Current Assets	10,435.3	7	10,297.5	-1	10,152.4	-1	9,154.4	-10	10,898.1	19	10,898.1	19	11,330.5	4
Current Assets	8,035.4	-11	11,125.2	38	11,878.3	7	11,357.8	-4	9,816.0	-14	9,816.0	-14	9,614.2	-2
Total Assets	**18,470.7**	**-2**	**21,422.7**	**16**	**22,030.7**	**3**	**20,512.2**	**-7**	**20,714.1**	**1**	**20,714.1**	**1**	**20,944.7**	**1**

2011 and 2012 numbers have been restated due to IAS 19 revision
*Comparative analysis is based on six months performance of current period versus same period last year (SPLY) for a meaningful comparison.

Our Passion for People

To grow, we know we need to be a company where the best people work. People who have the passion, commitment and energy to seek opportunities and build the business. In return, we offer an environment where initiative is rewarded, results are recognized and creativity is encouraged.

Cross Business and Functional Opportunities
The diversity of our four diverse businesses helps us cater to almost every industry in the country and our products are the building blocks of so many things in everyday use.

Given the versatility of our company, we are able to provide our managers with opportunities to try new roles across businesses and functions. We want to groom our people to take on future managerial roles as we nurture our young talent to be our future leaders In order to ensure that our people get opportunities to take on different roles, our Capability Groups in the areas of Commercial, Finance, Technical, IT, HR and Communications map the career paths of our employees. They help add value to the capability of the organization through succession planning and talent development. This is done by identification, development and movement of talent to ensure that the right talent is available to the organization for sustainable value creation.

In the period under review 11% of our talent was moved across Businesses and Functions.

People Development
Our aim is not only to attract the best talent, we strongly believe in developing and grooming our people by improving their functional acumen and behavioral skills. Our employees benefit from various developmental initiatives including training programs in management excellence, functional and technical competencies which assist them in staying abreast of the challenging requirements of their jobs. These programs assist our employees in cultivating their abilities and propelling them through the talent pipeline. During the period Jan – June 2013, we successfully completed 977 man days of training, across all four businesses. We look forward to continue our commitment towards employee development, career advancement, and betterment.

"I started my career with ICI Pakistan as a Graduate recruit in August 2011. Since then, my experience has been truly amazing. The opportunities and challenges provided by this company are constantly pushing me to be the best that I possibly can be. I have learned more, worked harder and enjoyed myself beyond my expectations in my first year here.

We have a culture of cooperation and support, which I think is rare in today's workplace. We have strong teams who care about work but more importantly, about each other. We pull together when times are tough and celebrate the victories we create together.
I am moving forward in the company knowing that this is where my future lies!"

Wajiha Bari
Life Sciences Business

"One look around ICI Pakistan and you will find people who have been working here for 10, 20, and 30 years. That is something extraordinary and rarely found anywhere else. If you delve deeper, you will come to know that ICI Pakistan has been a second home for many, where the values taught at home are mirrored in the work place."

Aamir Chaudhry
Soda Ash Business

Performance Management

Our performance appraisal system is a formal and transparent process of identification of development needs essential to equip our managers to take on future challenges. Through regular dialog, review and candid feedback our aim is to achieve better business results and reward our employees for their achievements. We have a transparent evaluation process which incorporates both performance review and development planning hence offering further professional support for employees to manage and plan their careers. Following the divestment from AkzoNobel, we have developed our own Performance Management System for the Company.

Work Environment

We offer a work environment where people can discover their potential, build careers and find new challenges that excite them. Being part of a culture that is entrepreneurial and customer driven, our employees become talented leaders who add to the sustainable growth of our business.

Fuelling our Talent Pipeline

At ICI Pakistan, we believe that is it imperative to take on people who bring in strategic and innovative ideas and are groomed to become future leaders of the company. Since January 2013, we have added 18 fresh graduates to our commercial, finance and technical streams through campus drives at the top Universities in the country. Practical experience coupled with technical and functional knowledge helps our young managers add value to our businesses and our bottom line results.

"I joined ICI Pakistan as a Finance Trainee Officer in April 2011. Since then, there has been no looking back. We are a large, learning organization and the opportunities are countless.

You are always stretched and people trust you to do your job. In finance, I believe the work has become even more interesting following the strategic transition. I feel in this organization you can make a difference, working with great people, which are hard to find everywhere."

Asad Hani
Corporate Finance Function

Awards & Achievements

ACCA-WWF Award for 'Best Sustainability Report'

For the second time in a row, we clinched the 'Best Sustainability Report' award at the prestigious ACCA-WWF Pakistan Environmental Reporting Awards 2012 held in Islamabad in June 2013. The aim of the awards is to give recognition to organizations reporting and disclosing environmental information, encouraging the uptake of environmental reporting and raising awareness in corporate transparency issues.

MAP Corporate Excellence Award

A testimony of our excellent management practices, compliance framework and solid core values was once again winning the coveted MAP (Management Association Pakistan) "Corporate Excellence Award" in the Chemicals category for 2012. The award ceremony is held annually to recognize and honor companies with outstanding performance and progressive management practices.

ICAP Best Corporate Report Awards

Our Annual Report 2012 was the runner up in the Chemicals and Fertilizers category of the ICAP Best Corporate Report Awards. This is the sixth successive year that we have had the honor of winning the ICAP Best Corporate Report Award.

MAP Corporate Excellence Award 2012

ACCA -WWF Award 2012

Technology Developments

Vision

'Fuelling Business Enablement'

To act as an effective business enabler, ensuring visibility and compliance through innovative and sustainable information solutions, harboring best of breed infrastructure and technology.

Strategy

We shall continue to capitalize upon opportunities and bring innovation that enables our businesses to work smarter and faster. Re-alignment of current business processes and technology against the best business practices adopted internationally will continue to be the prime focus of our services. Using leading global business software and platforms enable our businesses to record and retrieve information, ensure compliance and controls and analyze the available multidimensional information through transformation of large data into meaningful and personalized information available at a single click.

Our choice of the best available technology infrastructure is governed by stringent globally adopted policies and procedures; ensuring sustainability, continued improvement and expansion; aligned with the changing business environment and needs. We also continuously focus on learning and development of our talent pool through formal and on-the-job training ensures an uninterrupted supply of in-house capabilities to suffice with the system and technological challenges faced in a dynamic business environment.

2013 Key Highlights

Bring Your Own Device (BYOD) Service Offering

To meet the fast paced need for information on the go and with the aim to enable our business users to access their emails on their personal device, we rolled out the Bring Your Own Device (BYOD) and Web Based Service Offering Project this year.

Wireless LAN (Wi-Fi) Deployment

Wireless (Wi-Fi) solution has been deployed at all major locations across the Company. Highly secure and seamlessly integrated access points are available across the roaming areas of the administration buildings at Mozang, Karachi, Khewra and Sheikhupura sites, ensuring enhanced efficiency along with guaranteed security provided by Cisco systems.

Windows 7 & MS Office 2010 Rollout Project

With the discontinuation of Microsoft Support for windows XP beyond 2013, after careful evaluation and testing, we decided to migrate our business machines to a valid and stable Windows 7 environment. The project has been rolled out and is set to be complete soon.

Technical Upgrade of SAP to EHP5

In order to aid our focus in providing the best services and be at par with industry benchmarks, we upgraded our system landscapes of the SAP ERP to Enhancement Package 5.

Fiscal Year Change Project

As per the corporate requirement we had to change the Fiscal year in SAP. A standard SAP offering was explored to meet this challenge with SAP AG leading the project. SAP LT (landscape Transformation) tool was used to close current fiscal year in June 2013 (shortened fiscal year) and new fiscal year 2013-14 was opened starting from July 2013. This Project was the first of its kind in Pakistan.

Implementation of SAP Production and Costing Processes at Life Sciences

A combined team of Corporate IT and business personnel undertook the implementation of SAP production and costing processes at the Seeds and Vegetable Seeds Segment of the Life Sciences business. The project assists the business to accurately monitor and capture production costs, provide material flow visibility and implement controls across the production processes, as per best business practices.

Employee Wise Sale Monitoring

In line with our vision, a team of corporate IT and business undertook a project 'Employee Wise Sales Monitoring' to assist our Life Sciences Business with monitoring sales of their employees and calculation of annual incentives. The Business can now monitor different sales performance indicators through this.

Health, Safety, Environment and Security

Safety and well-being of our people and sanctity of the environment is a permanent value. There can be no compromise on this.

We operate with a vision of being recognized as the country leader in HSE&S performance year on year through maintaining internationally recognized standards for Health, Safety, Environment and security. Continuous improvement is our ongoing objective and in this pursuit the interest of all our stakeholders: customers, shareholders, employees, contractors, suppliers, regulators and the communities where we live in and work remain embedded.

Our operations are conducted to ensure that all applicable local laws are fully complied with.

2013 Corporate HSE&S Agenda

Key strategic objective for 2013 was to manage transition of the Company post the AkzoNobel divestment. Significant projects in hand are;

HSE&S Management System Accreditation

Responsible Care Management System (RCMS) has been in-place for HSE&S management much before the AkzoNobel acquisition in 2008. Keeping in view the awareness of all employees with this system and its effectiveness, the company's HSE&S Management Committee has decided to continue with the system. Our HSE&S Management system shall be aligned with the internationally recognized responsible care programs established for the Chemicals Industry and certification of compliance to the system shall be done by a third party. Local procedures at all sites and locations shall be aligned with the ICI Pakistan Management System.

EPM Reporting Database Replacement with Equivalent system

Prior to divestment by AkzoNobel, all records of performance on Health, Safety, Energy and Environment was entered in the EPM Database and monitored globally by AkzoNobel Corporate HSE. A similar database is being developed by our IT Department that will enable us to track the Company's impact on the environment.

Specialist HSE&S Training

HSE training of employees, customers and contractors is one of our top priorities and that is why we have our own HSE training faculty and our own training modules on basic HSE courses. We now plan to develop specialized HSE training courses which include Hazard Study Leaders training as well.

Capability Assessment

Each Business conducts capability assessments of its employees with key HSE responsibilities. This helps in personal development of the individual as well as development of new HSE resources.

HSE&S Improvement Plans

HSE&S Improvement Plans based on the HSE&S Reviews of 2012 have been prepared and the implementation process is monitored by Corporate HSE.

Key Highlights

Health

Absolute compliance with health assessment and work environment monitoring programs resulted in completion of the whole year without any reportable occupational illness.

Safety

The total reportable rate of injuries for employees and supervised contractors dropped to Zero from 0.27 in 2012. There was a stronger focus this year on operational discipline and strict adherence to the company's HSE&S Management system. This was supported by management emphasis on the Behavior-Based Safety (BBS) program.
The Polyester, Soda Ash, Life Sciences and Chemicals business respectively achieved 1.9, 3.2, 2.1 and

Total Reportable Injury Rate

3.6 million man hours without LTI (lost time injury) to employees and supervised contractors. There were no reportable injuries to any Independent Contractor.

Review of the 2012 HSE&S Improvement Plans of all Businesses and Locations was completed in March

Fire training at our Polyester Site

West Wharf security cluster meeting

Good housekeeping initiative winners

2013 and Improvement Plans for 2013 were also developed accordingly.

Environment

In 2013, the Company continued its focus on OEE Footprint reduction. All Businesses Sustainability plans for OEE footprint reduction are also in-place for implementation.

What Happened in 2013

Chief Executive Trophy and HSE&S Initiative Awards

Every year we evaluate HSE performance of all our businesses and locations on pre-agreed criteria for healthy competition and continuous improvement and a trophy is awarded to the winner. Similarly twice a year companywide HSE&S Initiative competition is held for all Businesses and locations and HSE teams from all our Businesses and Locations identify significant hazards that may result in severe incidents and eliminate these within their resources. Recognition certificates and awards are given to the winning teams.

The 2012 Chief Executive's HSE&S Trophy was won by the Chemicals Business while the HSE Initiative awards were won by teams from Soda Ash, Polyester and Chemicals Business.

Training

For Customers

- An HSE&S awareness sessions was arranged for the Dawlance HSE team by our Chemicals Business.
- Our Polyester Business conducted an ICI Pakistan HSE&S System training for the HSE Manager of Nimir Industrial Chemicals Limited. They also conducted HSE&S awareness sessions for the management team of Interloop Limited.

For Employees

- Permit to Work and Fire fighting trainings were conducted at our Polyester site in Jun 2013.
- Risk Assessment and BBS trainings were conducted at our Chemicals site.

Housekeeping Drive

Our Chemicals Business carried out an elaborate housekeeping drive from January 29 to February 01, 2013. Five teams were created and specific areas were assigned to them for housekeeping. All employees of the Business contributed to the drive with enthusiasm and a marked improvement in housekeeping standards was observed.

Earth Hour

Earth Hour is the largest environmental movement voluntarily observed across the globe. We participated in the event by switching off unnecessary lights at all our sites across the country. Last year, we managed to save 1.5 Mega Watt of electricity just at our Polyester site and this year we have managed to save an impressive 2.063 Mega Watts of electricity from the readings obtained at five of our sites.

Earth Day

To celebrate Earth Day, our volunteers planted 76 trees at the Government Boys/Girls Primary School at Kakapir. A team of volunteers from the Company reached the school premises early in the morning of April 22 to ensure successful plantation by the children. Each child was made responsible for nurturing a plant to develop concern for the environment at an early age.

Behavior Based Safety (BBS)

Our Behavior Based Safety (ICIP BBS) program continued during the year. Training sessions on BBS were also conducted by Corporate HSE and site HSE Managers.

ACCA-WWF Pakistan Environmental Reporting Awards 2012

We were once again successful in clinching the 'Best Sustainability Report award at the 2012 ACCA-WWF Pakistan Environmental Reporting Awards ceremony held in Islamabad on 5th Jun 2013. This is the second consecutive year that we have managed to win the prestigious 'Best Sustainability Report Award' - an initiative by the ACCA and WWF Pakistan to support and promote best practice in environmental and sustainability reporting in the country.

Community Investment

We strive to be the catalysts of progress in our communities and are committed to improving the quality of life of those around us.

As she quickly finishes cooking for her household, 42 year old Abida has many things on her mind. She needs to wash the clothes, feed her children and then finish her homework assignment which is due in class today. This is the first time Abida has had the chance to have books of her own and the very first time when she has the hope of understanding the words written in them.

Abida is one of the 29 females who are part of the Adult Literacy Program being run at the Kakapir Village near the coastal belt of Karachi. These are women who have never had the chance to attend a proper school. For Abida to be able to tell the time and write her own name is a huge achievement and she is very excited to learn. She believes that there is no age for learning and looks forward to the day when she can actually read stories to her children and even occasionally help them in their homework.

Abida's story is the story of every other female born and brought up in far-flung rural areas and neglected urban communities of Pakistan. The levels of literacy in Pakistan are disturbingly low with total literacy rates for young people and adults being well below 50%. In addition, there are also huge disparities in the levels of literacy between women and men.

For the past many years the ICI Pakistan Foundation has been working to develop the Kakapir Village near Sandspit Beach in Karachi. The Adult Literacy program is being run in collaboration with Literate Pakistan and is a pilot project to provide basic learning opportunities to adults (mostly women) with little or no literacy skills. Most of the targeted beneficiaries have never attended school or dropped out of school before acquiring basic literacy skills due to socio-cultural and economic factors. The enthusiasm and commitment of the participants is greatly encouraging. We are excited about the results of the pilot project and are discussing plans to roll out the program on a larger scale.

We support a broad range of initiatives in the areas of health, education and environment protection as we believe they provide the fundamental building blocks for the development of society.

Health First:

Since 1945, our Soda Ash business has been running the Winnington Hospital in Khewra that not only caters to the employees but also looks after any walk-in patients of the community. Our hospital offers, free routine OPD, free accident and emergency service round the clock as well as free medical screening for the community.

We also run an eye care program at the Winnington Hospital. Since 1991, we are running the program in collaboration with Layton Rahmatullah Benevolent Trust (LRBT). Six eye clinics were held from January to June 2013. In this period 2,827 OPDs, 320 major, 60 minor surgeries and 644 refractions were performed.

Lack of access to clean drinking water is a key health issue in Pakistan particularly in the rural areas of Sind. The mortality rate for children under five in Pakistan is amongst the highest in the world with water and sanitation related diseases being responsible for 60% of the country's disease burden in children. Our clean drinking water program was launched in Sind last year and provides 20,000 people access to safe and clean drinking water every day. Besides setting up water purification plants in various districts of Sind, we also distributed 'Nadi Filters' to 200 households in Tharparker. The Bio-Sand Nadi filter is an innovative and safe drinking filter water technique that is cheap, easy to use and primarily intended for household use. Bio-sand filters are an adaptation of slow sand filters developed in the West and have been tested by various government, research, and health institutions across the world.

The Right to Learn:

For decades, we have been running and managing various schools throughout Pakistan. We are currently supporting the Government Primary School in Tibbi Hariya Sheikhupura and the Kakapir Government Boys School in Karachi. We target schools that are neglected and make significant infrastructural investments and arrange for qualified teachers. For nearly twenty years now, we have also been supporting the Institute of Behavioral Psychology (IBP), an institute for children with special needs.

Greener Tomorrow:

Concern for the environment is no longer a fad or a 'good thing to do'. It is a critical need of the day. We are conscious of our responsibility to the environment and are serious in our commitment for its preservation.

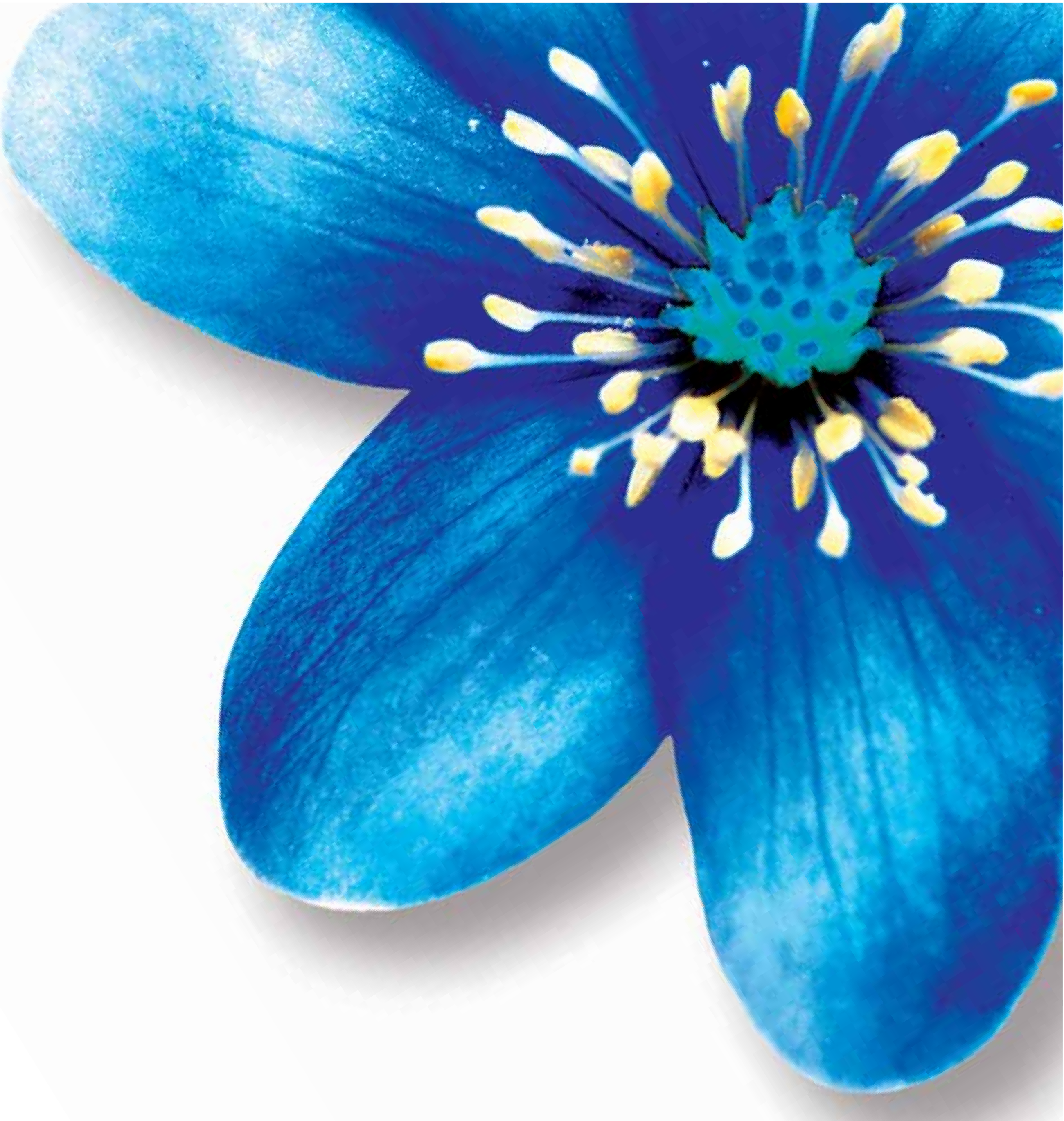
To create awareness for conservation and protection of natural resources we participated in the Earth Hour 2013 by switching off all unnecessary lights from 8:30-9:30 pm at all our sites. Last year, we managed to save 1.5 Mega Watt of electricity at the Polyester site and this year we have managed to save an impressive 2.1 Mega Watts of electricity from the readings obtained at five of our sites. Similarly, we also celebrated Earth Day by organizing a tree plantation activity in Karachi with school students planting 76 trees in all.

Governance & Compliance

...our true colors

How we govern our affairs is what dictates our long-term performance. A transparent structure to monitor and report our performance is what governance is all about.

In this section we introduce our Board of Directors and present their Report for 2013, which provides a detailed overview of activities during the year. Our corporate governance and compliance structure is also described, as well as our risk management framework.

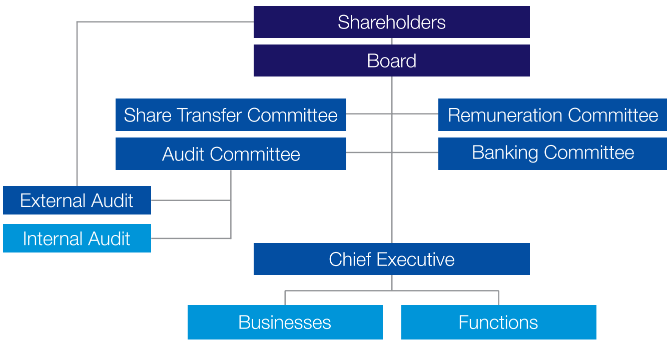


Corporate Governance and Compliance

ICI Pakistan's corporate governance structure is based on the Company's articles of association, statutory, regulatory and other compliance requirements applicable to companies listed on the stock exchanges, complemented by several internal procedures. These procedures include a risk assessment and control system, as well as a system of assurances on compliance with the applicable laws, regulations and Company's Code of Conduct.

Corporate Governance Statement

ICI Pakistan Limited is a public limited company established under the laws of Pakistan. The shares of the Company are listed on the three stock exchanges of the country, the Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited.



Major External Regulations

- Companies Ordinance, 1984 and other allied laws
- Listing Regulations of the stock exchanges, KSE, LSE & ISE
- Code of Corporate Governance
- CDC Regulations
- Other SECP Circulars, Notifications and Guidelines.

Major Internal Regulations

- The Articles of Association of the Company
- Code of Conduct
- Significant policies
- Financial Remits

The Board of Directors is responsible for setting the goals, objectives and strategies the Company has to adopt and for formulating the policies and guidelines towards achieving those goals and objectives.

The Board is accountable to the shareholders for the discharge of its fiduciary function. The management is responsible for the implementation of the aforesaid goals and strategies in accordance with the policies and guidelines laid down by the Board of Directors. In order to facilitate a smooth running of the day to day affairs of the Company, the Board entrusts the Chief Executive with necessary powers and responsibilities who in turn is assisted by an Executive Management Team comprising the Chief Financial Officer and Heads of businesses and functions. The Board is also assisted by a number of sub-committees comprising mainly independent/non-executive directors.

Code of Conduct

ICI Pakistan Limited has always held in high esteem the best practices of corporate governance and believes in widely propagating the values and the ethics for strict adherence by all the employees, contractors, suppliers and others while doing business for the Company. Even before the introduction of the requirement in the Code of Corporate Governance in 2002 ("the Code"), ICI Pakistan had a comprehensive Code of Conduct. In order to apprise the employees of the Code of Conduct, the Company organizes training sessions and induction programs on a regular basis to ensure compliance at all levels.

Speak Up

In order to facilitate strict adherence to the Code of Conduct, the employees also have access to a "Speak Up" program whereby any employee can report any unethical dealing by any Company employee on a confidential basis. Complete anonymity of the person using this facility is assured and all complaints are thoroughly investigated either by the Company internally or by assigning it to the Internal Auditors. Results of the investigation are communicated to the complainant. The whole of this process is being looked after by Board Audit Committee.

Board Composition

The present Board of ICI Pakistan comprises a well balanced mix of executive, non-executive and independent directors. It has eight directors which include three executive directors, four non-executive directors and one independent director. The Chairman of the Board is a non-executive director. The positions of Chairman and Chief Executive are held by separate individuals with clearly defined roles and responsibilities.

ICI Pakistan has had an Audit Sub Committee and a Remuneration Sub Committee of the Board much before the introduction of the Code of Corporate Governance comprising mainly non-executive directors including the Chairman. The terms of reference of these Committees are available in this Report.

Internal Control

ICI Pakistan Limited has a sound system of internal control and risk management. The internal audit function which is mainly responsible for internal controls, has been outsourced to M/s KPMG Taseer Hadi & Co. and reports directly to the Chairman of the Audit Committee. As a consequence of regular review over several years, the company now has an extremely robust system of internal controls which was further strengthened in 2005 when the Company had to go through a comprehensive implementation of the Sarbanes and Oxley Act (SOX) due to listing of its previous parent company's shares on the New York Stock Exchange. Although this requirement is no longer applicable to ICI Pakistan Limited as a result of delisting of its ultimate parent company from the New York stock exchange, the Company continued with the control framework then adopted.

Insider Trading

The Company has a stringent policy on insider trading and securities transactions. The policy paper which is circulated to all the employees of the Company from time to time, lays down the procedure the employees have to follow while dealing in the shares of the Company.

Closed periods are announced by the Company prior to the announcement of financial results during which "Executives" (as defined by the Board to be an employee drawing a basic salary of PKR 2.4 million or above in a year) and some finance staff are debarred from dealing in the Company's shares. They can deal in the Company's shares only outside the closed periods. Any transaction carried out by an Executive in the shares of the Company has to be reported to the Company Secretary within four days of execution of the transaction with relevant details of purchase/sale of shares.

Competition Law

As embodied in our Code of Conduct, ICI Pakistan supports the principles of free enterprise and fair competition. ICI Pakistan competes vigorously but fairly with its competitors within the framework of applicable laws - all to provide better and increasingly useful products and more efficient services to our customers.

The Legal Department conducted a comprehensive Competition Law Training of 156 relevant employees in 2009 when the new law was promulgated. All relevant employees are required to sign an additional declaration of compliance with the Competition Law. We continue to regularly hold training sessions to ensure compliance with competition laws for relevant employees.

United Nations Global Compact (UNGC)

ICI Pakistan remains committed in making the UNGC's Ten Principles part of our strategy, culture and day-to-day operations. The Ten Principles form a set of core values in the areas of human rights, labor standards, the environment and anti-corruption.

Adequate Disclosure

At ICI Pakistan, it is our endeavor to continue to be transparent in all our dealings, with all stakeholders. This is achieved through adequate and comprehensive disclosure of all communications to our shareholders and other stakeholders, including our financial statements.

All critical accounting estimates, rules and procedures governing extraordinary transactions, or any changes in accounting policies along with their financial impact, are disclosed in the notes to our financial statements. We follow the Companies Ordinance and applicable IAS and IFRS (International Accounting Standards and International Financial Reporting Standards). In addition, we endeavor to provide as much supplementary information in the financial statements as possible.

Annual General Meeting

The company holds its annual general meeting of the shareholders in light of the Companies Ordinance, Listing Regulations, Code of Corporate Governance and our Articles of Association. We request all our shareholders to participate in annual general meetings and other general meetings as and when convened. We also ensure that a copy of the annual report containing the agenda and notice of our AGM is dispatched to every shareholder at her/his registered address.

Ownership & Control Structure

Complete disclosure of ICI Pakistan's shareholding structure is given in the pattern pursuant to the Companies Ordinance and the Code of Corporate Governance in the printed accounts of the company. Our share capital is comprised of ordinary shares. No other class of shares is issued by the company. Yunus Brothers Group has acquired 87.9% shares in the company, details of which are disclosed in the pattern of shareholding. The rest of the shares are held by the general public and institutions.

Related Party Transactions

We maintain a complete and updated list of related parties. All transactions with related parties are carried out on an unbiased, arms length basis as per formulas approved by the Board of Directors. A complete list of all related party transactions is compiled and submitted to the Audit Committee every quarter. After review by the Audit Committee the transactions are placed before the Board for their consideration and approval.

Material Interests of Board Members

Directors are required to disclose, at the time of appointment and on an annual basis the directorships or memberships they hold in other corporate bodies. This is in pursuance with Section 214 of the Companies Ordinance 1984, which also requires them to disclose all material interests. We use this information to help us maintain an updated list of related parties. In case any conflict of interest arises, the matter is referred to the Board's Audit Committee.

Chief Executive Performance Criteria

The performance of the Chief Executive is evaluated on a blend of quantitative "value" and qualitative "values" driven objectives. Qualitative value-driven objectives relate to growth and financial performance of the company while qualitative values relate to the company's performance on sustainability parameters. Underpinning both these objectives is the "how" component which measures what processes and policies were implemented and complied with.

Evaluation of the Board's Performance

The Board evaluates its performance by looking at the overall performance of the Company. Every member of the Board tries to attend all the meetings of the Board and to actively participate in its proceedings. Threadbare discussions are held on various strategic issues. The Board ensures that the Company adopts the best practices of corporate governance in all areas of its operations and has a robust internal control system. The Board closely monitors the major capital expenditure projects including balancing, modernization and replacement. Succession planning and compliance with all the regulatory requirements are also the areas whereas the Board's attention is closely focused throughout the year. The Board is fully cognizant of the company's commitment to its sustainability strategy based on social, economic and environmental factors and has issued appropriate policy guidelines to ensure continued maintenance of performance in these areas.

Internal and External Audit

Our Internal Audit function plays a key role in providing the management and the Board an objective view and reassurance of the effectiveness of the risk management and related control systems throughout the entity. Internal Audits were executed across all businesses by our independent internal auditors and all findings were reported to the Management and the Audit Committee of the Board. Action plans are followed up rigorously to ensure that timely corrective action is implemented for the effective functioning of controls. The Board, through the Audit Committee, has reviewed the assessment of risks, internal and disclosure controls and procedures and suggested remedial actions where applicable.

The role of the Audit Committee is to assist the Board in fulfilling their oversight responsibilities regarding the integrity of ICI Pakistan's financial statements, risk management and internal control, compliance with legal and regulatory requirements, the external auditors' performance, qualifications and independence, and the performance of the internal audit function.

The external auditors are appointed by the shareholders on a yearly basis at the annual general meeting on the recommendation of the Board of Directors. The partner in charge of our audit is rotated every five years as per the local regulations.

Risk Management

The Board has an overall responsibility for the risk management process, incorporating risk management and internal control procedures. The Company's documented and regularly reviewed procedures are designed to safeguard assets whilst addressing any risk that the business may face, and ensure timely reporting to the Board and senior management. We maintain a clear organizational structure with defined delegation of authorities. Our senior management takes the day to day responsibility for implementation of procedures; ongoing risk monitoring and effectiveness of controls. We routinely monitor risks faced by our various businesses to ensure pertinent control arrangements. Our risk and control procedures are supported through the following:

Enterprise Risk Management

The Enterprise Risk Management (ERM) methodology is part of our efforts to clearly and structurally prioritize the main risk affecting our organization in order to focus the company's efforts on those risks that are not controlled in an acceptable manner. The purpose and goal of the ERM methodology is to identify, assess and develop responses to the main risks that are affecting or could in the future affect ICI Pakistan Limited in achieving its strategy and objectives (financial and non – financial). A cross functional Business Executive Team identifies a detailed list of overall business risk exposures. This exercise is performed by all businesses and the main outcome is the development of a current and complete risk profile upon which necessary action plans are developed to mitigate the identified risk.

Strategic

Internal Risk

Retaining and recruiting talent following the strategic transition

Following the strategic transition, employee retention along with recruiting new talent is a challenge. Our growth aspirations may be compromised if we fail to attract and retain the right people.

Risk Corrective Action

Staff Engagement programs being implemented across the company including companywide rollout of the new identity. More focused campus drives showcasing the company's new brand and growth aspirations.

The Board and management place great emphasis on attracting, educating, motivating and retaining staff, using engagement tools such as performance and development appraisals and dialogs, employee surveys, leadership identification and review as well as leadership development. It's a firm belief that without people we would not have a business and growing business means having to develop our people. Engagement of our employees remains our priority.

External Risk

Adapting to changing economic conditions and government policies

- Risk of ad-hoc tariff adjustments on imports impacting local producers like ourselves.
- Risk of imports at uneconomical prices or dumping in Pakistan by major international manufacturers.
- Risk of disruption of business operations due to worsening law and order situation

Risk Corrective Action

Continued commitment to the values of customer intimacy, product quality, innovation and supply chain efficiencies – along with a strong market footprint help us appropriately respond to challenges posed by weak economic and demand conditions. The Board and management endeavor to define and implement a clear strategy to overcome these strategic external risks and continuously seek dialogue with the policy makers through various business forums in the overall interest of the domestic industries.

Internal Risk

Alignment of strategic agenda with expectation of new owners

The strategic agenda must be reviewed and properly implemented to avoid an adverse impact on the company and its businesses.

Risk Corrective Action

The appropriateness of our strategic agenda, our performance against this agenda and our governance structure is continuously monitored by the Executive Management Team and the Board of Directors. Specific attention is paid to areas such as macro-economic developments, general and financial market developments, competitive situation, performance improvement potential, sustainability, geographical spread, emerging markets and political risks. Risks are minimized as we operate in attractive industries, having leading market positions and have strong executive leadership in place.

External Risk

New brand identity

Risk of failure to successfully implement change of new brand identity which can result in contraction of brand equity leading to loss in sales volumes.

Risk Corrective Action

Countrywide rollout of new identity with stakeholders with active stakeholder engagement through consistent communication.

External Risk

Risk of loss of business and partners due to strategic transition

Risk Corrective Action

Active engagement and continuous communication with concerned stakeholders is a key focus with each business

Operational

Internal Risk

Overdependence on single source suppliers and major principles.

Risk of failing to identify alternate sources of raw materials. Also, the risk of failing to maintain key business relationships with major principals of our trading businesses resulting in financial loss to the company.

Risk Corrective Action

The company aims to use its purchasing power and long term relationships with the suppliers to ensure continuous availability of raw materials and safeguard their constant delivery at the best conditions. Maintenance of optimum buffer inventory levels assists in partially mitigating the risk of abrupt supply interruption. Management continues to engage principles and partners in value chain to align strategic views and cement long term partnerships. The company continues to build a portfolio of 'Own Brands' to reduce adverse impact in case of discontinuation of Principal.

Internal Risk

Health, Safety, Environment and Security

HSE&S risks in production and supply chain processes can adversely affect our operations. These risks concern areas such as personal health and safety, process safety, product safety and operational eco-efficiency. Unlikely scenario can involve major incidents with a high impact for our organization which may cause business disruption and reputational damage.

Risk Corrective Action

For us, compliance with HSE&S standards is a license for doing business. The company continues to focus on energy conservation, waste and Operational & Eco-Efficiency (OEE) footprint reduction. A detailed report on HSE performance and development in 2013 is available in this report.

External Risk

Severe energy shortages and price hikes affecting both the cost of doing business and downstream demand.

Disruption to supply of natural gas to the company's production facilities is negatively impacting business deliverables due to considerable erosion of margins as a result of using expensive alternate fuels.

Risk Corrective Action

To address the energy deficit faced by the company due to restricted supply of natural gas, PKR 2 billion has been spent to install boilers for steam generation based on state of the art Coal Fired Technology. These are expected to come online in 2013 and will improve the energy economics of the Soda Ash business.

In early 2013, the Board has approved a project of one coal fired boiler and two coal fired heaters to cater for the energy requirements of Polyester Business. The company is currently working on feasibilities of more coal based projects to completely remove its dependence on natural gas as a fuel to meet its energy needs.

To partially mitigate the financial impact of gas unavailability, the business continuously remains engaged in various cost saving, energy and efficiency related projects. Risk of lower downstream demand due to energy shortages is partially managed through technical and commercial support to improve downstream efficiencies.

Financial

Internal Risk

Credit risk

- Risk of default in payments by credit customers in the current challenging economic conditions, leading to adverse financial impact on the company.

Risk Corrective Action
The company's counterparty risk is sufficiently diversified with established limits for key customers. Credit reviews are regularly conducted to align the exposure in line with the changing conditions while remaining within the overall risk appetite of the company.

External Risk

Fluctuation in exchange rates

- Continued depreciation of Pak rupee against the US dollar has a negative impact on the financial results of our businesses through erosion of margin particularly in Life Sciences businesses where prices of pharmaceutical products are capped by the Ministry of Health.

Risk Corrective Action
We have a centralized treasury and forward contracts are obtained from time to time to limit the exposure to foreign currency risk. However, erosion of margins because of inability to raise prices as highlighted above is a risk we have to take and is being partially mitigated through introduction of generic brands and continuous engagement with the policy makers in the Government.

Internal Risk

Liquidity risk

- Risk of the company not being able to fulfill its financial obligations due to non-availability of sufficient funds

Risk Corrective Action
The company ensures optimum utilization of cash generated by operations and has sufficient lines with various financial institutions to meet its funding requirements.

External Risk

Interest rate risk

- Risk of an increase in the interest rates having an adverse impact on the profitability of the company.

Risk Corrective Action
The company has availed State Bank of Pakistan's Long Term Financing Facility (LTFF) to meet the funding requirements of the Soda Ash Coal Fired Boiler Project where the interest rates are fixed over the term of the loan.

Further, financing has also been availed for working capital requirements at competitive spreads. For other borrowings, the interest rate risk is at an acceptable level.

Compliance

Internal Risk

Compliance with laws & regulation

- Exposure to liabilities arising out of noncompliance with laws and regulation

Risk Corrective Action
We closely monitor changes in the regulatory environment and adapt to all significant changes in a timely manner. We are dedicated to compliance with all legal and regulatory requirements with special emphasis on conformity with our Code of Conduct.

We operate under a comprehensive Competition Law compliance program including training, monitoring and assessment.

Board & Management Committees

Committees of the Board

Audit Committee with brief terms of reference

The Audit Committee ensures that the Company has a sound system of internal financial and operational controls. Chaired by an independent, non-executive director, the Committee serves as 'the eyes and the ears' of the Board, assisting it in discharge of its fiduciary responsibilities.

The Audit Committee reviews the periodical financial statements of the Company and announcements of results to the stock exchanges. One important responsibility of the Committee is to recommend to the Board the appointment of external auditors and facilitate the external audit and discuss with the external auditors major observations arising from interim and final audits. In doing so, the Committee also reviews the management letter issued by the external auditors and management's response thereto.

Besides this, risk management, compliance with relevant statutory requirements, review of legal matters which may significantly impact the financial statements, monitoring compliance with the best practices of corporate governance and investigating any violations thereof and ensuring coordination between internal and external auditors are also the main responsibilities of the Audit Committee.

In carrying out its duties the Audit Committee has the authority to discuss any issue within its remit directly with the management, internal auditors or external auditors and may obtain outside legal or professional advice on it, if it considers necessary. The Audit Committee comprises three directors all of whom are nonexecutive directors including the Chairman. The Chief Financial Officer and representatives of internal auditors attend the Committee meetings by invitation.

The Audit Committee meets at least four times in a year. At least once a year, it meets the external auditors without the CFO or the internal auditors being present. It further meets at least once a year, the internal auditors without the CFO being present. The Audit Committee met twice during the period under review.

Remuneration Committee

The Remuneration Committee is a Sub-Committee of the Board and is responsible for reviewing the remuneration and benefits of the Chief Executive, Executive Directors and the Executive Management Team. It also serves as the recommending body for the annual salary increment exercise for all management staff.

The Committee consists of three Non-Executive Directors and the Chief Executive. The Vice President Human Resources acts as the Secretary of the Committee. The Committee meets at least once a year.

Banking Committee

This Committee comprising three Executive Directors has been constituted to approve matters relating to opening, closing and day to day operations of bank accounts. The resolutions passed by the Banking Committee are subsequently ratified by the Board.

Share Transfer Committee

The Share Transfer Committee consists of three Executive Directors. This committee approves registrations, transfers and transmission of shares. Resolutions passed by the Shares Transfer committee are subsequently placed at Board meetings for ratification.

Management Committees

Executive Management Committee

The Chief Executive is the Chairman of the Executive Management Committee. The Committee comprises all Business and Functional Heads. This Committee meets once a month under the chairmanship of the Chief Executive and is responsible for strategic business planning, decision making and overall management of the Company.

HSE Management Committee

The Health, Safety and Environment committee, chaired by the Chief Executive, periodically reviews and monitors company wide practices. It overseas the health, safety and environment functions of our Company and is also responsible for ensuring that all our operations are environment-friendly and complaint with regulatory and Group framework.

Succession Planning Forum

This forum is chaired by the Chief Executive and meets periodically to review the Company's succession planning and talent pipeline at all levels. This forum is supported by the following capability groups:

Commercial capability group
Technical capability group
HR, finance and IT capability group

Supply Chain Network

The network includes Supply Chain managers of each of the Company's businesses and aims to improve procurement and material handling effectiveness by seeking and capitalizing upon synergistic opportunities and sharing of best practices.

Company Information*

Board of Directors

M Yunus Tabba	Chairman (Non-Executive)
M Ali Tabba	Vice Chairman (Non-Executive)
M Sohail Tabba	Non-Executive
Amina A Aziz Bawany	Non-Executive
Ali A Aga	Executive
Asif Jooma	Chief Executive
Khawaja Iqbal Hassan	Independent
M Abid Ganatra	Executive

Audit Sub Committee

Khawaja Iqbal Hassan	Chairman
M Ali Tabba	Member
M Sohail Tabba	Member

HR & Remuneration Sub Committee

M Ali Tabba	Chairman
M Sohail Tabba	Member
Asif Jooma	Member
Khawaja Iqbal Hassan	Member

Chief Financial Officer
M Abid Ganatra

Company Secretary
Saima Kamila Khan

Executive Management Team

Asif Jooma	Chief Executive
Ali A Aga	Vice President, Soda Ash Business
Faisal Akhtar	General Manager, Chemicals Business
M Abid Ganatra	Chief Financial Officer
M Asif Malik	Vice President, HR & Life Sciences Business
Saima Kamila Khan	General Counsel & Company Secretary
Suhail Aslam Khan	Vice President, Polyester Business
Syed Iqbal Haider	General Manager, Corporate Technical Function

Bankers
Allied Bank Limited
Askari Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Citibank N.A.
Deutsche Bank AG
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
HSBC Bank Middle East Limited
HSBC Bank Oman S.A.O.G
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Samba Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

Auditors
Internal Auditors
KPMG Taseer Hadi & Co.,
Chartered Accountants

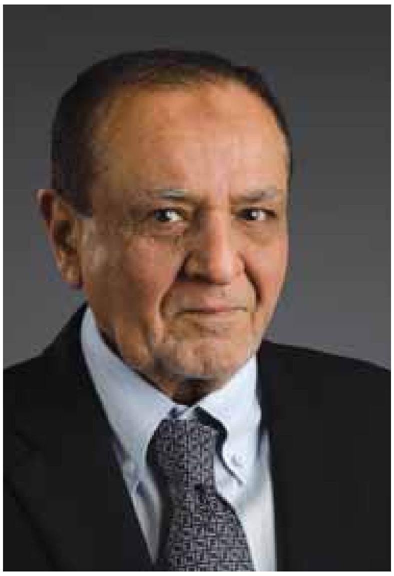
External Auditors
Ernst & Young Ford Rhodes Sidat Hyder & Co.,
Chartered Accountants

Registered Office
ICI House, 5 West Wharf, Karachi-74000
Tel # 111-100-200, (021) 32313717-22
Fax # 32311739
Website: www.ici.com.pk

Shares Registrar
FAMCO Associates (Pvt) Ltd.
8-F, Next to Hotel Faran,
Nursery, Block-6, P.E.C.H.S.
Shahrah-e-Faisal, Karachi
Tel : (021) 34380101-2
Fax : (021) 34380106

*As of August 19, 2013.

Our Board of Directors



Muhammad Yunus Tabba
Chairman

Appointed as Chairman ICI Pakistan Limited on December 28, 2012, Mr. Yunus Tabba started his 40 year long career with Yunus Brothers Group as one of its founding members and has seen it progress through the years. With his expertise and diversified experience, he has taken Yunus Brothers Group to a level which is appreciated by local and international business communities.

Muhammad Yunus Tabba has also been awarded "Businessman of the Year" by the Chamber of Commerce, several times during his career. Under his leadership, the Group has achieved many breakthroughs and has received multiple awards from local and international institutions.

Muhammad Ali Tabba
Vice Chairman

Appointed as the Vice Chairman of ICI Pakistan Limited on December 28, 2012, Muhammad Ali Tabba is the Chief Executive of Lucky Cement Limited since 2005, succeeding his late father. Muhammad Ali has been associated with the Yunus Brother's Group since 1990 when he started his career as a Director in the small family owned commodity trading business. Since then, he has successfully reformed and expanded the companies he heads in the Group, which also include Yunus Textile Mills, a leading name in the home textiles industry.

Muhammad Ali Tabba is a distinguished leader and has been actively involved in many welfare organizations as well. He serves as a Trustee of the Fellowship Fund for Pakistan, a Board formed to identify and sponsor 'Leaders' of the country to polish their leadership skills. Due to his extensive engagement in many community welfare projects, he has received numerous recognitions and awards for his social interventions. Mr. Tabba is on the Board of Governors at various Universities, Institutions and Foundations and also manages the Group's own Aziz Tabba Foundation with welfare projects in the field of education, health, housing and other social needs.

Acknowledging his professional accomplishments, distinguished leadership and commitment to shaping a better future, World Economic Forum bestowed him with the honor of Young Global Leader 2010.

Muhammad Sohail Tabba

Non-Executive Director

Appointed as a Non-Executive Director of ICI Pakistan Limited on December 28, 2012, Sohail Tabba is one of the top business executives in Pakistan with vast experience in manufacturing, energy, real estate and cement sectors gained during his two decade long career. His association with the Yunus Brothers Group has successfully transformed the group's textile concerns into leading global players including names such as Gadoon Textile Mills Limited, Fazal Textile Mills Limited and Lucky Knits (Pvt.) Limited, where he serves as the Chief Executive.

He is also the Chief Executive of Lucky Energy Pvt. Limited and Yunus Energy Limited in addition to Lucky One Pvt. Limited. He is the Chairman of Lucky Paragon Readymix Concrete and a Director on the Boards of Yunus Textile Mills Limited, Lucky Textile Mills and Lucky Cement Limited, the leading cement manufacturer and exporter of Pakistan.

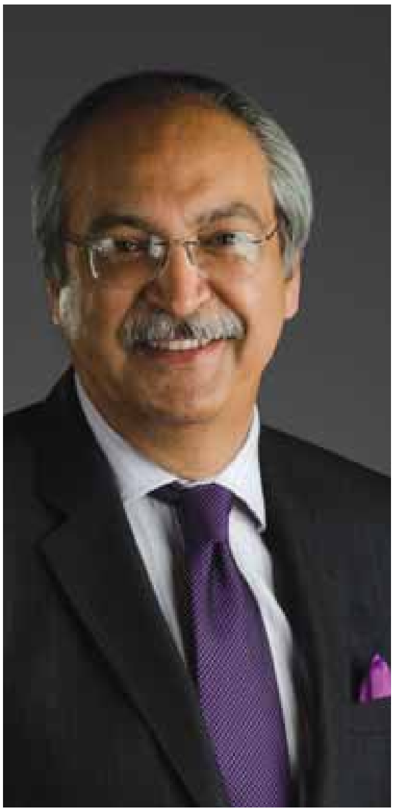
His philanthropic and social engagements include being the founding member of the Child Life Foundation and Italian Development Council (IDC). He also serves as a Director for the Tabba Heart Institute and Aziz Tabba Foundation and as a member of the Board of Governors at Hamdard University Pakistan.

Amina A Aziz Bawany

Non-Executive Director

Appointed to the Board of Directors of ICI Pakistan Limited on December 28, 2012, Amina Abdul Aziz Bawany is a post graduate in Early Years Education with over ten years experience in the education sector. She has held a key oversight position within YBG and possesses a versatile skill set with experience in customer relations and sales and is known for her attention to detail and excellent communication skills.

She is also on the boards of various charities that successfully raise funds for medical and educational needs of underprivileged Pakistanis.



Ali A Aga
Executive Director

Ali A. Aga is a Director on the Board of ICI Pakistan and also heads the Company's Soda Ash Business as Vice President. He also served as acting Chief Executive of the Company during the transition period from 28th December 2012 to 24th February 2013. He is also a Director on the Board of ICI Pakistan PowerGen Limited. Ali Aga started his career in ICI as a Management Trainee in 1981 and has over 32 years of multi industry experience in a wide range of management positions in Marketing, Operations, Business Strategy, Human Resource, and General Management in ICI Pakistan as well as other multinational and national companies. His industry experience includes Fertilizers, Polyester, Agrochemicals, Consumer Electronics and Soda Ash industries.

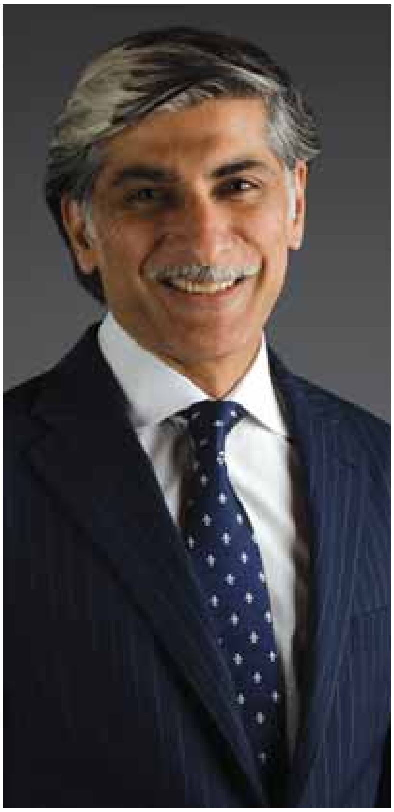
He has served as General Manager Human Resource, Corporate Communications and Public Affairs for the Company and also as a Director on the Board of Pakistan PTA Ltd, Akzo Nobel Pakistan Ltd and Pakistan Society for Training and Development. He is actively engaged in volunteer work in the field of education and is the Chairman of the Board of Governors of Winnington School Khewra.

Ali Aga holds an MBA degree with double majors in Marketing and Operations Management and Bachelors in Chemical Engineering. He has attended the Advanced Management Program at Harvard Business School and has been a guest speaker at various local and international conferences.

Asif Jooma
Chief Executive

Asif Jooma started his career in the corporate sector with ICI Pakistan in 1983 and has over 28 years of extensive experience in senior commercial and leadership roles. Following early years with ICI Pakistan and subsequently Pakistan PTA Limited, Asif Jooma was appointed Managing Director of Abbott Laboratories Pakistan Limited in 2007. After serving there for nearly six years, he was appointed Chief Executive of ICI Pakistan Limited in February 2013.

A Bachelor of Arts in Developmental Economics from Boston University, Asif has previously served as President, American Business Council (ABC), President of Overseas Investors Chamber of Commerce & Industry (OICCI) and Chairman of Pharma Bureau. He also serves as a Director on NIB Bank Limited and Board of Investment, Government of Pakistan.



Khawaja Iqbal Hassan
Independent Director

Khawaja Iqbal Hassan was appointed as a Non-Executive Director on the Board of ICI Pakistan Limited on January 18, 2013. He graduated cum laude from the University of San Francisco with majors in Finance and Marketing. He started his career with Citibank N.A. where he held key positions including Regional Business Head and Vice President in Saudi Arabia, Turkey and Pakistan. Mr. Hassan is the founder of Global Securities Pakistan Limited and NIB Bank Limited and served in both institutions as Chief Executive.

He is presently a member of the Board of Directors of the State Bank of Pakistan, Engro Corporation Limited and the Karachi Grammar School. He has also served on the Boards of Civil Aviation Authority of Pakistan (CAA), NIB Bank Limited, Pakistan Steel Mills, Habib Bank Limited, National Fullerton Asset Management Company Limited, Global Securities Limited, Citicorp Investment Bank Pakistan, The Pakistan Fund, The Lahore University of Management Sciences (LUMS), Central Depository Company of Pakistan Limited and Pakistan Centre for Philanthropy (PCP). He is also the former Vice Chairman of Pakistan Bankers' Association and has served as Chairperson, Banking Sector Committee on Reform of Pakistan's Banking Companies Ordinance.

Khawaja Iqbal Hassan has been a member of the Prime Minister of Pakistan's Task Force on Foreign Exchange Reserves Management, Corporate Tax Reform and Capital Markets Reform. He was awarded the Sitara-i-Imtiaz by the Government of Pakistan for meritorious contribution to national interests.

Muhammad Abid Ganatra
Executive Director

Appointed as a Director on the Board of ICI Pakistan Limited on December 28, 2012 and as the Chief Financial Officer of the company in April 2013, Abid Ganatra has been associated with the Yunus Brothers Group since 1994.

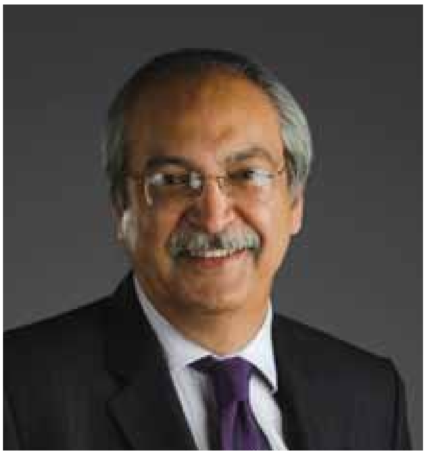
He has more than 20 years of diversified experience at senior management positions with an emphasis on financial management, operational management, capital restructuring, corporate and legal affairs, mergers and acquisitions as well as taxation.

Abid is a fellow member of the Institute of Chartered Accountants and the Institute of Cost and Management Accountants of Pakistan. He has also gained a Masters degree in Economics and Bachelors in Law.

Our Executive Management Team

Asif Jooma
Chief Executive

Faisal Akhtar
General Manager, Chemicals Business



Ali A Aga
Vice President, Soda Ash Business

Muhammad Abid Ganatra
Chief Financial Officer

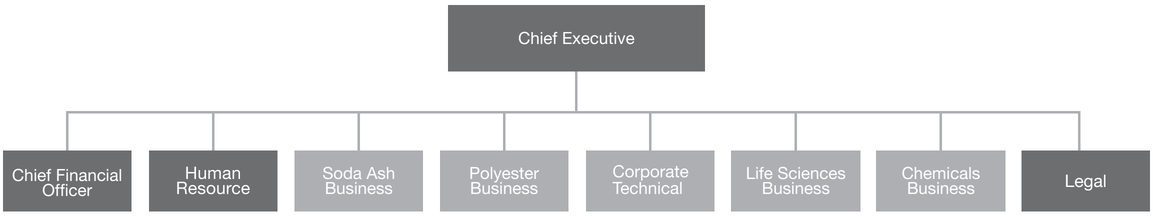
M Asif Malik
Vice President, Human Resource & Life Sciences Business

Suhail Aslam Khan
Vice President, Polyester Business

Saima Kamila Khan
General Counsel & Company Secretary

Syed Iqbal Haider
General Manager, Corporate Technical

Organizational Structure



Report of the Directors

for the year ended June 30, 2013

The Directors are pleased to present their report together with the audited financial statements of the Company for the period ended June 30, 2013.

Change Of Financial Year

Consequent to the approval of the shareholders and the SECP (Securities and Exchange Commission of Pakistan), the financial year of your Company has been changed from January-December to July-June. This has been done with the intent of aligning the financial year of ICI Pakistan with associated companies in the Group. As a result, the current year audited financial statements have been prepared for a period of six months (a one-off measure) from January to June 2013.

In this report, a comparative analysis of the current six months with the same period last year (SPLY) has been presented for a meaningful comparison of the Company's performance in the period under review.

Overview

Net Sales Income (NSI) of PKR 18.3 billion for the period under review is 9 percent higher than sales of PKR 16.7 billion for the same period last year, mainly due to higher revenues in the Polyester and Soda Ash Businesses.

The Company's Polyester Business revenues grew by 14 percent, achieved through a 9 percent volume growth and a 5 percent price impact, as a consequence of continued raw material cost push and rupee devaluation. Revenues for the Soda Ash Business increased by 10 percent, mainly due to 9 percent higher volumes during the period under review. Life Sciences Business recorded a 6 percent growth in NSI whilst sales in the Chemicals Business remained flat following the transfer of the AkzoNobel chemicals portfolio to Akzo Nobel Pakistan Limited.

For the six months ended June 2013, operating profit at PKR 1,173 million, is 45 percent higher than SPLY, driven mainly by improved performance of the Soda Ash and Life Sciences Businesses, that helped mitigate lower margins in the Polyester Business.

Administration and general expenses were lower by 42 percent compared to SPLY which were inclusive of a one-off demerger and divestment expense.

Profit after tax at PKR 688 million is 37 percent higher compared to SPLY on account of robust topline growth and lower administration and general expenses. Higher financial charges in the period under review are a consequence of funding needs following the transfer of PKR 3.6 billion to Akzo Nobel Pakistan Limited (under the Demerger Scheme of Arrangement).

Earnings per share at PKR 7.45 are 37 percent higher compared to PKR 5.44 for the same period last year.

On a consolidated basis (including the result of the Company's wholly owned subsidiary ICI Pakistan PowerGen Limited) profit after tax for six months ended June 2013 at PKR 759 million is 85 percent higher compared with SPLY.

In line with the Company's efforts to resolve the energy crisis faced by its major manufacturing businesses due to restricted supply of gas, the Coal Fired Boiler project was initiated last year. Aimed at improving the energy economics of the Soda Ash Business, the project is in the final stages of implementation and commissioning expected to commence in the forthcoming quarter.

Financial Performance

Rs m	2013	2012	Increase/ (Decrease) Percentage
Turnover	20,134	18,316	10
Net Sales Income	18,316	16,729	9
Gross Profit	2,057	1,976	4
Operating Result	1,173	811	45
Profit Before Tax	1,026	773	33
Profit After Tax	688	503	37
Earnings Per Share (Rs)	7.45	5.44	37

Dividends

Keeping in view the working capital and funding requirements, the Board decided to skip dividend for the period.

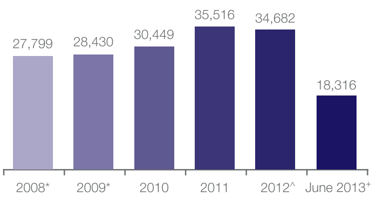
Board Changes

Consequent to the resignation of Mr. Feroz Rizvi from the Board with effect from January 1, 2013, Mr. Khawaja Iqbal Hassan was appointed as an independent, Non-Executive Director of the Company with effect from January 18, 2013 to fill in the casual vacancy for the remainder of the term which will expire on April 28, 2014. There has been no other change in the Board since its reconstitution on December 28, 2012 following the acquisition by YBG.

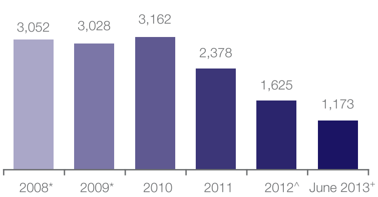
New Corporate Identity

Following the change in shareholding, your Company has evolved a new corporate logo which was launched on September 02, 2013. The new logo reflects the Company's growth aspirations whilst reinforcing its strong heritage and values.

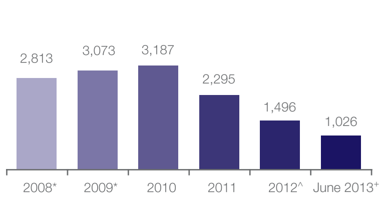
NSI in Rs M



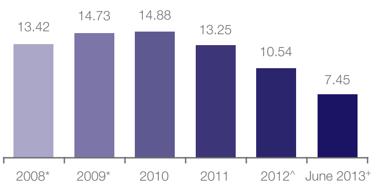
Operating Result in Rs M



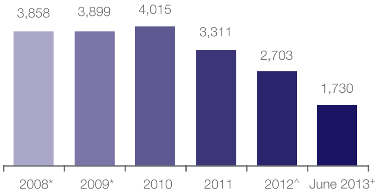
Profit before taxation in Rs M



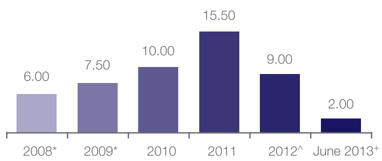
Earnings per share in Rs



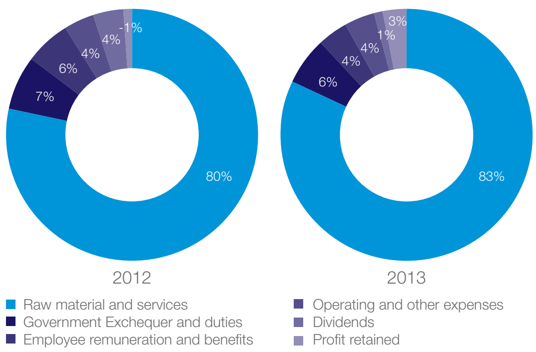
EBITDA in Rs M



Dividend in Rs per share



* Includes Akzo Nobel Pakistan (Formerly Paints Business)
^ Restated
+ Current period contains result till June 30th 2013 due to change in fiscal year



Value Addition and its distribution				**Rs '000**
	June 2013	**%**	**June 2012**	**%**
Net Sales including sales tax	19,312,719	99%	17,710,271	99%
Other operating Income	125,618	1%	198,928	1%
	19,438,337	**100%**	**17,909,199**	**100%**
Raw Material and Services	16,117,566	83%	14,260,252	80%
Government Exchequer and duties	1,179,328	6%	1,268,448	7%
Employee remuneration & benefits	706,573	4%	1,149,282	6%
Operating and Other expenses	747,103	4%	728,490	4%
Dividends	184,718	1%	763,413	4%
Profit Retained	503,049	3%	(260,686)	-1%
	19,438,337	**100%**	**17,909,199**	**100%**

Health, Safety and Environment - HSE

Your Company continued to demonstrate its unwavering commitment to HSE achieving a total reportable rate of injuries for employees and supervised contractors of zero compared to 0.27 in 2012. This is a clear manifestation of our resolve to place HSE as a core priority. A sharper focus on operational discipline and a strict adherence to the Company's Health, Safety, Environment and Security Management system was supported by management focus through the Behavior-Based Safety (BBS) program.

The Polyester, Soda Ash, Life Sciences and Chemicals businesses respectively achieved 1.9, 3.2, 2.1 and 3.6 million man hours without LTI (lost time injury) for employees and supervised contractors. There were also no reportable injuries to any Independent Contractor. The winner of the 2012 Chief Executive HSE Trophy was the Chemicals Business.

Review of the 2012 HSE&S improvement plans of all Businesses / Locations was completed in March 2013. Improvement Plans for 2013 were also completed across the Company. Focus on reducing the Operational Eco Efficiency (OEE) Footprint continued with sustainability plans in place for implementation in all Businesses.

ICI Pakistan Limited was once again recognized for transparency and completeness in its environmental and sustainability reporting. For the second consecutive year,

Asif Jooma receiving WWF ACCA Award

Adult Literacy Program initiative

the Company was honored with the prestigious 'Best Sustainability Report Award' - an initiative by the ACCA and WWF Pakistan to support and promote best practice in environmental and sustainability reporting in the country.

A detailed report on HSE performance and development in 2013 is available on page 26 of the annual report.

Corporate Social Responsibility - CSR

Your Company's community investment activities are mainly managed through the ICI Pakistan Foundation, a registered Trust run and managed by its own Board of Trustees. The Foundation focuses on community development through investment in education, health, environment, infrastructural development and disaster relief and rehabilitation projects.

Education:

The ICI Pakistan Foundation, under its Ilm-o-Huner initiative, launched a pilot adult literacy program in partnership with Literate Pakistan. Literate Pakistan runs a nationwide adult literacy program under the brand name of 'Jugnu'. The program is being held at the Kakapir Village in Karachi where women of all ages from the fishing community settled along the coastline of Karachi have registered. We are very excited by the response of the community and based upon the result of our pilot program, we will enhance its scope and reach.

The Foundation also continued to support the Government Boys and Girls Primary School, Kakapir, Sandspit Beach, Karachi and the Tibbi Hariya School Sheikhupura as well as providing educational opportunities to the community in and around our plant in Khewra.

Health:

The Company's Eye Care program has been benefitting deserving patients for the past 22 years also continued with six eye clinics being held from January to June 2013. In this period 2,827 OPDs, 320 major, 60 minor surgeries and 644 refractions were performed.

Environment:

To create awareness for conservation and protection of natural resources the Company participated in the Earth Hour on March 23, 2013 by switching off all unnecessary lights at all our sites. Last year, we managed to save 1.5 Mega Watt of electricity at the Polyester site and this year we have managed to save an impressive 2.1 Mega Watts of electricity from the readings obtained at five of our sites.

Earth Day, which is another environmental initiative celebrated across the globe, was celebrated by organizing a tree plantation activity in Karachi with school students where a total of 76 trees were planted by students of various schools.

A detailed report on CSR performance in 2013 is available on page 28 of the annual report.

Human Resource

Offering learning and development opportunities to our pool of human resource and encouraging talent movement across Businesses and Functions remained strategic priorities for the Company. A total of 7,816 man hours were dedicated on training employees on self-development, safety and functional and managerial effectiveness while talent movement across business and functions was recorded at 11 percent.

Developing the talent pipeline for the Company remained a key focus area. Campus recruitment drives for the Graduate Recruit program were conducted at the top seven universities of Pakistan including NUST, GIKI, LUMS and IBA. Eighteen fresh graduates were recruited in the commercial, finance and technical streams after a rigorous selection process.

The Performance Management System continued to be an essential tool to provide regular feedback to managers in addition to aligning performance with business strategy. Employees across the Company are currently in the process of their mid-year review against the objectives agreed at the beginning of the year.

A detailed report on human resource performance and development in 2013 is available on page 22 of the annual report.

Risk Management Framework

The Board has an overall responsibility for ensuring that an effective risk management process is in place. This encompasses identification and prioritization of strategic, financial, operational, legal and external risks and ensuring appropriate controls to mitigate these risks. A detailed report on risk management philosophy, key risks and tools used by the Company is available on page 35 of the annual report.

Polyester Staple Fiber (PSF)

The domestic PSF market continued to remain under pressure due to regional and local over capacity and dumping of PSF mainly from China . Revenue for the period was 14 percent higher compared to SPLY mainly due to higher volumes as blend economics improved in favor of

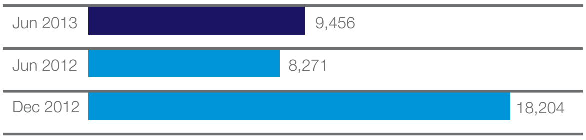
Graduate Recruit Drive 2013

Earth Day 2013

Our employees at an HSE Training

polyester due to higher domestic cotton prices and reduced uncertainty in tax regimes.

Net sales, commission & toll income (Rs M)



Operating result (Rs M)

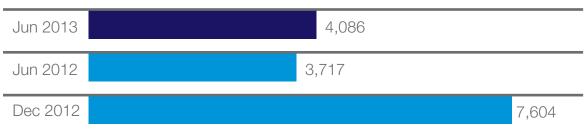
Despite higher revenue, operating loss at PKR 157 million was 37 percent higher compared to SPLY. Higher raw material prices negatively affecting margins over feedstock. The situation was further aggravated by the energy crisis in the country with gas outage days increasing from 118 to 131 days in 2013. Resultantly, expensive alternate fuels were used which increased the energy cost by 24 percent, with the Business incurring an additional cost of PKR 674 million on alternate fuels.

Going forward, domestic volumes and margins are expected to remain under stress due to the ongoing capacity overhang and energy shortage. China's cotton reserve policy will influence cotton prices in the international and domestic market. The Government's decision to impose a 17 percent sales tax on finished goods and made-up articles of textile may affect domestic downstream demand.

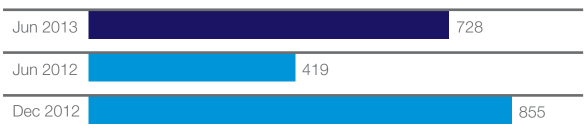
Soda Ash

During the period under review, NSI grew by 10 percent on the back of higher sales volumes. Continued focus on energy saving, cost reduction initiatives and efficiency improvements

Net sales, commission & toll income (Rs M)



Operating result (Rs M)



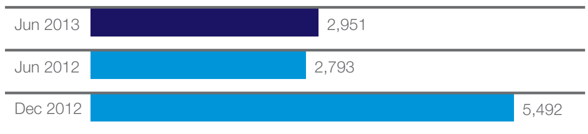
led to lower variable and fixed costs resulted in 39 percent and 74 percent growth in gross profit and operating result respectively compared to SPLY.

Dumping of Soda Ash from Kenya continued due to non-implementation of the ruling by the National Tariff Commission. However, the Business is pursuing legal recourse and a case in the Lahore High Court is awaiting judgment.

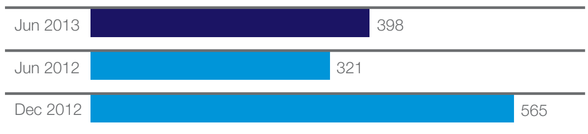
Life Sciences

NSI for six months at PKR 2,951 million was 6 percent higher compared to SPLY with growth in Pharmaceuticals, Animal Health and Vegetable Seeds segments.

Net sales, commission & toll income (Rs M)



Operating result (Rs M)



Sales of the Pharmaceutical segment grew by 13 percent over last year mainly through unit growth. The Animal Health segment posted a robust 9 percent growth over last year with better performance in the Livestock segment. This was despite lower sales in poultry due to adverse farm economics in the poultry industry. Sales for the Seeds segment were lower due to normalisation of the one-off institutional sales in the previous year.

Following the notice of termination of distribution agreement with AstraZeneca in Q1, the Company was successful in retaining its distribution agreement on the prevailing terms and conditions. This will hold your company in good stead while aggressively growing its footprint in the Pharmaceutical segment.

The Business has in principle entered into a long-term lease agreement of its first manufacturing facility for Animal Health products. An application has been filed with the Drug Regulatory Authority Pakistan for transfer of manufacturing license and product registrations to ICI Pakistan. Regulatory approvals are expected in Q3 subsequent to which manufacturing will commence under the ICI Pakistan umbrella at the leased site.

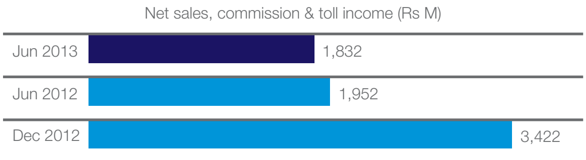
Launch of Hycorn by Seeds Division

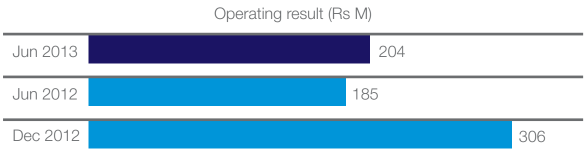
New branding at the Head Office

Effective cost control and timing difference of new product launch expenses, delivered an operating result for period under review of PKR 398 million which is 24 percent higher compared to SPLY.

Chemicals

Overall sales volume for the six months was 3 percent higher than SPLY. NSI of PKR 1,832 million was 6 percent lower compared to SPLY whereas operating profit for the period under review increased by 10 percent compared to SPLY.





Going forward, law and order concerns and energy outages remain critical for the Business as customers continue to be vulnerable to external shocks.

Finance

The Company's Balance Sheet at a current ratio of 1.31 (2012: 1.05) and a liquidity ratio of 0.59 (2012: 0.41) was affected following the settlement of liability with Akzo Nobel Pakistan Limited.

NSI at PKR 18.3 billion is 9 percent higher than SPLY mainly due to higher volumes in Polyester and Soda Ash. PSF sales volumes were higher as blend economics moved in favor of polyester yarn. Soda Ash volumes increased due to higher production optimized around gas availability and operational efficiencies.

Gross profit for the six months was 4 percent higher compared to SPLY. The impact of NSI growth is not entirely reflected in the reported gross profit due to deteriorating PSF margins, availability of lower priced / dumped imports and higher energy cost.

Selling and distribution expenses for the six months were 3 percent lower on account of restatement of last year's retirement benefit charges (due to revision in IAS 19) which were partially offset by general inflationary increases. Administration and general expenses for the year were 42 percent lower which included one off demerger and divestment expenses. Consequently, operating result for the six months at PKR 1,173 million was 45 percent higher compared to SPLY.

Short term financing facilities were arranged by the Company from various banks to cover short term working capital and funding requirements. As a result, financial charges for the year are 10 percent higher and operating income is lower by 37 percent.

Consequently, profit after tax amounting to PKR 688 million was 37 percent higher compared to SPLY. The consolidated profit after tax amounting to PKR 759 million was also 85 percent higher compared to the SPLY.

Earnings per share from continuing operations at PKR 7.45 for the year are 37 percent higher compared to SPLY.

Future Outlook

Macro-economic outlook of the country continues to remain challenging. The ongoing energy crisis severely penalises the industrial sector, substantially increasing the cost of production and impacting downstream demand, concomitantly affecting both margins and volumes.

In addition, dumping and under-invoicing of Polyester and Soda Ash at uneconomical prices remains a major concern. Your Company is aggressively pursuing the matter with the National Tariff Commission and other relevant authorities.

Following commissioning of the Coal Fired Boiler in the second half of 2013, the energy mix in the Soda Ash Business is set to improve, reducing dependence on expensive alternate fuel. However, the ongoing energy crisis and broader macro-economic conditions will continue to influence the Company's performance. Actions are in hand to address this area as a priority.

Acknowledgment

The results of your Company are a reflection of the commitment and contribution of its pool of talented employees and the trust reposed in the Company by its customers, suppliers and service providers and shareholders.

Company Secretary

Ms Ambreen Shah resigned as Company Secretary with effect from February 21, 2013. The Board appointed Mr.

Q&A during the AGM 2013

Staff CE Session

Nasir Jamal as Acting Company Secretary who subsequently resigned with effect from June 11, 2013. Ms Saima Kamila Khan has been appointed as the new Company Secretary with effect from July 15, 2013.

Auditors

The present auditors M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants retire and being eligible, have offered themselves for reappointment for the new financial year.

As recommended by the Audit Committee, the Board has approved the proposal to appoint M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants as the statutory auditors of the Company, subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

Compliance With The Code Of Corporate Governance

As required under the Code of Corporate Governance incorporated in the Listing Rules of the Stock Exchanges in the country, the Directors are pleased to state as follows:

- The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any deviation from these has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance as detailed in the Listing Regulations.
- Key operating and financial data for the last 10 years is summarized on page 20.
- Outstanding taxes and levies are given in the Notes to the Financial Statements.
- The management of the Company is committed to good corporate governance, and appropriate steps are taken to comply with best practices.

Investment In Retirement Benefits

The values of investments made by the staff retirement funds operated by the Trustees of the funds as per their respective financial statements (audited) on Dec 31, 2012 are as follows:

	Value (Rs '000)
1. ICI Pakistan Management Staff Pension Fund*	1,146,216
2. ICI Pakistan Management Staff Gratuity Fund*	335,391
3. ICI Pakistan Management Staff Defined Contribution Superannuation Fund**	437,234
4. ICI Pakistan Management Staff Provident Fund**	818,783
5. ICI Pakistan Non-Management Staff Provident Fund**	379,835

Directors' Attendance

During the period under review, three (03) Board Meetings, two (02) Audit Committee and two (2) Remuneration Committee Meetings were held. Attendance by each Director/CFO/Company Secretary was as follows:

Name of Director	Board of Directors Attendance	Audit Committee Attendance	HR & Remuneration Committee Attendance
Muhammad Yunus Tabba	2	-	-
Muhammad Ali Tabba	3	2	2
Muhammad Sohail Tabba	1	-	-
Amina A Aziz Bawany	-	-	-
Asif Jooma	3	-	2
Ali A Aga	3	-	1
Muhammad Abid Ganatra Director & CFO	3	2	1
Khawaja Iqbal Hassan	3	2	2
Ambreen Shah Company Secretary*	1	1	-
Nasir Jamal Acting CFO and Company Secretary**	2	2	-
M Asif Malik Secretary to Remuneration Committee	-	-	2

*Resigned w.e.f., February 21, 2013
** Resigned w.e.f., June 11, 2013

Director's Training

A member of our Board of Directors is a PICG (Pakistan Institute of Corporate Governance) certified Director while another member of the Board will attend the certification program in the next few months.

Our employees participating in the fifth WIBCON in Karachi

Corporate Identity launch

Pattern of Shareholding

A statement showing the pattern of shareholding in the Company along with additional information as at June 30, 2013 appears on page numbers F 50 to F 52.

As at June 30, 2013, Lucky Holdings Limited together with Gadoon Textile Mills Limited and Lucky Textile Mills Limited held 87.90 percent shares, while Institutions held 4.19 percent, and individuals and others held the balance 7.91 percent.

The highest and lowest market prices of ICI Pakistan shares during the period were as follows:

Pre-Demerger

Highest	June 14, 2013	Rs. 186.00
Lowest	March 19, 2013	Rs. 132.00

The Directors, CE, CFO, Company Secretary and their spouses and minor children did not carry out any transaction in the shares of the Company during the year except for the purchase of 12,500 shares by Mr Khawaja Iqbal Hassan in March 2013 as qualification shares as per the Articles of the Company. Necessary returns in this respect were filed with the regulatory authorities besides informing the Board and the stock exchanges of the said transaction as required under the Code of Corporate Governance.

Material Information

Consequent to the sale of majority shares of the Company by ICI Omicron B.V. (an AkzoNobel Company) to Lucky Holdings Limited, Lucky Holdings Limited acquired the license rights to the ICI Trademarks (“Licensed Trademarks”) for valuable consideration and on behalf of the Company, which are now intended to be sublicensed to the Company without break of continuity of use.

Your Board of Directors approved the draft terms of the Sub-License Agreement to be entered with Lucky Holdings Limited, the majority shareholders of the Company for continued use of the Licensed Trademarks, in relation to the Soda Ash and Polyester Staple Fiber Businesses of the Company against the payment of a licensing fee.

Group Financial Statements

The audited financial statements of the ICI Group for the period ended June 30, 2013 are attached. The ICI Pakistan Group comprises ICI Pakistan Limited and ICI Pakistan PowerGen Limited, a wholly owned subsidiary.

Muhammad Ali Tabba
Vice Chairman

Asif Jooma
Chief Executive

Dated: August 19, 2013
Karachi

Statement of Compliance

with the Code of Corporate Governance for the period ended June 30, 2013

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in the Listing Regulation No XI 35 of the Karachi Stock Exchange 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 CCG 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 one independent Director, four non-executive Directors and three executive Directors.

Category	**Names**
Independent Director	Khawaja Iqbal Hassan
Executive Directors	Asif Jooma
	Ali A Aga
	Muhammad Abid Ganatra
Non-Executive Directors	Muhammad Yunus Tabba
	Muhammad Ali Tabba
	Muhammad Sohail Tabba
	Amina A Aziz Bawany

The independent director meets the criteria of independence under clause i(b) of the CCG.

2. The Directors have confirmed that none of them is serving as a director in more than seven listed companies, including ICI Pakistan Limited. .

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

4. During the period one casual vacancy arose in the Board when Mr Feroz Rizvi resigned with effect from January 1, 2013 which was filled up by the appointment of Khawaja Iqbal Hassan with effect from January 18, 2013.

5. Consequent to the acquisition of the company by the YB Group, the newly constituted Board has slightly revised the Code of Conduct which is going to be rolled out for circulation throughout the Company besides being placed on the Company's website.

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

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

8. During the period, three Board meetings were held which were all presided over by the Chairman and in his absence, by the Vice Chairman of the Board. Written notices of the all Board Meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of all three Board meetings were appropriately recorded and circulated in time.

9. The Directors have been provided with detailed briefings and copies of the Listing Regulations of the Stock Exchange, the Company's Memorandum and Articles of Association and the Code of Corporate Governance and they are well-conversant with their duties and responsibilities. One of the Directors has so far acquired certification under directors training programme conducted by the PICG and more will be attending the training programme during the year 2013.

10. The following appointments were approved by the Board during the year, including fixation of their remuneration and terms and conditions of their employment:
    a) Mr Asif Jooma was appointed Chief Executive with effect from February 25, 2013.
    b) Mr Muhammad Abid Ganatra was appointed as Chief Financial Officer with effect from May 1, 2013.

11. The Report of the Directors for the period ended June 30, 2013 has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board. The annual accounts were also initialed by the external auditors before presentation to the Board.

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

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

15. The Company has an Audit Committee of the Board which has been in existence since 1992. The present Board has reconstituted the committee comprising three members, of whom two are non-executive directors and the Chairman of the Committee is an independent director.

16. The meetings of the Audit Committee were held at least every quarter prior to approval of financial results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Company has an HR & Remuneration Committee of the Board which has also been in operation since 1997. The committee has been reconstituted by the Board which comprises four members, of whom four are non-executive directors including the Chairman of the committee.

18. The Board has outsourced the internal audit function to M/s KPMG Taseer Hadi & Co. Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. They are involved in the internal audit function on a full time basis. The Company has appointed a manager who is a chartered accountant to coordinate with the Internal Auditors and is looking for a suitable person to be appointed as Head of Internal Audit in the near future.

19. 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 (ICAP) 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 ICAP.

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

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to Directors, CEO, CFO, Head of Internal Audit, other Executives and stock exchanges. ('Executive' as determined by the Board is an employee of the Company who is drawing a basic salary of Rs. 2.4 million or more in a year).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material principles contained in the CCG have been complied with.

Muhammad Ali Tabba
Vice Chairman

Asif Jooma
Chief Executive

Karachi
August 19, 2013

Review Report

To the Members on Statement of Compliance with The Best Practices of the Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) for the period ended 30 June 2013 prepared by the Board of Directors of ICI Pakistan Limited (the Company) to comply with the Listing Regulation No. 35 (Chapter XI) of Karachi, Lahore and Islamabad Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code 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 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 are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, the Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance for the period ended 30 June 2013.

Ernst & Young Ford Rhodes Sidat Hyder

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Date: August 19, 2013
Karachi

Business Performance

...higher goals

Our customers' needs are the driving force behind all that we do. Our businesses are unique in their scope of operations, portfolio offering and markets served; but what remains consistent is a drive to produce the greatest possible value.

The following section gives a detailed summary of how each of our Business Areas performed during 2013. Information on market characteristics and key brands is also provided.

Our Soda Ash Plant

Improved feeding system of Calciners

Soda Ash

Overview

The domestic Soda Ash market in Pakistan continues to remain affected by the energy supply issues, with downstream industries struggling to continue operations amidst gas and electricity outages. With the domestic market already in an oversupply situation, continued imports from Kenya at dumping prices are creating further difficulties for the domestic manufacturers of Soda Ash. Final determination of the anti-dumping case against Kenya by the National Tariff Commission is pending owing to a petition filed in the Lahore High Court and a decision from the court is awaited.

Over the past few years, several resource conversation initiatives have been introduced by the Business and we continue to seek areas within the scope of our daily activities where we feel there is an opportunity to reduce the burden we place on the environment and improve our efficiencies in the process.

Developments

Last year, in line with our commitment to providing the best quality product in the market, the new-look 50 KG packaging for Light Soda Ash was rolled out. This year, we have rolled out our new 50 KG packaging for Dense Soda Ash. An exhaustive benchmarking exercise was conducted against local as well as international competition and the new packaging has improved the aesthetic appeal as well as the quality of packing itself. Our final product is now even better positioned to exceed the expectations of our valuable customers.

Dense Soda Ash packing

Sports competition at the Winnington School

Our 'Customer Support Visits' continue, providing a valuable platform for sharing best practices from a technical perspective, as well as the critically important perspectives of Health, Safety & Environment. By sharing what we know and learning from our customers, we hope to make the 'ICI Pakistan Customer Experience' even more rewarding going forward.

Challenges

The energy crisis continues to remain the major challenge for the industries in Pakistan, and after the commissioning of our Coal Fired Boilers we hope to be better positioned to cater to the needs of our customers, understand their problems and develop solutions tailored to exceed their expectations.

Future Plans

In the coming year, we look to set ourselves new standards in terms of customer service levels, and remain absolutely committed to providing the best value offering for our customers and business partners.

Elanco Visit Wissam Halabi

Farmer's choice range

Life Sciences

Animal Health

Market Overview

The agriculture sector of Pakistan contributes 21% to the national GDP and employs nearly 45% of the country's labor force. It also supports other tiers of the economy by promoting aggregate demand for agro-based industrial goods and services. Within agriculture, the livestock sector dominates with 55.1% share in the value addition of agriculture and 11.6% share in the GDP of the country. The sector provides livelihood to approximately 30-35 million of the rural population. At a growth rate of 3.7% in 2012-13, livestock has emerged as a major alternative source of income in rural areas, particularly for the small farmers and landless poor.

The major products of livestock are milk and meat. With abundant natural resources in the shape of a large livestock population and amicable climate, Pakistan is the fourth largest global milk producer. Milk production increased by 3.2% and meat 4.5% during 2012-13 as compared to the corresponding period last year. However, the livestock market of Pakistan is still primarily unorganized and technology adoption is a challenge since the livestock population is scattered with average farm holding of one to six animals.

Despite the challenges, a large gap in Pakistan's per capita consumption of milk and meat compared to world average and increased demand for livestock products through population growth, higher per capita income, remittances, export proceeds and general immunity from weather related problems make the livestock sector a promising avenue for consistent growth.

The poultry sector is the second largest industry in Pakistan after textiles. Poultry generates direct and indirect employment for about 1.5 million people. It is the largest consumer of grains, especially maize. Poultry contributes 26.8% of the total meat production in the country and is growing at an annual rate of 7-8 percent reflecting its inherent potential. Key features of the poultry industry are its rapid mechanization, introduction of integrated farming systems, improving bio-security and value addition through sizeable current investments reaching about PKR 200 billion. Overall, the organized animal healthcare market is estimated at PKR 14.4 billion.

2013 Highlights

In the period under review, two new products from Bayer Animal Health were launched for livestock and poultry. Rompun, an anesthetic for large animals and Baycox, an anticoccidial for poultry.

Farmer's Choice Brands with NSV of PKR 318 million and a growth of 41% over same period last year, makes own brands a major component of the Animal Health Division's overall portfolio. The de-wormers range of Animal Health Division mainly composed of 40 year old brands with three-fold price differential against generics grew by 8% at the back of effective strategy execution and strong pull. Meanwhile, the division's animal feed "Vanda" grew by 20% as a result of consistent quality and efforts of our sales team. Elanco's Somatech, a bovine somatotropin hormone milk enhancer witnessed growth of 22% resulting from deeper market penetration, stronger foothold at farm level and increase in market share.

Overall, our Animal Health Division registered net sales of PKR 929.9 million with a growth of 9% over 2013. EBIT with PKR 100m grew by 20% over same period last year.

Animal Health Team at VIV Asia 3013


Improving animal care

Customer Engagement

Putting our customers first and enabling our farming communities in adopting sustainable practices are the drivers behind our approach of serving farmers at the grass-root level across the country. Our team is periodically trained on product technologies as well as on generally good farm management practices. Our discussions with customers are therefore focused on finding the right 'business solutions' to improve farm economics through the use of innovative products from our wide offering as well as the adoption of good farm management practices. A significant part of our visits to our customers, whether farmers or veterinarians, are aimed towards educating them and enhancing their understanding of animal health and safe farm practices. In line with our values, we organized various awareness sessions and farmers' gatherings to increase and highlight the precautionary measures and practices for better animal health.

New products from our international partners include Bayer Animal Health's "Rompun", an anesthetic for livestock, and Baycox, an anti-coccidial for poultry. We are hopeful that the addition of these products would further enrich the mix of quality solutions we offer for Pakistan's animal health industry.

Challenges

In 2013, the animal health industry of Pakistan faced some serious challenges in the form of disease endemics and milk price fluctuations.

The poultry industry was severely affected by disease pressure leading to a significant reduction in Broiler population during 2013 resulting in lower demand for feeds and biological ranges. This coupled with decline in marketable chicken prices and rising costs of production due to energy crisis and increasing grain prices made poultry farmers generally more cost conscious in terms of their purchasing of medicines and other required products.

Future Plans

Despite the many challenges we face in the livestock and poultry markets, we have robust plans to continue with the growth momentum. We are engaged in the effective execution of elaborate marketing plans for our existing portfolio of products and expansion of our portfolio by adding new products and technologies from leading global suppliers. We are determined to pursue our strategy of growth and innovation by developing our 'Own Brands' range to cater to newer and wider segments of the animal health market.

Annual Business Conference 2013

Pharmaceuticals

Market Overview
There was a general slowdown in the growth for the pharmaceutical market after the first three months of 2013. In Q2 2013 the market grew by only 12.9% as against a 16% growth in Q1.

Business Performance
ICI Pakistan has recorded 18.1% growth during the 2nd quarter with 20.1% on MAT Basis versus 14.7% of the market. ICI own brands grew by 22 % and AstraZeneca portfolio at 17.6%.

Our Pharmaceuticals segment in the first half of the year has grown at a rapid rate of 17% with a bottom line growth of 57%. Our portfolio of 'Own Brands' grew by 22% while the AstraZeneca portfolio grew by 17.6%.

With continuation of the AstraZeneca partnership with us in Pakistan, plans are now in place to grow the business aggressively. Continuation of this relationship has been a morale booster for our team and going forward there is renewed vigor and commitment to further consolidate our footprint in the market.

Our 'Own Brand' antibiotics, Icef and Fortexone are expected to cross milestones of PKR 50 and PKR 100 million respectively this year, while Regnum, a multi-vitamin syrup, with unique formulation of five amino acids is steadily gaining acceptance.

Customer Engagement
We have developed a learning program on 'Management of Hypertension' where leading Cardiologists share their knowledge on disease prevalence, treatment and effectiveness of Beta-Blockers. This was done with the intent of better engaging with our customers and creating awareness and understanding of the issue.

Challenges
For the last three years, the Pharmaceutical industry has been negatively affected by the unplanned devolution of the health sector to the provinces. The Drug Regulatory Authority of Pakistan, after considerable delay was finally established in 2012 and it is expected that with its functioning, the situation will improve considerably.

Future Plans
We are set to launch new products in the later part of the year with two new brands. These brands address the needs of pregnant women and we will be targeting obstetricians and gynecologists across Pakistan.

Launch of Okra

Farmer gatherings across the country

Launch of Cauli 406

Seeds

Market Overview
The seed industry is mainly dominated by the open-pollinated variety (OPV) seed market having more than 80% of the share. Major crops like wheat, sugarcane, cotton and rice are major contributors to the agriculture sector followed by a meager share of minor crops like oilseeds and vegetable seeds. We are predominantly present in the seeds market of minor crops with a strong foothold in the hybrid and OPV seeds market; sunflower, corn fodder, canola, mustard, rice and vegetable seeds. We also serve the micronutrients, bio fertilizer and organic kitchen gardening market with outstanding variants.

Business Performance
The seeds market faced challenging environment in the year under review due to various external factors. Our Seeds segment posted lower sales due to one-off institutional sales in the previous year. However, our Vegetable Seeds segment registered impressive growth of 31% over last year.

Developments
In the period under review, focus was maintained on strengthening our existing portfolios. A number of new products including varieties of sunflower, mustard, corn and rice were launched in 2013 to provide more options and solutions to our valued customers. We also plan to introduce wheat OP varieties in the coming months. New varieties of vegetable seeds were also launched which have performed well.

Challenges
High inflation and slow economic growth due to internal and external factors has created challenging conditions for the business primarily by a decline in the ability of farmer's to invest in farm inputs. The agriculture sector faces various challenges such as shortage of irrigation water and prolonged winter followed by abrupt changes in the temperature resulting in lower yields of crops. Unexpected and untimely rains have also affected vegetable acreage and yields for farmers and the overall vegetable seeds market. Micronutrients and bio fertilizers remain a challenge as low priced, counterfeit and cheap generics have flooded the market.

Future Plans
We are engaged in executing our rigorously devised marketing plans for our existing products and expanding our portfolio by introducing new products. We are aggressively pursuing our plans of launching the Agro Chemical Business and are in the process of completing the necessary regulatory requirements, consequent to which we are set to launch several new products. Commissioning of our locally manufactured seeds processing plant is also expected before the end of the year and we are excited about the future possibilities of our new ventures.

First export order Polyol

Chemicals

General Chemicals

Market Overview

Our General Chemicals Segment has two divisions, Polyurethanes and Trading. Polyurethane is a specialized chemical that we provide to the appliance, automotive, mattress, construction and footwear segment. At our Trading Division we represent world renowned suppliers in Pakistan and offer products that go into paints and coatings, food and beverage, surgical, ceramics, oil and gas, water treatment industries and many others.

The year started at a slow pace due to the prevailing energy crisis in the country that has greatly escalated along with uncertain law and order situation, political instability and 2013 general elections. All these factors led to reduced investor confidence in the economy putting pressure on the rupee which touched a record low against the dollar while hiking raw material prices that ultimately impaired business activity.

Business Performance and Development

Polyurethanes

We have the only blending unit of Polyol in Pakistan which gives us the edge to deliver our product at our customers' door steps with minimal lead times. In line with our strategy to expand our footprint and penetrate into the international arena we achieved a significant milestone by securing the first ever export order for our locally blended Polyol. After considerable effort, spanning over months, we have signed a distribution agreement with one of the biggest groups of the UAE, "Geco Chemicals" which is a subsidiary of the Al Batha Group.

We continue to maintain our leadership position in the appliance industry through our commitment to high service levels and market competitive prices. A new development this year was the addition of Sigma Refrigeration to our portfolio of customers.

Our deep inroads into the mattress and footwear segments have further strengthened our market position. After successful trials at major footwear manufacturers, commercial orders were secured from Servis Industries, the largest manufacturer in this segment. In the mattress industry new customers like Mumtaz and Joy foam were added to our PPG / TDI portfolio. Commercialization continued to take place in the two wheeler and four wheeler segments with new customers like Diamond being added to the portfolio.

Trading

We represent more than 30 world renowned suppliers in Pakistan with product offerings going into the most diversified industries. The first half of the year witnessed an overall improved margin profitability as we continued our efforts to serve our customers better. An MOU was signed with SuitChem - Clariant to provide catalysts for Oil and Ghee Industry while successful commercialization was initiated for Evonik products that go in printing ink, paints and rubber industry. The ceramics segment was penetrated with new customers being added to the portfolio while inroads were made in the crockery segment by promoting products of "ILAG", a Swiss company for Teflon coatings.

Due to focused sales and high service levels, the water treatment portfolio also delivered expectations while innovative products in the food and beverage segment were successfully launched with trials lined up at leading concerns. We strive to come up with

HSE Trophy 2012


Chemicals Business Conference 2013

innovative solutions for our customers and this year, we successfully developed a surfactant used in the paint industry. Initially the product was being imported; however, we developed the technology in-house and are now poised to offer better product price and availability to our customers.

Challenges

The year 2013 has been challenging due to the increasing energy crisis and difficult law and order situation along with elections and change of government. Prices of key raw materials went down considerably which negatively affected our margins. There were also product availability issues with chlorinated solvents as well as with PPG/TDI where material was given on scarce allocation and non-competitive prices from our principal sources. Unavailability of MMA at competitive price for the local market was an added issue which was caused by increase in raw material prices tagged with rupee devaluating against the dollar.

Future Plans

Despite the prevailing challenges, we are set to perform. Our export to the UAE region will greatly help in expanding our customer base internationally. Machinery selling in the Diversey segment will also strengthen ties with key customers. Furthermore, our strategy to switch to a new source in the water treatment segment will give us room to enter the untapped segments of the heavy industry. We are also determining the possibility of local blending of Polyester Polyol for the footwear industry and look forward to the outcome once the project is complete. We are confident that our new initiatives will help build the business on a sustainable basis.

HSE Training for customers

Specialty Chemicals

Market Overview

Our Specialty Chemicals business is predominantly a manufacturing business and caters to some of the more challenging and competitive markets such as textile auxiliaries, adhesives and crop protection chemicals. Market conditions are expected to remain tough for the coming year with no immediate solution available for the energy shortage and rupee devaluation. The key to survive and grow under such conditions is to bring in new and innovative solutions that help the business stay ahead of its competition. Over the year the business has evolved on the back of broadening not just products offering but also its customer base.

Business Performance

The business has shown positive growth over the previous year despite electricity shortage and law and order concerns around the elections that took place earlier this year. In our textile range we have managed to develop a complete pre-treatment package consisting of three new products used by most textile processing mills. This package has been approved by the country's leading textile mills and shows great potential to help develop the business.

Our binders business for textile printing, which was initiated last year, picked up momentum and we were able to secure sizeable volumes. With the binder business we were able to explore opportunities for other complimentary products. This growth in volumes has given our business the stability it needed for the long-term.

For our adhesives range, we have managed to establish contact with two of the world's leading manufacturers of adhesive products who have agreed to give us the distribution of their product range. This alliance has great synergy with our existing businesses and will also enable us to expand our product offering pursue our growth ambitions.

Developments

The key focus for the business was to develop products to fill the gap in its existing range. Besides modifications to the existing range, new products were developed in-house. Both technical and sales teams worked in tandem to come up with a complete pre-treatment package. This package was tested by some of the most quality conscious customers and approved both in terms of quality and pricing. Very few companies offer a complete pre-treatment package and this development is a major breakthrough for us.

Moreover, a very strong technology partner based out of UK was engaged for strengthening our adhesives range. This company specializes in hot melt adhesives that have a wide range of applications in an array


Launch of Cafe Corian


Training on water treatment by G Bingel

of segments. Initial trials at select customers have shown promising results and we are excited about the potential of this development. Similarly, to overcome quality issues linked with product technology in our crop protection chemicals, we were able to join hands with a leading supplier based out of China. The product has been approved by a number of our customers and we see considerable future potential in this range.

Challenges

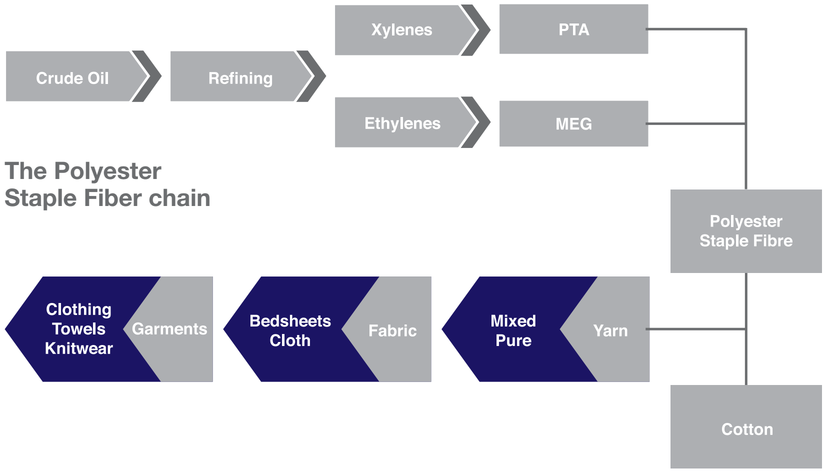
In addition to the energy crisis in 2013 the pre- election uncertainty and resultant law and order situation further hampered industrial activities bringing it almost to a stand still for many days.

These challenges greatly affected the construction industry growth which was already under pressure in 2012. Similarly, the energy crisis hit the Northern Region more and industries there moved to expensive alternative energy sources which increased their cost of production significantly thereby making their product offering uncompetitive for foreign buyers. This translated into restricted growth of value added segments especially in the textile industry.

We continue to monitor these changes closely and with strict focus on product and customers, we were able to deliver a better performance in the period under review.

Future Plans

With little expectation of immediate improvement in the challenges that the business faces today, we have embarked upon a strategy of expanding our product range along with expanding our customer base. The business is geared to bring new products in the textile range and one or more new technology partners for the adhesives range.



The Polyester Staple Fiber chain

Polyester

PSF (Polyester Staple Fiber), a petrochemical product, is a key raw material for the textile industry. In Pakistan, textile is the largest manufacturing industry comprising 45% of the total manufacturing industry. Over the years, the textile sector has played an integral role in the country's growth contributing to more than half of the country's exports and providing employment to over 35% of Pakistan's workforce.

In the textile value chain, PSF is consumed at the spinning stage. For the spinning industry, it is of key importance and is used in manufacturing of different polyester yarns that are then used by the downstream industry to produce a variety of value added products. PSF is manufactured by the polymerization of two main raw materials namely, Pure Terephathalic Acid (PTA) and Mono-Ethylene Glycol (MEG), which are both derivatives of crude oil.

Market Overview

The prices of main raw materials of PSF remained firm at the start of the period and peaked in February followed by a downward trend in the later quarter. US Crude (WTI), which is the main raw material of Polyester feedstock, increased by more than 7 percent during the second half of the financial year ended June 2013. This was because traders reduced their inventories to a large extent after supply issues with some pipelines were resolved. Feedstock prices of PX, PTA and MEG peaked in February followed by a downward trend for the rest of the period. Overall, the raw material prices slipped considerably due to lackluster downstream demand and slower growth of the Chinese economy.

Overall, international and domestic cotton prices strengthened during the second half of the year. This was mainly due to the continuation of China's policy of building its cotton reserves complimented by reports from the US Department of Agriculture that this year's cotton acreage would fall by almost 20%.

The global PSF market continued to struggle as more polyester staple capacities arrived in China, while fiber prices continued to decline in both the domestic and international markets due to lackluster downstream demand. On the domestic front, PSF demand outlook remained flat while severe energy outages and uncertainty in the market on account of changes in the tax regime announced in the Federal Budget 2013-14 negatively affected the entire value chain.

Business Performance

The domestic PSF industry followed the same trend as that of the oversupplied international industry during the second half of the year. The arrival of more polyester staple capacities in China meant that many producers resorted to dumping PSF in Pakistan in a bid to liquidate stocks. This adversely impacted domestic volumes and margins in a market which was already going through a period of uncertainty due to the ongoing energy crisis.

The industry was further affected by changes in the tax structures and the absence of robust downstream demand. During the second half of the financial year, we were able to sell 54,429 MT of PSF which was 4,491 MT more than SPLY but 4,799 MT less than budget.

Customer Conference Turkey

Key Highlights

- The National Tariff Commission on conclusion of the Sunset Review of dumped PSF imports from Korea, Thailand and Indonesia, imposed anti dumping duties on dumped PSF imports originating from these countries for a further period of two years with effect from 30 January 2013, with the exception of a few producers in these countries.

- Engaging with our customers and understanding their needs enables us to serve them better. Earlier in the year, the fourth Polyester Customer Conference was held in Istanbul, Turkey. The conference provided the perfect opportunity for customers and our team to engage and discuss challenges facing the textile value chain and share insights on exciting future business prospects.

Challenges

The overall sluggish world economic outlook post the financial crisis, especially the debt crisis in the Euro Zone, continues to be a major concern for the domestic textile industry as the Euro Zone and US are major export markets for the textile industry.

The PSF industry remains oversupplied as more capacities come online in China which may result in rising feedstock prices as well as increased competition from Chinese exporters who resort to dumping in order to liquidate inventories.

On the domestic front, the market is in an oversupplied state as staple fiber production capacity has increased during the year while downstream demand shows no sign of recovery as the severity of the ongoing energy crisis forces the textile industry to operate well below potential amid higher costs of doing business.

Future outlook

Going forward, the start-up of new polyester capacities coming online in China may lend support to the weakening international feedstock prices by boosting demand for PTA and MEG. In the domestic downstream industry, energy availability to the textile sector will prove to be the key driver of yarn and value-added product exports. The newly elected Government has shown much concern about the prevailing energy crisis and has vowed to resolve the problem soon. The results of any steps taken by the Government in this regard are yet to be seen, however, any improvement in the energy situation will help boost the economy and ultimately the demand for PSF.

China's cotton reserve policy looks set to influence international cotton prices while the extent and timing of monsoon rains in Pakistan will impact the domestic cotton market situation. Overall, cotton prices are expected to be firm because of decline in production and this may provide an opportunity to the PSF industry to take advantage of the price competitiveness against cotton. In such a case, we are well prepared to leverage on its strengths and take advantage of any growth in the domestic textile industry.

Sustainability Performance

...with flying colors

With our diverse portfolio of products, we practically touch every life in the country some way or the other and this is a responsibility we take very seriously. Sustainability is therefore woven into our culture, practices, processes and the products we offer.

The Sustainability Report covers our sustainability strategy, Key Performance Indicators, our annual and long-term targets and the work we have done so far.

Leadership Statement

Dear Stakeholders,

Welcome to our 2013 Sustainability Report. This report is an effort to show you a clear and transparent picture of what we are doing as a company to achieve our economic, social and environmental objectives.

The 'investor microscope' has now gone beyond financial scrutiny. World over, companies are being analyzed for their sustainable performance. As a business, for sustained long-term growth, it is important that you innovate to make sure you operate responsibly and that you let your stakeholders know that you are doing it. We started reporting on our sustainability performance in 2008 and from a basic account of our activities, we now prepare GRI compliant reports that have made us forerunners in sustainability reporting in Pakistan.

Reporting on sustainability performance is a transparent process and puts a great amount of responsibility and consciousness within the organization. With publicly declared sustainability targets, all operations and strategies are carefully built around them to ensure delivery- a simple way to embed sustainability in all operations.

In 2013, the Company went through a major strategic transition with a change in majority shareholding and subsequent change in leadership. There was also a change in the accounting period and this report has been prepared for the first six months of the year. While we have tried to report against our 2015 KPI targets, there will be some limitations in a comparative analysis due to the reporting period being different.

Amidst these changes, challenges such as the ongoing energy deficit continued to impact our performance and throughout this report we have shared our efforts on managing and mitigating these challenges.

We look forward to your feedback and ideas on how to improve our sustainability performance going forward.

Regards,

Asif Jooma

Highlights for 2013

- An injury free performance was reported for the period under review along with zero reportable occupational illness.
- Due to continued energy crisis, use of furnace oil increased SOx and NOx emissions per ton production.
- Our Polyester business converted 250,000 wrappers of its packaging (bale wrappers) to biodegradable packaging.
- Energy usage numbers per ton of production continue on the higher side as our manufacturing sites operated on less than optimum levels.
- The Company once again won the Management Association of Pakistan (MAP) ‘Corporate Excellence Award’ in the Chemicals category.
- With fresh water usage per ton production at 8.7 m^3/te, we continue to be in line with our 2015 target of 8.9 m^3/te.
- Successful completion of 977 man days of training in the first six months of the year.

Sustainability Strategy

In December 2012, the majority shareholding of the Company was acquired by YBG, one of Pakistan's most progressive and dynamic groups with diversified interests in textile, cement and power generation. The Company has therefore undergoing a major transition and is in the process of strategic realignment. A new vision has been defined for the Company with ambitious growth targets. In the coming months an elaborate strategy exercise is being conducted to develop objectives and plans to enable the Company to reach its vision. Sustainability strategy for the Company will also be defined with restructuring of the Sustainability Council. We will report details on our new strategy in the next report.

The present reporting framework is built on KPIs that were set in 2010. We are continuing with the same KPIs, however, when we redefine our sustainability strategy, we may update these for more relevance to the current socio economic issues as well our new business strategy.

Sustainability Framework

Economic Performance
Integrity Management
Sourcing

Social Performance
Health, Safety and Security
Employment Practices
Community Investment

Environmental Performance
Emissions Control
Water Usage
Waste Management
Product Stewardship
Energy Efficiencies

About the Report

We began voluntary reporting on sustainability for the first time in 2008 with the first report published along with the Annual Report covering the period 1 January 2008 to 31 December 2008. This is our fifth effort on presenting a Sustainability Report and we have used the G3 Reporting Framework issued by the Global Reporting Initiative (GRI) and are applying the GRI Reporting Framework at Application Level B+.

Report Boundary

This report covers our four Businesses and all our Corporate Functions. After the demerger of our Paints Business in June 2012, we now have three manufacturing sites, three corporate offices and five regional/business offices and data in this report covers all of these.

Employee data includes management and non-management staff. Community Investment is handled by the ICI Pakistan Foundation which is a separate legal entity registered as a Trust. All monetary amounts in this Report are Pakistani Rupees, unless otherwise indicated.

Reporting Period

Following the acquisition of majority shareholding of the Company by YBG, the financial year has been changed from January-December to July-June for alignment with associated companies in the Group. The report for 2013 therefore, on a one time basis, has been prepared for a six month period of January to June. Text and statistics in the Report cover sites owned and operated wholly by ICI Pakistan Limited during the period 1 January 2013 to 30 June 2013.

Data has mainly been obtained from our financial management reporting systems, corporate HR information management system and our reporting systems for Health, Safety, Environment & Security (HSE&S) performance indicators.

Report Content

In 2010, an important step towards integrating sustainability within the organization was conducting a stakeholder dialogue and establishing Key Performance Indicators (KPIs). These KPIs also have targets set for 2015 which shall serve as pathfinders for us. Like last year, the content of this report has been developed in accordance with the KPIs and our performance against these. The content of this report has been decided upon by the Sustainability Council and has been developed in accordance with our Sustainability framework based on the triple bottom line concept of economic, social and environmental parameters.

Data Collection

Collection:

All our environmental, health, safety and security data is derived from our EPM database. A quarterly reporting cycle is in practice and all related information is gathered and entered by respective businesses and functions while the Corporate Health, Safety and Environment Manager, reviews and manages the data for ICI Pakistan Limited as a whole. Data pertaining to integrity management, employment practices, sourcing and community investment is compiled and monitored by the Sustainability Council members responsible for each area.

Due to the divestment of AkzoNobel shareholding on December 28, 2012, many shared systems such as our HR Systems, IT and HSE&S reporting systems are under transition and we are developing local systems of our own. We have limitations therefore in collecting some data and appropriate explanations have been made throughout the report.

Accuracy:

We are confident in the overall reliability of the data reported, but recognize that some of this data is subject to a certain degree of uncertainty, inherent to limitations associated with measuring and calculating data. Senior managers within the organization approved the content and the quantitative data used in the Sustainability facts and figures relating to their respective areas of responsibility.

Consistency:

The KPIs set and the data reported this year serve as a baseline and reporting standard for the years to come. Any additional developments shall be reported accordingly however, the reporting framework established this year shall be a consistent baseline standard.

Assurance & Verification

Our sustainability performance is monitored through a multi-disciplinary Sustainability Council. This Sustainability Summary Report forms part of our sustainability reporting and is designed for general readership only. United Registrar Systems (URS) has conducted an independent verification and assurance of data presented in this report. The indicators for our sustainability reporting are selected from the G3 Reporting Framework issued by the Global Reporting Initiative (GRI). The GRI is a large multi-stakeholder international network of thousands of sustainability experts. The GRI G3 Reporting Framework is the most widely accepted global standard for corporate responsibility reporting.

Contact Us

We encourage feedback on our Sustainability Report. If you would like to comment on the report or find out more about our Sustainability strategy and program, please e-mail us at:

sustainability.council@ici.com.pk

A soft copy of this report and additional information on our business units and products is available on our website at www.ici.com.pk

If you are unable to access these resources or need further information, please contact:

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63 Mozang, Lahore, Pakistan
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Stakeholder Engagement

Proactive engagement with our stakeholders is an essential part of being a responsible company. Sustainability is a shared journey and to move forward we need to involve our stakeholders in every step of the way.

We try to engage our key stakeholders such as our shareholders, regulators, suppliers, customers, employees and the community on a regular basis by listening to their ideas, concerns and advice. Some examples of our stakeholder engagements in 2013 are:

HSE Trainings for Customers

Concern for health, safety and the environment is our license to operate and we aim to integrate the responsibility and consciousness in every aspect of our operations. It is in fact a mindset and we strive to create the same awareness and consciousness with all our stakeholders. To share our learning, our Businesses conducted a number of HSE sessions with key customers:

- Our Chemicals Business conducted Health, Safety, Environment and Security awareness sessions for the HSE team of their customers Dawlance.
- Our Polyester Business arranged a training session for Nimir Industrial Chemicals Limited on our HSE&S System.
- The Polyester team also conducted HSE&S awareness session for the management team of their customer Interloop Limited.

Customer Engagement Conference

Engaging with our customers and understanding their needs enables us to serve them better. Earlier in the year, the fourth Polyester Customer Conference was held in Istanbul, Turkey. The conference provided the perfect opportunity for customers and our team to engage and discuss challenges facing the textile value chain and share insights on exciting future business prospects.

Staff Engagement Sessions

Following the strategic transition and subsequent change of leadership, a series of CE Sessions were arranged for staff across the Company. In March 2013, the new Chief Executive met will all staff (management and non-management) to share the company's new aspirations and discuss issues and apprehensions of staff post the change in ownership.

Sharing of new Corporate Identity

Before roll-out of the new corporate identity, an elaborate road show was organized to share the Company's new look with staff at locations across the country. The new identity along with the company's new vision and updated values were communicated to staff and their ideas and suggestions for the way forward in implementing the new brand were discussed. The new identity was rolled out publicly through a nationwide print campaign so all stakeholders could be informed about the development. This communication was followed by personalized communication to key stakeholders by all businesses and functions.

Community Development Meetings

For long-term community development, it is essential to have a participative approach in deciding the way forward. For the past many years, we have been working with the fishing community of the Kakapir Village in Karachi and this year we discussed with the community what programs would they benefit from the most. The audience was mainly women and an opportunity for them to be educated was highlighted as a key area of focus. Keeping this in mind, we initiated an Adult Literacy Program for the community and 29 women of all ages are enthusiastically participating in the program.

Key Performance Indicators

Integrity Management		2009	2010	2011	2012	2013 H1	2015
							Target
Code of Conduct confirmed incidents	number	10	23	20	5	NR	0
Code of Conduct trained*	% employees	100	100	100	100	100	100**
Management audits including reassurance audits	number	6	11	9	7	6	6
Serious incidents - Level 3	number	1	1	1	1	0	0
Serious incidents - Level 1,2	number	0	2	0	0	0	0
Serious loss of containment - Cat D	number	0	0	0	0	0	0
Regulatory actions - Level 3	number	0	0	0	0	0	0

* Number of Management and Non-Management Employees.

** We aim to achieve 100% training level by including contractual staff as well.

Sourcing		2009	2010	2011	2012	2013 H1	2015
							Target
Vendor Policy signed by key suppliers	%	88	83.8	85	92	92	96
Vendor Policy signed by Central NPR Suppliers*	%	x	x	28**	28	28	-
Supportive Supplier Visits since 2007	Number	21	79	31	59	35	146

*Major Public Sector Utility suppliers not included in this analysis.

** Monitoring started in 2011 only by Polyester Business.

Employment Practices		2009	2010	2011	2012	2013 H1	2015
							Target
Women executives*	%	0	0	0	0	0	12
On-line P&D Dialog Participation	%	77	80	83	NR	NR	90
Management Development Program	No of managers	34	121	211	NR	NR	338
Employee Engagement Index	% favorable		75	82	87	NR	80

* Functional and Business Head positions

Community Investment		2009	2010	2011	2012	2013 H1	2015
							Target
Community Program Investment	PKR Million	16.5	42.5*	24.3	6	7.45	30

* This amount includes contribution by stakeholders including ICI Pakistan Limited staff and parent company contribution for floods.

Health, Safety & Security		2009	2010	2011	2012	2013 H1	2015
							Target
Fatalities	number	0	0	0	1	0	0
Total reportable injury rate employees/supervised contractors	/million hours	0.28	0.28	0.28	0.27	0	0
Occupational Illness Rate employees	/million hours	0	0	0	0	0	0
Total illness absence rate employees	%	1.79	1.92	1.76	1.72	1.83	1.76
Fatalities contractors (supervised and independent)	numbers	1	0	0	0	0	0
Total reportable injury rate independent contractors	/million hours	0.52	0	0	0	0	0
Lost time injury independent contractors	numbers	1	0	0	0	0	0
% sites with BBS program	%	0	100	100	100	100	100
Distribution incidents	numbers	1	1	1	0	0	0
Motor vehicle incident with injury	numbers	0	1	2	0	0	0

Emissions Control		2009	2010	2011	2012	2013 H1	2015
							Target
Total COD emissions	te	105.37	52.59	53.78	39.52	17.82	49.96
Per ton production	kg/te	0.15	0.11	0.13	0.10	0.10	0.10
Total VOC emissions	te	161.25	81.81	72.34	57.12	1.33	77.72
Per ton production	kg/te	0.23	0.18	0.17	0.14	0.01	0.16
Total NOx emissions	te	422.42	430.70	422.93	420.28	206.06	409
Per ton production	kg/te	0.61	0.93	0.99	1.03	1.14	0.83
Total SOx emissions	te	1431.4	2209.1	2672.9	2590.15	1402.4	2430
Per ton production	kg/te	2.05	4.76	6.29	6. 35	7.75	4.95
Total Direct CO_2 emissions (Scope 1)	million te	0.47	0.39	0.35	0.35	0.13	0.37
Per ton production	kg/te	676.1	834.7	829.5	847.95	737.5	753
Total Indirect CO_2 emissions (Scope 2)	te	39907	2447	5642	3235.61	706.86	2324
Per ton production	kg/te	57.3	5.3	13.3	7.93	3.91	4.7

* VOC emissions are less in 2012.Unusual success through modified formulation achieved at our Paints site.

** Unprecedented natural gas curtailment periods causing increased use of high sulphur Furnace Oil thereby causing high CO2 emissions.

Water Usage		2009	2010	2011	2012	2013	2015
							Target
Total Fresh water use	million m^3	6.49	4.59	4.12	3.48	1.57	4.36
Per ton production	m^3/te	9.8	9.9	9.7	8.53	8.7	8.9
% of sites with sustainable fresh water	%	25	25	25	25	25	100

Waste Management		2009	2010	2011	2012	2013 H1	2015
							Target
Total waste	kte	19.015	4.412	2.73	2.28	0.43	4.191
Per ton production	kg/te	27.32	9.53	6.44	5.60	2.35	8.53
Total hazardous waste	kte	0.31	0.54	0.52	0.53	0.001	0.51
Per ton production	kg/te	0.45	1.17	1.22	1.30	0.003	1.04
Total non-reusable waste	kte	0.408	0.295	0.384	0.385	0.001	0.28
Per ton production	kg/te	0.59	0.64	0.90	0.94	0.00	0.57
Total non-reusable Hazardous waste	kte	0.151	0.251	0.327	0.323	0.001	0.238
Per ton production	kg/te	0.22	0.54	0.77	0.79	0.00	0.48
Total Hazardous waste to landfill	kte	0	0	0	0	0	0
Per ton production	kg/te	0	0	0	0	0	0

Product Stewardship		2009	2010	2011	2012	2013 H1	2015
							Target
Product Eco-premium solutions	% sales			15.7	*	NR	30

* Data not available due to demerger of Paints Business

Energy Usage		2009	2010	2011	2012	2013 H1	2015
							Target
Total Energy Consumption	1000Tj	6.5	4.8	4.3	4.3	2.1	4.6
Per ton production	GJ/Te	9.3	10.4	10.1	10.4	11.62	9

NR: Not Reported

Economic Performance

Management Approach

We are very clear that only through a strict focus on ethics and responsible care, can we deliver long-term business value and be the partner of choice for our customers and suppliers. Integrity and responsibility in our actions is one of our core values and defines how we operate as a business.

We aim for the highest standards of performance and behavior in all our operations and aim to do business with partners who also endorse our ethical values and our social and environmental standards. Our suppliers are integral to our operations and we choose to work with those whose actual working practices should meet our requirements.

Evolving Sustainably

Under the rapidly increasing global competition, companies need to seek ways to remain relevant. Behind all corporate success these days are solid brand strategies that help build and sustain meaningful relationships, increase recognition, and encourage participation - all critically important if a company is to prosper and grow.

The ICI Pakistan brand carries a solid equity built over decades of reliable operations and value offering. However, the brand was developed over twenty five years ago and it needed to be revitalized to remain relevant given an increasingly cluttered landscape and growing competition for attention spans.

The acquisition by YBG has put the Company on a faster growth momentum and earlier this year, we decided to revamp our corporate brand to reflect these aspirations and ambitions. An elaborate process of evolving the brand was initiated and after many months of careful deliberation, a new identity was developed. The new look is reflective of our excitement for the future and our new identity is a blend of our legacy and the aspirations we have for the company.

The world is entering a new era of unprecedented change, upheaval and uncertainty. This change is strategic, and therefore requires a strategic response. Brand building is exactly such a response and if successful, can be the strongest weapon in a company's armory and the best guarantee of corporate survival. We have recently rolled out our new brand and the response from our stakeholders has been very encouraging.

We are confident that this will help create competitive advantage, strengthen our long-term relationships and help us build new businesses as we pursue our vision of expanding our footprint locally and internationally.

Integrity Management

We believe in widely propagating our values and the ethics for strict adherence by all the employees, contractors, suppliers and others while doing business for the Company. Our business principles and ethical standards are enshrined in the ICI Pakistan Code of Conduct. Following the strategic transition, we have updated our values as well as our Code of Conduct and made it available to all stakeholders on our website www.ici.com.pk

Key Performance Indicators:

Integrity Management		2009	2010	2011	2012	2013 H1	2015
							Target
Code of Conduct confirmed incidents	number	10	23	20	5	NR	0
Code of Conduct trained*	% employees	100	100	100	100	100	100**
Management audits including reassurance audits	number	6	11	9	7	6	6
Serious incidents - Level 3	number	1	1	1	1	0	0
Serious incidents - Level 1,2	number	0	2	0	0	0	0
Serious loss of containment - Cat D	number	0	0	0	0	0	0
Regulatory actions - Level 3	number	0	0	0	0	0	0

* Number of Management and Non-Management Employees.

** We aim to achieve 100% training level by including contractual staff as well.

2013 Overview:

2013 Management Audits included audit of our four Businesses and two locations (Corporate office in Mozang and the Head Office). The Speak Up program was an AkzoNobel tool and we are designing a local complaint management system. At present, we have initiated an email address to receive all such complaints which are dealt with complete confidence and handled as before by our Audit Committee. Once a more elaborate structure is in place, we will continue reporting.

Sourcing

We aim to do business with partners who endorse our ethical values and our social and environmental standards. Traditional dimensions like price, cost, time, delivery, punctuality and product quality no longer define a sustainable business. Our vendor partnerships are linked to suppliers and vendors accepting a code of behavior similar to ours. Non-alignment with our code of conduct jeopardizes future relationships and agreement.

Key Performance Indicators:

Sourcing		2009	2010	2011	2012	2013 H1	2015
							Target
Vendor Policy signed by key suppliers	%	88	83.8	85	92	92	96
Vendor Policy signed by Central NPR Suppliers*	%	x	x	28**	28	28	-
Supportive Supplier Visits since 2007	Number	21	79	31	59	35	146

*Major Public Sector Utility suppliers not included in this analysis.

** Monitoring started in 2011 only by Polyester Business.

2013 Overview:
Supplier visits numbers are for the first six months of the year and our Businesses have more such visits planned in the coming months which will bring the number closer to our target.

No new vendor policies have been signed by key suppliers this year and the percentage remains at 92. However, we are actively working to increase the number to our 2015 target of 96%.

There has not been much progress having our vendor policy signed by non-product related suppliers. As stated before, non-product related suppliers are mainly government institutions of mass scale and it is difficult to have the policy signed by such major public sector suppliers.

Social Performance

Management Approach

For us, the safety and health of our employees and communities is both a business and personal value and we therefore have systems and practices in place that help us work towards our ultimate goal of zero harm.

As a responsible company, we seek to develop and empower our employees and people from the communities that surround us. We embrace diversity and are committed to fair and equitable treatment of all, irrespective of origin, race or gender in an environment that fosters performance and personal growth for employees. We practice and endorse equal opportunity employment and ensure adherence to all labor legislations. We encourage mutually beneficial relationships with our communities and support them through economic development and corporate social investment initiatives.

For the People, by our People

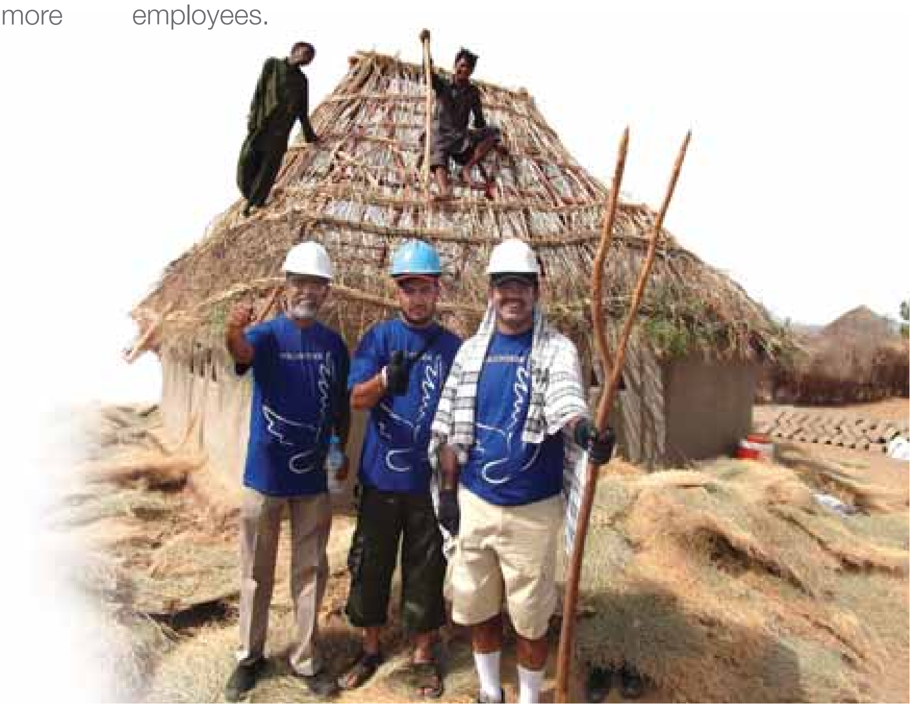
Located near the Pakistan India border, Nagarparkar is a tehsil of district Tharparkar that borders the Indian states of Rajasthan and Gujarat from three sides. Surrounding the area are the dramatic Karoonjhar Hills stretching 16 miles around the town. Of pink granite with deep gorges, the hills are home to rare flora and fauna, and haunting folklore.

To explore the magic of Nagarparkar, a group of enthusiastic colleagues visited the place. While the grandeur of antiquity fascinated them, what touched their hearts most was the havoc recent rains had created. Usually associated with long droughts, Nagarparkar has received an uncharacteristic amount of rain in the past two years. While the deluge brightened up the surroundings, it also created havoc destroying basic infrastructure and in some areas bringing down the rather precariously built ‘chooras’ (mud houses) of the more impoverished communities.

Back home, they decided to put together their resources and initiate a rehabilitation program for the affected. Personal contributions were pooled and very soon a substantial amount was collected; enough to rebuild a small village. Our team of volunteers then took time off and went on site to start the building process. Along with the community they built six permanent houses in the village.

To protect the houses from future rains, they collected used panaflex skins from old promotional campaigns and placed them on the roofs. With the remaining funds, they put up four water pumps to resolve the perennial water crisis.

Enabling marginalized communities to get back on their feet is an important component of our development agenda and we are proud of the contribution of our employees.



Employment Practices

To attract, retain and bring out the best in its people, we invest in leadership and development training and offer rewarding careers where employees are able to continuously learn. We are also committed to providing safe and healthy working conditions. We prohibit exploitation of labor or harassment of any kind and ensure adherence to the minimum legal age requirements.

Total Number of Employees: 1066

Management: 650

Non Management: 416

Key Performance Indicators

Employment Practices		2009	2010	2011	2012	2013 H1	2015
							Target
Women executives*	%	0	0	0	0	0	12
On-line P&D Dialog Participation	%	77	80	83	NR	NR	90
Management Development Program	No of managers	34	121	211	NR	NR	338
Employee Engagement Index	% favorable		75	82	87	NR	80

* Functional and Business Head positions

2013 Overview:
Our KPI on female executives is defined as Business or Functional Heads. Till June 30, 2013 we have had no female executives. There have however, been two new recent appointments which will be reported in the next sustainability report and will bring us close to our 2015 target.

As the reporting period is for six months, we cannot report the numbers for our Performance and Development Dialogue which is a full year exercise. In our next report we shall be presenting the numbers for on-line participation.

The Management Development Program was a global standardized best practice with AkzoNobel and following the divestment we no longer run the program. However, we continued to train our managers with other leadership and development programs and in the period under review we successfully completed 977 man days of training.

Community Investment

Our community investment activities are managed through the ICI Pakistan Foundation which is a separate legal entity with its own Board of Trustees. The Foundation is governed by a Trust Deed that clearly outlines policies and procedures and clearly defines the scope of community investment activities. The accounts of the Foundation are audited every year by A.F. Ferguson & Co.

The Foundation is focused towards community development through investment in education, health, environment and infrastructural development along with disaster relief.

Key Performance Indicators

Community Investment		2009	2010	2011	2012	2013 H1	2015
							Target
Community Program Investment	PKR Million	16.5	42.5*	24.3	6	7.45	30

* This amount includes contribution by stakeholders including ICI Pakistan Limited staff and parent company contribution for floods.

2013 Overview:
Our 'Clean Drinking Water' project which was implemented across five districts of Sind is progressing well with over 20,000 people benefitting daily. These plants are being run by the community who we trained to operate and manage the plants. A review report is sent to us regularly by our project implementation partners, Thardeep. We also completed a computer facility for residents of Bhit Island, a small fishing community near the coast of Karachi. There are over 800 students of the school who use the facility everyday and we are working with the community to start an evening program for local youth. Our eye care project in Khewra also continued to benefit the residents of Khewra and surrounding areas. This program has become a major source of relief for the area and patients from far and wide come to our hospital for treatment.

The Company allocated PKR 7.45 million to the Foundation for community projects this year. This is an annual contribution to the ICI Pakistan Foundation and enables the Foundation to execute projects in line with its developmental goals.

Health, Safety & Security

Zero harm in terms of health, safety and security in our workplace remains our underlined philosophy of conducting sustainable business.

People and asset security is ensured by assessing each new security threat and defining appropriate controls, review and monitor previous assessments and recommended actions to ensure their completeness.

Key Performance Indicators

Health, Safety & Security		2009	2010	2011	2012	2013 H1	2015
							Target
Fatalities	number	0	0	0	1	0	0
Total reportable injury rate employees/supervised contractors	/million hours	0.28	0.28	0.28	0.27	0	0
Occupational Illness Rate employees	/million hours	0	0	0	0	0	0
Total illness absence rate employees	%	1.79	1.92	1.76	1.72	1.83	1.76
Fatalities contractors (supervised and independent)	numbers	1	0	0	0	0	0
Total reportable injury rate independent contractors	/million hours	0.52	0	0	0	0	0
Lost time injury independent contractors	numbers	1	0	0	0	0	0
% sites with BBS program	%	0	100	100	100	100	100
Distribution incidents	numbers	1	1	1	0	0	0
Motor vehicle incident with injury	numbers	0	1	2	0	0	0

Overview 2013:
We are happy to report an injury free performance for the period under review.

Our Health and Hygiene assessment and monitoring program was robustly practiced across the company resulting in zero reportable occupational illness. The absence rate for the first six months of the year was on the higher side however in our experience, on a full year basis, the overall rate drops in the second half of the year. The BBS (Behavior Based Safety) program continued at our sites and locations with training sessions conducted by Corporate HSE and site HSE Managers. Following the divestment from AkzoNobel, the HSE&S Management Committee has decided to continue with the Responsible Care Management System (RCMS). The system shall be aligned with the internationally recognized responsible care programs established for the Chemicals Industry and certification of compliance to the system shall be done by a third party.

Environmental Performance

Management Approach

In line with global charters on sustainable development and our internal environmental management systems, we aim to reduce impact of our operations on the environment covering all eco systems, land, air and water. We achieve this by striving for resource efficiency by seriously looking at renewable resource and actively offer resistance to climate change by improving energy efficiency and reducing our greenhouse emissions.

Our strategic thrust clearly is to align our financial performance with our sustainability goals. Despite having to use high sulphur furnace oil for the production of our energy and steam requirements in view of the prevalent energy crises in the country, we aim to reduce our carbon footprint per ton of production by 10% by 2015 in relation to 2010 baseline.

Environmental objectives are integrated into our Corporate and Business operational strategies and plans. The company remains wholeheartedly committed to provide the resources, training, consultancy and auditing to ensure that we comply with National Environmental legislation.

Responsible to the core

We understand that our operations have an impact on the environment and we continuously strive to come up with new and better ways for process improvements that can help reduce this impact.

Ejectors are used in the most difficult of process environments such as manufacturing of polyesters used for PET bottles, textile fibers and technical plastics. Traditionally, ejectors are operated with live steam however, newer technologies have been introduced and ejectors can now be operated with organic vapors such as ethylene-glycol, butandiol, butanol, mono-chloride benzol and trichloroethylene.

Our Polyester Business recently replaced one of the steam ejectors at the CP (Continuous Polymerization) plant with a more mature and developed technology of ejectors EG (Ethylene glycol) vapor ejector system. With a blow down flow rate of 2.5 m3/hrs and high COD (chemical oxygen demand), steam ejector systems burden the effluent treatment system. Our new EG system has a much lower blow down flow rate of 0.36 m3/hrs and a low COD. This has led to a reduction in the environmental effluent load and giving us margins on our effluent treatment plant capacity.

Moreover, steam ejectors required steam for ejection and steam production consumed 97 Nm^3/hr of natural gas. On the contrary, with EG ejector system, the same degree of vacuum for the polymerization process is achieved consuming only 40 Nm^3/hr of natural gas. This results in lower energy consumption and significant reduction in our carbon footprint.

Environmental consciousness is a mindset and our teams across our production sites try and come up with innovative solutions to reduce the impact of our operations on the environment.

Emissions Control

Our ambition on environmental management is to minimize the impact of our operations on the environment and responsibly manage the depleting resources of our planet. We seek innovative methods to reduce energy consumption and minimize waste through source reduction, recycling and disposal in an environmentally sound manner.

Key Performance Indicators

Emissions Control		2009	2010	2011	2012	2013 H1	2015
							Target
Total COD emissions	te	105.37	52.59	53.78	39.52	17.82	49.96
Per ton production	kg/te	0.15	0.11	0.13	0.10	0.10	0.10
Total VOC emissions	te	161.25	81.81	72.34	57.12	1.33	77.72
Per ton production	kg/te	0.23	0.18	0.17	0.14	0.01	0.16
Total NOx emissions	te	422.42	430.70	422.93	420.28	206.06	409
Per ton production	kg/te	0.61	0.93	0.99	1.03	1.14	0.83
Total SOx emissions	te	1431.4	2209.1	2672.9	2590.15	1402.4	2430
Per ton production	kg/te	2.05	4.76	6.29	6. 35	7.75	4.95
Total Direct CO_2 emissions (Scope 1)	million te	0.47	0.39	0.35	0.35	0.13	0.37
Per ton production	kg/te	676.1	834.7	829.5	847.95	737.5	753
Total Indirect CO_2 emissions (Scope 2)	te	39907	2447	5642	3235.61	706.86	2324
Per ton production	kg/te	57.3	5.3	13.3	7.93	3.91	4.7

* VOC emissions are less in 2012.Unusual success through modified formulation achieved at our Paints site.

** Unprecedented natural gas curtailment periods causing increased use of high sulphur Furnace Oil thereby causing high CO2 emissions.

2013 Overview:

Due to change in financial year, our 2013 sustainability performance is reported for the first six months of the year only. All calculations are therefore based on production levels for the first half of the year. Besides the omission of the Paints Business production levels, overall production levels in the period under review went down. Direct CO2 levels therefore also went down however indirect CO2 levels were up because electricity purchase from the national grid was minimized. As the energy crisis continued with extended periods of gas unavailability, we had to use furnace oil due to which per ton production for SOx and NOx emissions went up. VOC emissions were mainly a result of the Paints production and with the divestment, the levels dropped dramatically.

Water Usage

Being a fundamental natural source, we are committed to conserve fresh water. As users of this critical natural resource, we try our best to ensure responsible management of the use of fresh water. This includes improving our water use efficiency and continued efforts on use of recycled waste water.

Key Performance Indicators:

Water Usage		2009	2010	2011	2012	2013 H1	2015
							Target
Total Fresh water use	million m^3	6.49	4.59	4.12	3.48	1.57	4.36
Per ton production	m^3/te	9.8	9.9	9.7	8.53	8.7	8.9
% of sites with sustainable fresh water	%	25	25	25	25	25	100

2013 Overview:
Due to the drop in production levels, fresh water use per ton production has increased. With production levels increasing in the second half of the year, we expect the numbers to go down. We are however performing in line with our 2015 goal and last year we achieved a drop to our target levels which have been maintained this year.

We are far from our goal of achieving 100% sustainable water sites by 2015 however, more plans are in place to integrate fresh water conservation and efficiency drivers into our operational management and we hope that we can be close to our target next year.

Waste Management

Our sites across the country are actively involved in the promotion of good practices that include waste sorting. Recycling has now become an operational philosophy for us and we have embedded the consciousness in our every day work practices. A recent example is our new internal stationery in which we have introduced envelopes that can be used six times before being discarded. With multiple address boxes, a companywide awareness has been developed to reuse these. Similarly, with centralized printing, all our printers have trays for recycled paper and we try and use them twice. These are small initiatives however they lead to significant reduction in paper wastage.

Key Performance Indicators

Waste Management		2009	2010	2011	2012	2013 H1	2015
							Target
Total waste	kte	19.015	4.412	2.73	2.28	0.43	4.191
Per ton production	kg/te	27.32	9.53	6.44	5.60	2.35	8.53
Total hazardous waste	kte	0.31	0.54	0.52	0.53	0.001	0.51
Per ton production	kg/te	0.45	1.17	1.22	1.30	0.003	1.04
Total non-reusable waste	kte	0.408	0.295	0.384	0.385	0.001	0.28
Per ton production	kg/te	0.59	0.64	0.90	0.94	0.00	0.57
Total non-reusable Hazardous waste	kte	0.151	0.251	0.327	0.323	0.001	0.238
Per ton production	kg/te	0.22	0.54	0.77	0.79	0.00	0.48
Total Hazardous waste to landfill	kte	0	0	0	0	0	0
Per ton production	kg/te	0	0	0	0	0	0

2013 Overview:
Total waster per ton of production for the period under review is showing significant reduction mainly because large quantities of waste is still lying at the sites to which is usually sold off at the end of the year. In a full year analysis, the numbers are expected to improve.

With the commissioning of our Coal Fired Boiler operations in the coming months, we are conscious of the waste expected to be generated and have carefully analyzed and developed mitigation measures for that.

Product Stewardship

Through product stewardship, we ensure that HSE is integrated at every phase of the product life cycle. Our product stewardship programs ensure product security from raw material supplies to eventual product delivery at the customers end and sharing of best HSE&S practices with them is our top priority.

Key Performance Indicators:

Product Stewardship		2009	2010	2011	2012	2013 H1	2015
							Target
Product Eco-premium solutions	% sales			15.7	*	NR	30

* Data not available due to demerger of Paints Business

2013 Overview:
Product eco-premium solutions were mainly linked to our Paints Business which was a direct consumer Business. Due to the demerger of our Paints business, we are unable to report progress on this however we have made progress with our other Businesses in this regard.

In the period under review, our Polyester business converted 250,000 wrappers of its packaging (bale wrappers) to biodegradable packaging.

Similarly, the Animal Health segment of our Life Sciences Business used biodegradable bags for packaging its sunflower brand Hysun 33. These 2kg bags are were specially designed for FAO (Food and Agriculture Organization) of The United Nations and UK Aid.

Energy Efficiencies

The rising cost and scarce availability due to the prevalent energy crisis in the country requires careful short and long term planning to come up with an efficient energy mix. Through our "Energy & Innovation Forum" we continue to explore best practices and commit appropriate resources and tools to implement energy efficiency conservation programs across all our manufacturing sites and office locations.

Key Performance Indicators:

Energy Usage		2009	2010	2011	2012	2013 H1	2015
							Target
Total Energy Consumption	1000Tj	6.5	4.8	4.3	4.3	2.1	4.6
Per ton production	GJ/Te	9.3	10.4	10.1	10.4	11.62	9

2013 Overview:
Due to the prevalent natural gas and power shortages in the country, our manufacturing sites of Polyester and Soda Ash have, on an average, operated on less than optimum levels of production rates in the period under review. Energy usage numbers per ton of production therefore continue on the higher side.

Energy saving initiatives across our sites and locations continued. Other than solar panels and skylights, our Life Sciences Business took an initiative of changing regular light tubes of their work area with the LED tubes at the Head Office and Mozang Office. Furthermore, our Mozang Office is operating their new 100 LED tubes through solar panels. Annual savings at the Head Office with this initiative are estimated to be over 10,000 kilowatts while for the Mozang Office we estimate a saving of about 5000 kilowatts each year.

G3 Content Index

STANDARD DISCLOSURES PART 1		
Profile Disclosure	**Description**	**Cross-Reference**
Strategy and Analysis		
1.1	Statement from the most senior decision-maker of the organisation	Overview & Strategy; CE Message
1.2	Description of key impacts, risks, and opportunities	Governance & Compliance; Risk Management
Organisational Profile		
2.1	Name of the organisation	Cover Page
2.2	Primary brands, products, and/or services	Business Performance, ICI Pakistan at a Glance
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures	Governance & Compliance; Director's Report
2.4	Location of organisation's headquarters	Governance & Compliance; Company Information
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Snapshot page
2.6	Nature of ownership and legal form	Governance & Compliance; Corporate Governance and Compliance
2.7	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	Business Performance
2.8	Scale of the reporting organisation	ICI Pakistan at a Glance
2.9	Significant changes during the reporting period regarding size, structure, or ownership	Governance & Compliance; Director's Report
2.1	Awards received in the reporting period	Overview & Strategy; Awards & Achievements
Report Parameters		
3.1	Reporting period (e.g., fiscal/calender year) for information provided	Sustainability Performance; About the Report
3.2	Date of most recent previous report (if any)	Overview & Strategy; Awards & Achievements
3.3	Reporting cycle (annual, biennial, etc.)	Annual
3.4	Contact point for questions	Sustainability Performance; About the Report
3.5	Process for defining report content	Sustainability Performance; About the Report
3.6	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance	Sustainability Performance; About the Report
3.7	State any specific limitations on the scope or boundary of the report (see completeness Principle for explanation of scope)	Sustainability Performance; About the Report
3.8	Basis for reporting on joint ventures	NA
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report	Sustainability Performance; About the Report
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	Overview & Strategy; CE Message Sustainability Performance; About the Report

3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	None
3.12	Table identifying the location of the Standard Disclosures in the report	This table
3.13	Policy and current practice with regard to seeking external assurance for the report	Sustainability Performance; About the Report
Governance, Commitments and Engagement		
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight	Governance and Compliance; Corporate Governance and Compliance
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	Governance and Compliance; Our Board of Directors
4.3	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members	Governance and Compliance; Our Board of Directors
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Governance & Compliance; Corporate Governance and Compliance
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives	Amongst others, the drivers of compensation are individual performance as well as overall company performance
4.6	Processes in place for the highest governance body to ensure conflicts of interests are avoided.	Governance & Compliance; Corporate Governance and Compliance
4.7	Process for determining the composition, qualifications and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity	Governance & Compliance; Our Board of Directors, Report of the Directors
4.8	Internally developed statements of mission or values, codes of conduct and principles relevant to economic, environmental and social performance and the status of their implementation	Overview & Strategy; Our Vision
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities and adherence or compliance with internationally agreed standards, codes of conduct and principles	Governance & Compliance; Risk Management. Sustainability Performance
4.1	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance.	Governance & Compliance; Corporate Governance and Compliance
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	Governance & Compliance; Risk Management
4.12	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or endorses	Governance & Compliance; Corporate Governance and Compliance
4.13	Memberships in associations (such as industry associations) and/or national/ international advocacy organisations	UNGC, MAP, KCC, PBC
4.14	List of stakeholder groups engaged by the organisation	Sustainability Performance; Stakeholder Dialogue

4.15	Basis of identification and selection of stakeholders with whom to engage	Sustainability Performance; Stakeholder Dialogue
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Sustainability Performance; Stakeholder Dialogue
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting	Sustainability Performance; Stakeholder Dialogue
STANDARD DISCLOSURES PART III: Performance Indicators		
Economic Performance		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments	Governance & Compliance; Report of the Directors
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	Governance & Compliance; Risk Management. Sustainability Performance; Environmental Performance
EC4	Significant financial assistance received from the government	None
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	Overview & Strategy; Community Investment
Environmental Performance		
EN2	Percentage of materials used that are recycled input materials.	Sustainability Performance; Environmental Performance. Case Study (Effort not Wasted)
EN3	Direct energy consumption by primary energy source.	Sustainability Performance; Environmental Performance
EN4	Indirect energy consumption by primary source.	Sustainability Performance; Environmental Performance
EN5	Energy saved due to conservation and efficiency improvements.	Sustainability Performance; Environmental Performance
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Case Study (Polyester Solar)
EN8	Total water withdrawal by source.	Sustainability Performance; Environmental Performance
EN16	Total direct and indirect greenhouse gas emissions by weight.	Sustainability Performance; Environmental Performance
EN17	Other relevant indirect greenhouse gas emissions by weight.	Sustainability Performance; Environmental Performance
EN19	Emissions of ozone-depleting substances by weight.	Sustainability Performance; Environmental Performance
EN20	NOx, SOx, and other significant air emissions by type and weight.	Sustainability Performance; Environmental Performance

EN22	Total weight of waste by type and disposal method.	Sustainability Performance; Environmental Performance
EN23	Total number and volume of significant spills.	None
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	None
Social: Labor Practice and Decent Work		
LA1	Total workforce by employment type, employment contract, and region broken down by gender	Sustainability Performance; Social Performance
LA4	Percentage of employees covered by collective bargaining agreements	100%
LA7	Rates of injury, occupational diseases, lost days and absenteeism and number of work related fatalities by region and gender	Sustainability Performance; Social Performance
LA10	Average hours of training per year per employee by gender and by employee category	Sustainability Performance; Social Performance
Social: Human Rights		
HR4	Total number of incidents of discrimination and corrective actions taken	None
Social: Society		
SO2	Percentage and total number of business units analysed for risks related to corruption	100%
SO3	Percentage of employees trained in organisation's anti-corruption policies	100%
SO4	Actions taken in response to incidents of corruption	
SO5	Public policy positions and participation in public policy development and lobbying	Governance & Compliance; Corporate Governance and Compliance
SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country	None
SO7	Total number of legal actions for anti-competitive behavior, anti-trust and monopoly	None
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	None
Social: Product Responsibility		
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	None
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Sustainability Performance; Stakeholder Dialogue
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	None
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	None

Sustainability Assurance Statement

ICI Pakistan commissioned United Registrar of Systems (URS) to provide independent assurance over the sustainability content of their 2013 Sustainability Report (the Report)

Scope of Assurance

Our engagement was designed to provide Limited assurance on whether information in the Sustainability facts and figures section is, in all material respects, fairly stated in accordance with the reporting criteria.

Reporting Criteria and Basis of Assurance

ICI Pakistan applies the Sustainability Reporting Guidelines of the Global Reporting Initiative (G3), supported by internally developed guidelines. It is important to view the performance data in the context of this explanatory information. We believe that these criteria are suitable in view of the purpose of our assurance engagement. We conducted our engagement in accordance with the International Standard for Assurance Engagements (ISAE) 3000 and the URS Assurance Protocol.

Assurance Methodology

We have performed the procedures deemed necessary to obtain the evidence that is sufficient and appropriate to provide a basis for our conclusions. Both quantitative and qualitative data were substantiated through examination of relevant files and documents supplied by the report's authors.

Visits to the site, projects and other stakeholders did not form part of the assurance scope.

Our Independence

URS was not responsible for preparing any part of the Report. We confirm that we are not aware of any other engagement or issue that could impair our objectivity in relation to this assurance engagement.

Our opinion

Inclusivity

ICI Pakistan was found to have a suitable approach in place to assist with the identification of and engagement with key stakeholder groups including government agencies, local communities, distributors, customers, and suppliers on economic, social and environmental issues.

Completeness

We have reviewed both qualitative and quantitative information and data and found the presentation in the report to be accurate and complete. The presentation of the data reflects current business practices and performance within ICI Pakistan Limited. Any limitations regarding presented information are explained.

Materiality and Responsiveness

URS reviewed ICI Pakistan's risk assessment processes for a number of sustainability topics and found that the Strategic Direction, risk assessments, review of external feedback and engagement with the business was undertaken to define issues for reporting. As a result, the content of the Report was found to be closely aligned to the Strategic Direction and the organization's identified strategic risks

Conclusion

Overall, it is URS's opinion that nothing came to our attention to indicate that the Report was not a fair representation of ICI's environmental, social and economic performance during the reporting period.

Ali Khan
Chief Executive Officer
URS Pakistan

September 24, 2013

Financial Performance

... 'netting' value

This section provides a comprehensive record of all our financial activities in 2013.

ICI PAKISTAN

ICI Pakistan Limited
Financial Statements

A Part of YBG

Auditors' Report to the Members

We have audited the annexed unconsolidated balance sheet of **ICI Pakistan Limited** (the Company) as at **30 June 2013** and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof, for the period 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. The financial statements of the Company for the year ended 31 December 2012 were audited by another firm of chartered accountants who expressed an unqualified opinion on those financial statements in their audit report dated 21 February 2013.

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

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

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

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for changes as stated in note 2.13 to the accompanying financial statements with which we concur;

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

   iii) the business conducted, investments made and the expenditure incurred during the period 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 unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated 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 **30 June 2013** and of the profit, its comprehensive income, cash flows and changes in equity for the period then ended; and

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

Ernst & Young Ford Rhodes Sidat Hyder

Date: 19 August, 2013

Karachi

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Shariq Ali Zaidi

Unconsolidated Balance Sheet
As at June 30, 2013

Amounts in Rs '000

	Note	**June 30, 2013**	December 31, 2012 Restated	As at January 01, 2012 Restated
ASSETS				
Non-Current Assets				
Property, plant and equipment	3	**10,550,038**	10,121,710	8,262,888
Intangible assets	4	**45,123**	40,992	69,118
		10,595,161	10,162,702	8,332,006
Long-term investments	5	**502,976**	502,976	502,976
Long-term loans	6	**199,063**	191,508	287,084
Long-term deposits and prepayments	7	**33,338**	40,891	32,372
		735,377	735,375	822,432
		11,330,538	10,898,077	9,154,438
Current Assets				
Stores, spares and consumables	8	**558,736**	542,117	482,710
Stock-in-trade	9	**4,573,275**	5,381,340	3,838,856
Trade debts	10	**865,690**	570,251	357,699
Loans and advances	11	**158,716**	188,482	455,149
Trade deposits and short-term prepayments	12	**156,512**	101,792	56,533
Other receivables	13	**1,096,823**	1,007,619	711,788
Taxation - net		**1,474,066**	1,157,952	821,729
Cash and bank balances	14	**730,349**	866,465	4,633,322
		9,614,167	9,816,018	11,357,786
Total Assets		**20,944,705**	20,714,095	20,512,224

Amounts in Rs '000

	Note	**June 30, 2013**	December 31, 2012 Restated	As at January 01, 2012 Restated
EQUITY AND LIABILITIES				
Share Capital and Reserves				
Authorised capital				
1,500,000,000 (2012: 1,500,000,000) ordinary shares of Rs 10 each		**15,000,000**	15,000,000	15,000,000
Issued, subscribed and paid-up capital	15	**923,591**	923,591	923,591
Capital reserves	16	**309,643**	309,643	309,643
Revenue reserves - Unappropriated profit		**8,555,755**	7,791,656	7,833,489
Total Equity		**9,788,989**	9,024,890	9,066,723
Surplus on Revaluation of Property, plant and equipment	17	**698,536**	740,656	824,207
Non-Current Liabilities				
Provision for non-management staff gratuity and eligible retired employees' medical scheme	18	**119,392**	422,647	402,411
Long-term loans	19	**1,887,026**	290,270	-
Deferred tax liability - net	20	**1,101,111**	880,350	937,895
		3,107,529	1,593,267	1,340,306
Current Liabilities				
Trade and other payables	21	**4,695,102**	7,023,225	9,280,988
Short-term borrowings and running finance	22	**2,654,549**	2,332,057	-
		7,349,651	9,355,282	9,280,988
Contingencies and Commitments	23			
Total Equity and Liabilities		**20,944,705**	20,714,095	20,512,224

The annexed notes 1 to 47 form an integral part of these financial statements.

Muhammad Ali Tabba
Vice Chairman / Director

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

Unconsolidated Profit and Loss Account
For the six months period ended June 30, 2013

Amounts in Rs '000

	Note	**Six months period ended June 30, 2013**	Year ended December 31, 2012 Restated
Turnover	25	**20,133,977**	37,809,433
Sales tax, commission and discounts	24	**(1,818,299)**	(3,127,870)
Net sales, commission and toll income		**18,315,678**	34,681,563
Cost of sales	25	**(16,258,497)**	(30,688,097)
Gross profit		**2,057,181**	3,993,466
Selling and distribution expenses	27	**(523,391)**	(1,068,519)
Administrative and general expenses	28	**(361,134)**	(1,300,313)
Operating result		**1,172,656**	1,624,634
Other operating charges	29	**(85,124)**	(132,632)
Finance costs	30	**(187,062)**	(294,160)
		(272,186)	(426,792)
Other income	31	**125,618**	298,381
Profit before taxation		**1,026,088**	1,496,223
Taxation	32	**(338,321)**	(522,562)
Profit after taxation		**687,767**	973,661
Profit for the period / year		**687,767**	973,661
Basic and diluted earnings per share (Rupees)	33	**7.45**	10.54

	June 30, 2013	June 30, 2012 Restated
Basic and diluted earnings per share (Rupees)	**7.45**	5.44

The annexed notes 1 to 47 form an integral part of these financial statements.

Muhammad Ali Tabba
Vice Chairman / Director

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

Unconsolidated Statement of Comprehensive Income
For the six months period ended June 30, 2013

Amounts in Rs '000

	Six months period ended June 30, 2013	Year ended December 31, 2012 Restated
Profit for the period / year	**687,767**	973,661
Items not to be reclassified to profit or loss in subsequent periods:		
Actuarial gains on defined benefit plans	**336,815**	105,563
Tax effect	**(117,885)**	(36,946)
	218,930	68,617
Recognised actuarial losses	**-**	(124,602)
Tax effect	**-**	43,610
	-	(80,992)
Total comprehensive income for the period / year	**906,697**	961,286

The annexed notes 1 to 47 form an integral part of these financial statements.

Muhammad Ali Tabba
Vice Chairman / Director

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

Unconsolidated Cash Flow Statement
For the six months period ended June 30, 2013

Amounts in Rs '000

	Six months period ended June 30, 2013	Year ended December 31, 2012 Restated
Cash Flows from Operating Activities		
Profit before taxation	**1,026,088**	1,496,223
Adjustments for:		
Depreciation and amortisation	**557,691**	1,077,952
Gain on disposal of property, plant and equipment	**(363)**	(16,640)
Provision for staff retirement benefit plan	**48,676**	160,643
(Reversal) / Provision for non-management staff gratuity and eligible retired employees' medical scheme	**(275,275)**	55,459
Mark-up on bank deposits and loan to subsidiary	**(1,292)**	(167,662)
Interest / mark-up expense	**162,537**	200,966
	1,518,062	2,806,941
Movement in:		
Working capital	**(1,682,332)**	(4,724,353)
Long-term loans	**(7,555)**	(37,758)
Long-term deposits and prepayments	**7,553**	(8,519)
Cash used in operations	**(164,272)**	(1,963,689)
Payments for :		
Staff retirement benefit plan	**(94,556)**	(216,444)
Non-management staff gratuity and eligible retired employees' medical scheme	**(12,174)**	(20,274)
Taxation	**(551,563)**	(909,666)
Interest / mark-up	**(148,799)**	(186,236)
Profit / mark-up received on bank deposits	-	119,595
Net cash used in operating activities	**(971,364)**	(3,176,714)
Cash Flows from Investing Activities		
Payments for capital expenditure	**(958,617)**	(2,258,851)
Proceeds from disposal of property, plant and equipment	**5,358**	25,369
Profit / mark-up received on loan to subsidiary	**12,532**	63,245
Loan / standby finance facility to subsidiary company - net	-	44,444
Net cash used in investing activities	**(940,727)**	(2,125,793)

Amounts in Rs '000

	Six months period ended June 30, 2013	Year ended December 31, 2012 Restated
Cash Flows from Financing Activities		
Long-term loans	**1,596,756**	290,270
Dividend paid	**(143,273)**	(1,086,677)
Net cash used in financing activities	**1,453,483**	(796,407)
Net increase / (decrease) in cash and cash equivalents	**(458,608)**	(6,098,914)
Cash and cash equivalents at January 1	**(1,465,592)**	4,633,322
Cash and cash equivalents at June 30 / December 31 - note 14 & note 22	**(1,924,200)**	(1,465,592)
Movement in Working Capital		
(Increase) / Decrease in current assets		
Stores and spares	**(16,619)**	(59,407)
Stock-in-trade	**808,065**	(1,542,484)
Trade debts	**(295,439)**	(212,552)
Loans and advances	**29,766**	(60,777)
Trade deposits and short-term prepayments	**(19,055)**	(45,259)
Other receivables	**(100,444)**	(311,009)
	406,274	(2,231,488)
Increase / (Decrease) in current liabilities		
Trade and other payables	**(2,088,606)**	1,116,910
Paid / Payable to Akzo Nobel Pakistan Limited	**-**	(3,609,775)
	(1,682,332)	(4,724,353)
Cash and cash equivalents at June 30 / December 31 comprise of:		
Cash and bank balances - note 14	**730,349**	866,465
Short-term borrowings and running finance - note 22	**(2,654,549)**	(2,332,057)
	(1,924,200)	(1,465,592)

The annexed notes 1 to 47 form an integral part of these financial statements.

Muhammad Ali Tabba
Vice Chairman / Director

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

Unconsolidated Statement of Changes in Equity
For the six months period ended June 30, 2013

Amounts in Rs '000

	Issued, subscribed and paid-up capital	Capital reserves	Unappropriated profit	Total
Balance as on December 31, 2011 - as previously reported	**923,591**	**309,643**	**8,294,690**	**9,527,924**
Effect of retrospective change in accounting policy with respect to accounting for retirement benefit referred in note 2.13	-	-	(461,201)	(461,201)
Balance as on December 31, 2011 - restated	**923,591**	**309,643**	**7,833,489**	**9,066,723**
Final dividend for the year ended December 31, 2011 @ Rs 5.50 per share *	-	-	(763,413)	(763,413)
Interim dividend for the year 2012 @ Rs 3.50 per share **	-	-	(323,257)	(323,257)
Transactions with owners, recorded directly in equity	**-**	**-**	**(1,086,670)**	**(1,086,670)**
Profit for the year ended December 31, 2012	-	-	973,661	973,661
Other comprehensive income for the period - net of taxation	-	-	(12,375)	(12,375)
	-	-	961,286	961,286
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the year - net of deferred tax - note 17	-	-	83,551	83,551
	-	-	83,551	83,551
Balance as on December 31, 2012 - restated	**923,591**	**309,643**	**7,791,656**	**9,024,890**
Final dividend for the year ended December 31, 2012 @ Rs 2.00 per share	-	-	(184,718)	(184,718)
Transactions with owners, recorded directly in equity	**-**	**-**	**(184,718)**	**(184,718)**
Profit for the period ended June 30, 2013	-	-	687,767	687,767
Other comprehensive income for the period ended June 30, 2013	-	-	218,930	218,930
	-	-	906,697	906,697
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax - note 17	-	-	42,120	42,120
	-	-	42,120	42,120
Balance as on June 30, 2013	**923,591**	**309,643**	**8,555,755**	**9,788,989**

The annexed notes 1 to 47 form an integral part of these financial statements.

* Dividend was declared before the approval of demerger by the High Court of Sindh on 138,802,300 shares.
** Interim dividend was declared post approval of demerger by High Court of Sindh on 92,359,050 shares.

Muhammad Ali Tabba
Vice Chairman / Director

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

1. Status and Nature of Business

ICI Pakistan Limited (“the Company”) is incorporated in Pakistan and is listed on the Karachi, Lahore and Islamabad Stock Exchanges. The Company is engaged in the manufacture of polyester staple fibre, POY chips, soda ash, specialty chemicals, sodium bicarbonate and polyurethanes; marketing of seeds, toll manufactured and imported pharmaceuticals and animal health products; and merchanting of general chemicals. It also acts as an indenting agent and toll manufacturer. The Company's registered office is situated at 5 West Wharf, Karachi.

These are the separate financial statements of the Company in which investment in subsidiary is stated at cost less impairment losses, if any.

During the period ended June 30, 2013 the Company has changed its financial year end from December 31 to June 30, as approved by the Board of Directors and shareholders in the meetings dated February 21, 2013 and April 22, 2013 respectively. All legal formalities in respect of this change has been complied with. This change has been made to bring the financial year of the Company in line with financial year followed by the new ultimate holding company.

2. Summary of Significant Accounting Policies

Following are the details 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. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Basis of preparation

These financial statements have been prepared under the historical cost convention, except:

a) Certain classes of property, plant and equipment (i.e. freehold land, buildings on freehold and leasehold land and plant and machinery) have been included at revalued amounts; and

b) Provision for management staff gratuity, non-management staff gratuity, and eligible retired employees' medical scheme is stated at present value as disclosed in note 18 to these financial statements.

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

Judgments and estimates made by the management that may have a significant risk of material adjustments to the financial statements in subsequent years are discussed in note 43.

2.3 Property, plant and equipment and depreciation

Property, plant and equipment (except freehold land, buildings on freehold and leasehold land and plant and machinery) are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land, buildings on freehold and leasehold land and plant and machinery are stated at revalued amounts less subsequent accumulated depreciation and subsequent impairment losses, if any. Capital work-in-progress is stated at cost less impairment, if any. Cost of certain property, plant and equipment comprises historical cost. Such cost includes the cost of replacing parts of the property, plant and equipment and the cost of borrowings for long-term construction projects, if the recognition criteria is met.

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 after taking into account residual value, if material. The cost of leasehold land is depreciated in equal installments over the lease period. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month of disposal.

The residual value, depreciation method and the useful lives of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed at each balance sheet date and adjusted, if appropriate.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Improvements are capitalised when it is probable that respective future economic benefits will flow to the Company and the cost of the item can be measured reliably. Assets replaced, if any, are derecognised.

Gains and losses on disposal of assets are taken to the profit and loss account, and the related surplus / deficit on revaluation of property, plant and equipment is transferred directly to unappropriated profits.

2.4 Intangible assets and amortisation

Intangible assets with a finite useful life, such as certain softwares, licenses (including extraction rights, software licenses, etc.) and property rights, are capitalised initially at cost and subsequently stated at cost less accumulated amortisation and impairment losses, if any.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in profit and loss account as incurred.

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit and loss account on a straight-line basis over the estimated useful lives of intangible assets. Amortisation methods, useful lives and residual values are reviewed at each balance sheet date and adjusted, if appropriate.

2.5 Investments

Investments in subsidiaries are stated at cost less provision for impairment, if any.

2.6 Stores, spares and consumables

Stores, spares and consumables are stated at the lower of weighted average cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less net estimated costs to sell, which is generally equivalent to replacement cost. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

2.7 Stock-in-trade

Stock-in-trade is valued at the lower of weighted average cost and estimated net realisable value.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and selling expenses.

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

2.8 Trade debts and other receivables

Trade debts and other receivables are recognised initially at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost. A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables (Refer note 40.6.1).

2.9 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in other comprehensive income or below equity, in which case it is recognised in other comprehensive income or below equity, respectively.

Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years, if any.

Deferred

Deferred tax is recognised using balance sheet 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 enacted or substantively enacted rates of taxation. In this regard the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirements of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan.

The Company recognises a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax relating to items recognised outside profit and loss account is recognised outside profit and loss account. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Further, the Company recognises deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.

2.10 Cash and cash equivalents

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

2.11 Impairment

Financial assets (including receivables)

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy.

All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit and loss account and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss account.

Non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (“the cash-generating unit, or CGU”).

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit and loss account.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.12 Surplus on revaluation of fixed assets

The surplus arising on revaluation of fixed assets is credited to the “Surplus on Revaluation of Fixed Assets account” shown below equity in the balance sheet in accordance with the requirements of section 235 of the Companies Ordinance, 1984. The said section was amended through the Companies (Amendment) Ordinance, 2002 and accordingly the Company has adopted the following accounting treatment of depreciation on revalued assets, keeping in view the Securities and Exchange Commission of Pakistan's (SECP) SRO 45(1)/2003 dated January 13, 2003:

a) depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and

b) an amount equal to incremental depreciation for the year net of deferred taxation is transferred from “Surplus on Revaluation of Fixed Assets account” to accumulated profits / losses through Statement of Changes in Equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

2.13 Staff retirement benefits

The Company's retirement benefit plans comprise of provident funds, pensions, gratuity schemes and a medical scheme for eligible retired employees.

Defined benefit plans

The Company operates a funded pension scheme and a funded gratuity scheme for management staff. The pension and gratuity schemes are salary schemes providing pension and lump sums, respectively. Pension and gratuity schemes for management staff are invested through two approved trust funds. The Company also operates gratuity scheme for non-management staff and the pensioners' medical scheme which are unfunded. The pension and gratuity plans are final salary plans. The pensioner's medical plan reimburses actual medical expenses to pensioners as per entitlement. The Company recognises expense in accordance with IAS 19 “Employee Benefits”.

An actuarial valuation of all defined benefit schemes is conducted every year. The valuation uses the Projected Unit Credit method. Actuarial gains and losses are recognised in full in the period in which they occur in other comprehensive income.

All past service costs are recognised at the earlier of when the amendment or curtailment occurs and when the Company has recognised related restructuring or terminations benefits.

Defined contribution plans

The Company operates two registered contributory provident funds for its entire staff and a registered defined contribution superannuation fund for its management staff, who has either opted for this fund by July 31, 2004 or have joined the Company after April 30, 2004. In addition to this the Company also provides group insurance to all its employees.

Compensated absences

The Company recognises the liability for compensated absences in respect of employees in which these are earned up to the balance sheet date. The provision has been recognised on the basis of actuarial valuation.

Change in accounting policy

During the period the Company has changed its accounting policy in respect of recognition of actuarial gains and losses, past service costs and expected return on plan assets, whereby with effect from current period, the Company has recognised:

- Actuarial gains and losses as they occur in other comprehensive income, instead of past policy, where actuarial gains and losses were recognised as income or expense by amortizing over the expected average remaining working lives of the employees;

- All past service costs at the earlier of when the amendment or curtailment occurs and when the Company has recognised related restructuring or terminations benefits, instead of past policy, where the past service costs were recognised as an expense on a straight-line basis over the average period until the benefits became vested, and if the benefits were already vested, following the introduction of or changes to a scheme, past service costs were recognised immediately in profit and loss account; and

- Interest on net defined benefit obligation (net of plan assets) in profit and loss account, which is calculated using the discount rate used to measure the defined benefit obligation or asset, and expected returns on plan assets will no longer be recognised in profit and loss account.

The above change has been accounted for in accordance with the requirements of IAS 19 - Employee Benefits (Revised), as required under IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8) such a change to be applied retrospectively. Due to the above change in accounting policy, the Company has presented balance sheet as at the beginning of the earliest comparative period i.e., January 01, 2012, and related notes in accordance with requirement of IAS 1 - Presentation of Financial Statements (Revised) (IAS 1).

Had there been no change in accounting policy due to recognition of actuarial losses on defined benefit plans in accordance with IAS 19 (Revised), the following would have been the impacts as of July 01, 2011, June 30, 2012 and June 30, 2013 and for the period / year then ended:

	Funded			Unfunded	
	Pension	**Gratuity**	**Total**		**Total**
			Amount in Rs '000		
As of July 01, 2011:					
Employee benefit liability would have been lower by:	396,166	166,057	562,223	147,317	709,540
Deferred taxation would have been higher by:	138,658	58,120	196,778	51,561	248,339
Opening retained earnings would have been higher by:	**257,508**	**107,937**	**365,445**	**95,756**	**461,201**
As of and for the year ended June 30, 2012:					
Employee benefit liability and unrecognised actuarial loss on defined benefit plan would have been lower by:	187,070	293,026	480,096	123,881	603,977
Deferred taxation would have been higher by:	65,475	102,559	168,034	43,358	211,392
Retained earnings would have been higher by:	**121,595**	**190,467**	**312,062**	**80,523**	**392,585**
Charge for defined benefit cost would have been higher by:	104,254	11,861	116,115	8,487	124,602
Taxation would have been lower by:	36,489	4,151	40,640	2,970	43,610
Profit after taxation would have been lower by:	**67,765**	**7,710**	**75,475**	**5,517**	**80,992**
Basic and diluted earnings per share would have been lower by (Rs):					**0.87**

	Funded			Unfunded	
	Pension	Gratuity	Total		Total
			Amount in Rs '000		
As of and for the period ended June 30, 2013:					
Employee benefit liability and unrecognised actuarial loss on defined benefit plan would have been lower by:	32,735	146,637	179,372	97,588	276,960
Deferred taxation would have been higher by:	11,457	51,323	62,780	34,156	96,936
Retained earnings would have been higher by:	**21,278**	**95,314**	**116,592**	**63,432**	**180,024**
Charge for defined benefit cost would have been higher by:	28,344	16,841	45,185	10,487	55,672
Taxation would have been lower by:	9,920	5,894	15,814	3,670	19,484
Profit after taxation would have been lower by:	**18,424**	**10,947**	**29,371**	**6,817**	**36,188**
Basic and diluted earnings per share would have been lower by (Rs):					**0.39**

2.14 Operating leases / Ijarah contracts

Leases, other than those under Ijarah contracts, in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Ijarah contracts are classified as operating leases irrespective of whether significant portion of the risks and rewards of ownership are retained by lessor. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss account on a straight-line basis over the period of the lease.

Payments made under operating leases and Ijarah contracts are recognised in the profit and loss account on a straight-line basis over the term of the lease.

2.15 Trade and other payables

Trade and other payables are recognised initially at fair value net of directly attributable cost, if any.

2.16 Borrowings and their cost

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset as detailed in note 3.7.1 to these financial statements.

2.17 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. The amount recognised as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

2.18 Financial liabilities

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

2.19 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

2.20 Foreign currency translation

Transactions denominated in foreign currencies are translated to Pak Rupees, at the foreign exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the foreign exchange rates at the balance sheet date. Exchange differences are taken to the profit and loss account.

2.21 Functional and presentation currency

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

2.22 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and government levies.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the customer. For those products which are often sold with a right of return, accumulated experience is used to estimate and provide for such returns at the time of sale.

Commission income is recognised on the date of shipment from suppliers.

Profit on short-term deposits and mark-up on loan to subsidiary is accounted for on a time-apportioned basis using the effective interest rate method.

Dividend income is recognised when the right to receive dividend is established.

Toll manufacturing income is recognised when services are rendered.

2.23 Financial expense and financial income

Financial expenses are recognised using the effective interest rate method and comprise foreign currency losses and mark-up / interest expense on borrowings.

Financial income comprises interest income on funds invested. Mark-up / interest income is recognised as it accrues in profit and loss account, using the effective interest rate method.

2.24 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved.

2.25 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer (the CEO) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets, liabilities and related income and expenditures. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments. Segments reported are Polyester, Soda Ash, Life Sciences and Chemicals, which also reflects the management structure of the Company.

2.26 Derivative financial instruments

The Company uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes. Derivatives qualifying for hedge accounting are accounted for accordingly whereas, derivatives that do not qualify for hedge accounting are accounted for as held for trading instruments. All changes in the fair value are recognised in the profit and loss account.

2.27 Off-setting

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

Amounts in Rs '000

	As at June 30, 2013	As at December 31, 2012

3. Property, Plant and Equipment

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

	As at June 30, 2013	As at December 31, 2012
Operating property, plant and equipment - note 3.2	**8,000,684**	8,137,489
Capital work-in-progress - note 3.7	**2,549,354**	1,984,221
	10,550,038	10,121,710

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

	Land		Lime beds	Buildings		Plant and	Railway	Rolling	Furniture	Total
	Freehold	Leasehold	on freehold land	On freehold land	On leasehold land	machinery	sidings	stock and vehicles	and equipment	
	Note 3.3			Note 3.3		Note 3.3				
				As at June 30, 2013						
Net carrying value basis At June 30, 2013										
Opening net book value (NBV)	**341,885**	**-**	**127,434**	**325,586**	**683,958**	**6,438,018**	**-**	**21,010**	**199,598**	**8,137,489**
Addition/transfer (at cost)	**-**	**-**	**12,534**	**8,993**	**14,383**	**354,349**	**-**	**400**	**14,311**	**404,970**
Disposal/transfer (at NBV)	**-**	**-**	**-**	**-**	**(804)**	**(3,654)**	**-**	**(508)**	**(29)**	**(4,995)**
Depreciation charge - note 3.5	**-**	**-**	**(5,443)**	**(24,114)**	**(42,527)**	**(427,135)**	**-**	**(7,938)**	**(29,623)**	**(536,780)**
Closing net book value (NBV)	**341,885**	**-**	**134,525**	**310,465**	**655,010**	**6,361,578**	**-**	**12,964**	**184,257**	**8,000,684**
Gross carrying value basis At June 30, 2013										
Cost/Revaluation	**341,885**	**567,799**	**239,657**	**2,429,974**	**1,470,646**	**19,238,452**	**297**	**90,333**	**591,211**	**24,970,254**
Accumulated depreciation	**-**	**(567,799)**	**(105,132)**	**(2,119,509)**	**(815,636)**	**(12,876,874)**	**(297)**	**(77,369)**	**(406,954)**	**(16,969,570)**
Net book value (NBV)	**341,885**	**-**	**134,525**	**310,465**	**655,010**	**6,361,578**	**-**	**12,964**	**184,257**	**8,000,684**
Depreciation rate % per annum	**-**	**2 to 4**	**3.33 to 7.5**	**5 to 10**	**2.5 to 10**	**3.33 to 50**	**3.33**	**10 to 25**	**10 to 33.33**	
				As at December 31, 2012						
Net carrying value basis At December 31, 2012										
Opening net book value (NBV)	341,885	-	114,497	339,690	722,701	6,415,262	-	18,487	204,207	8,156,729
Addition/transfer (at cost)	-	-	25,551	32,522	42,997	858,624	-	11,220	66,548	1,037,462
Disposal/transfer (at NBV)	-	-	-	-	(637)	(2,681)	-	(952)	(4,459)	(8,729)
Depreciation charge - note 3.5	-	-	(12,614)	(46,626)	(81,103)	(833,187)	-	(7,745)	(66,698)	(1,047,973)
Closing net book value (NBV)	341,885	-	127,434	325,586	683,958	6,438,018	-	21,010	199,598	8,137,489
Gross carrying value basis At December 31, 2012										
Cost/Revaluation	341,885	567,799	227,123	2,420,981	1,463,173	19,010,525	297	92,637	577,215	24,701,635
Accumulated depreciation	-	(567,799)	(99,689)	(2,095,395)	(779,215)	(12,572,507)	(297)	(71,627)	(377,617)	(16,564,146)
Net book value (NBV)	341,885	-	127,434	325,586	683,958	6,438,018	-	21,010	199,598	8,137,489
Depreciation rate % per annum	-	2 to 4	3.33 to 7.5	5 to 10	2.5 to 10	3.33 to 50	3.33	10 to 25	10 to 33.33	

Amounts in Rs '000

		As at June 30, 2013	As at December 31, 2012
3.2.1	Cost and net book value of major spare parts and stand by equipment included in Plant and machinery are as follows:		
	Cost	**345,981**	345,310
	Net book value	**205,170**	219,074

3.3 Subsequent to revaluation on October 1, 1959, September 30, 2000 and December 15, 2006 which had resulted in a surplus of Rs 14.207 million, Rs 1,569.869 million and Rs 667.967 million respectively, the land, buildings on freehold and leasehold land and plant and machinery were revalued again on December 31, 2011 resulting in a net surplus of Rs 712.431 million. The valuation was conducted by an independent valuer. Valuations for plant and machinery and building were based on the estimated gross replacement cost, depreciated to reflect the residual service potential of the assets taking account of the age, condition and obsolescence. Land was valued on the basis of fair market value.

3.4 Plant and machinery including equipments held with Searle Pakistan Limited and Maple Pharmaceutical (Private) Limited (toll manufacturers), having cost and net book values is as follows:

	As at June 30, 2013	As at December 31, 2012
Cost	**2,272**	2,272
Net book value	**1,099**	1,192

		Six months period ended June 30, 2013	Year ended December 31, 2012
3.5	The depreciation charge for the period / year has been allocated as follows:		
	Cost of sales - note 26	**507,147**	983,031
	Selling and distribution expenses - note 27	**2,837**	12,440
	Administrative and general expenses - note 28	**26,796**	52,502
		536,780	1,047,973

3.5.1 Depreciation charge is inclusive of the incremental depreciation due to revaluation.

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

	As at June 30, 2013	As at December 31, 2012
Net Book Value		
Freehold land	**42,604**	42,604
Buildings	**806,312**	829,661
Plant and machinery	**5,868,447**	5,895,803
	6,717,363	6,768,068

3.7 The following is a statement of capital work-in-progress: (note 3.7.1)

	As at June 30, 2013	As at December 31, 2012
Civil works and buildings	**290,318**	160,508
Plant and machinery	**1,940,263**	1,628,511
Miscellaneous equipments	**235,219**	140,379
Advances to suppliers / contractors	**14,189**	15,630
Designing, consultancy and engineering fee	**69,365**	39,193
	2,549,354	1,984,221

3.7.1 This includes interest charge on long-term loan obtained for Coal Fired Boiler project amounting to Rs 136 million (December 31, 2012: Rs 66 million).

Amounts in Rs ’000

3.8 Details of operating property, plant and equipment disposed off during the period / year having net book value in excess of Rs 50,000 are as follows:

As at June 30, 2013

	Mode of sale	Cost	Accumulated depreciation	Net book value	Sale proceeds	Particulars of buyers
Plant and machinery						
Diesel Generator Set and various other items	Scrap	16,594	13,333	3,261	1,037	Shahbaz and Company, Malakwal Disrict Mandi Bahauddin
Rolling stock and vehicles						
Toyota Corolla, Toyota Altis and Fork Lift trucks	Tender	2,600	2,092	508	2,470	S Muhammad Shakeel, Zahid Qadri and Asif Mahmood, Karachi
Building						
Scrap items	Scrap	2,930	2,274	656	10	Anjum Wood Craft, Khewra District Jhelum

As at December 31, 2012

	Mode of sale	Cost	Accumulated depreciation	Net book value	Sale proceeds	Particulars of buyers
Plant and machinery						
Boiler Coil	Scrap	1,584	1,515	69	70	Shahid Hanif Ghouri, House # 7, Mandi Bahauddin
Rolling stock and vehicles						
Kia Sportage, Toyota Corolla and others	Tender	1,478	592	886	3,467	Muhammad Farooq Ahmed, House No.28, Jamal Street, Lahore and Shafiqur Rehman, Sultan Ali, Shah Jehan etc.
Furniture and equipment						
Central heating and hot water system and others	Tender	2,975	1,795	1,180	1,024	Owner Of Miranjani House - Samad A Khan, Alpine Hotel, Manshera Road, Abbottabad, and Anjum Wood Craft, Khewra District Jhelum etc.
Diesel generator and others	BOD approval	3,563	714	2,849	2,818	Waqar A Malik, Ex- Chief Executive Officer

Amounts in Rs '000

4 Intangible Assets

	As at June 30, 2013		
	Software	**Licenses**	**Total**
Net carrying value basis **Six month period ended June 30, 2013**			
Opening net book value (NBV)	**19,115**	**21,877**	**40,992**
Additions at cost	**-**	**25,042**	**25,042**
Amortisation charge - note 4.1	**(7,361)**	**(13,550)**	**(20,911)**
Closing net book value (NBV)	**11,754**	**33,369**	**45,123**
Gross carrying amount **At June 30, 2013**			
Cost	**230,213**	**128,459**	**358,672**
Accumulated amortisation	**(218,459)**	**(95,090)**	**(313,549)**
Net book value (NBV)	**11,754**	**33,369**	**45,123**
Amortisation rate % per annum	**20**	**20 to 50**	

	As at December 31, 2012		
Net carrying value basis **Year ended December 31, 2012**			
Opening net book value (NBV)	27,791	41,327	69,118
Additions at cost	-	1,853	1,853
Amortisation charge - note 4.1	(8,676)	(21,303)	(29,979)
Closing net book value (NBV)	19,115	21,877	40,992
Gross carrying amount **At December 31, 2012**			
Cost	230,213	103,417	333,630
Accumulated amortisation	(211,098)	(81,540)	(292,638)
Net book value (NBV)	19,115	21,877	40,992
Amortisation rate % per annum	20	20 to 50	

	Six months period ended June 30, 2013	Year ended December 31, 2012
4.1 The amortisation charge for the period / year has been allocated as follows:		
Cost of sales - note 26	**4,460**	10,828
Selling and distribution expenses - note 27	**4,485**	2,303
Administrative and general expenses - note 28	**11,966**	16,848
	20,911	29,979

Amounts in Rs '000

	As at June 30, 2013	As at December 31, 2012
5. Long-Term Investments		
Unquoted		
Subsidiary		
- ICI Pakistan PowerGen Limited (wholly owned) 7,100,000 ordinary shares (Dec 31, 2012: 7,100,000) of Rs 100 each - note 5.1	**710,000**	710,000
Less: Provision for impairment loss - note 5.2	**209,524**	209,524
	500,476	500,476
Others		
Equity security available-for-sale		
- Arabian Sea Country Club Limited 250,000 ordinary shares (December 31, 2012: 250,000) of Rs 10 each	**2,500**	2,500
	502,976	502,976

5.1 The value of the Company's investment on the basis of net assets of the Subsidiary as disclosed in its audited financial statements for the six month period ended June 30, 2013 amounted to Rs. 640.265 million (December 31, 2012: Rs 569.148 million).

5.2 In 2011 the Company reviewed the future economic benefits of the Subsidiary based on its estimated future cash flows. The recoverable amount of investment was estimated based on its discounted value in use. Based on the assessment, the carrying amount of investment was determined to be Rs 209.524 million higher than the recoverable amount. However, based on current assesment no provision or reversal is required in the current period.

	As at June 30, 2013	As at December 31, 2012
6. Long-Term Loans - Considered good		
Due from directors, executives and employees - note 6.1	**199,063**	191,508
	199,063	191,508

6.1 Due from Directors, Executives and Employees	Motor car	House building	Total	Total
Due from directors and executives - note 6.3	**120,192**	**64,302**	**184,494**	179,498
Less: Receivable within one year - note 11	**21,172**	**25,157**	**46,329**	43,507
	99,020	**39,145**	**138,165**	135,991
Due from employees - note 6.3			**84,410**	78,845
Less: Receivable within one year - note 11			**23,512**	23,328
			60,898	55,517
			199,063	191,508
Outstanding for period:				
- less than three years but over one year			**111,691**	113,785
- more than three years			**87,372**	77,723
			199,063	191,508

6.2 Reconciliation of the carrying amount of loans to Directors and Executives:

Opening balance at January 1	**179,498**	151,262
Disbursements during the period / year	**46,528**	113,349
Repayments during the period / year	**(41,532)**	(85,113)
Balance at June 30 / December 31	**184,494**	179,498

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

6.4 The maximum aggregate amount of loans due from the Executives at the end of any month during the period was Rs 184.494 million (December 31, 2012: Rs 179.498 million).

Amounts in Rs '000

		As at June 30, 2013	As at December 31, 2012
7.	**Long-Term Deposits and Prepayments**		
	Deposits	**24,632**	26,799
	Prepayments	**8,706**	14,092
		33,338	40,891
8.	**Stores, Spares and Consumables**		
	Stores - note 8.1	**47,826**	43,069
	Spares	**594,216**	594,789
	Consumables	**101,377**	88,942
		743,419	726,800
	Less: Provision for slow moving and obsolete items - note 8.2	**184,683**	184,683
		558,736	542,117

8.1 The above amounts include stores and spares in transit of Rs 19.355 million (December 31, 2012: Rs 14.026 million)

8.2 Movement of provision in stores, spares and consumables is as follows:

	As at June 30, 2013	As at December 31, 2012
Provision as at January 1	**184,683**	182,099
Charge for the period / year - note 28	-	2,625
Write-off during the period / year	-	(41)
Provision as at June 30 / December 31	**184,683**	184,683

9. **Stock-in-Trade**

	As at June 30, 2013	As at December 31, 2012
Raw and packing material (include in-transit Rs 740.76 million; 2012: Rs 822.110 million) - note 9.3	**2,084,788**	2,471,023
Work-in-process	**232,841**	147,963
Finished goods (include in-transit Rs Nil; 2012: Rs 195.149 million)	**2,348,788**	2,850,782
	4,666,417	5,469,768
Less: Provision for slow moving and obsolete stocks - note 9.1		
- Raw material	**15,461**	12,730
- Finished goods	**77,681**	75,698
	93,142	88,428
	4,573,275	5,381,340

9.1 Movement of provision in stock-in-trade is as follows:

	As at June 30, 2013	As at December 31, 2012
Provision as at January 1	**88,428**	64,042
Charge for the period / year - note 28	**8,231**	29,435
Write-off during the period / year	**(3,517)**	(4,572)
Payment	-	(477)
Provision as at June 30 / December 31	**93,142**	88,428

9.2 Stock-in-trade amounting to Rs 364.413 million (2012: Rs 280.249 million) is measured at net realisable value and has been written down by Rs 17.354 million (2012: Rs 16.461 million) to arrive at its net realisable value.

9.3 Raw and packing materials include Rs 414.694 million (December 31, 2012: Rs. 243.227 million) which are held with the following toll manufacturers:

	As at June 30, 2013	As at December 31, 2012
Searle Pakistan Limited	**305,766**	202,533
Maple Pharmaceutical (Private) Limited	**1,934**	1,934
EPLA Laboratories (Private) Limited	**46,258**	18,412
Breeze Pharma (Private) Limited	**33,831**	16,756
Nova Med Pharmaceuticals	**25,308**	314
Others	**1,597**	3,280
	414,694	243,227

Amounts in Rs '000

		As at June 30, 2013	As at December 31, 2012
10.	**Trade Debts**		
	Considered good		
	- Secured	**262,319**	317,764
	- Unsecured	**744,260**	453,818
		1,006,579	771,582
	Considered doubtful	**94,802**	95,384
		1,101,381	866,966
	Less: Provision for:		
	- Doubtful debts - note 40.4	**94,802**	95,384
	- Discounts payable on sales	**140,889**	201,331
		235,691	296,715
		865,690	570,251

10.1 The above balances include amounts due from the following associated undertakings:

	As at June 30, 2013	As at December 31, 2012
Yunus Textile Mills Limited	**17,496**	11,795
Lucky Textile Mills Limited	**10,657**	6,975
Lucky Knits (Private) Limited	**730**	-
ICI Pakistan PowerGen Limited	**627**	-
	29,510	18,770

		As at June 30, 2013	As at December 31, 2012
11.	**Loans and Advances**		
	Considered good		
	Loans due from:		
	Directors and executives - note 6.1	**46,329**	43,507
	Employees - note 6.1	**23,512**	23,328
		69,841	66,835
	Advances to:		
	Directors and Executives - note 11.1	**7,270**	6,314
	Employees	**263**	1,559
	Contractors and suppliers	**75,815**	110,024
	Others	**5,527**	3,750
		88,875	121,647
		158,716	188,482
	Considered doubtful	**7,292**	7,292
		166,008	195,774
	Less: Provision for doubtful loans and advances - note 40.4	**7,292**	7,292
		158,716	188,482

11.1 The maximum aggregate amount of advances due from the directors and executives at the end of any month during the period was Rs 2.585 million and Rs 10.619 million (December 31, 2012: Rs 9.646 million and Rs 14.137 million) respectively.

Amounts in Rs '000

			As at June 30, 2013	As at December 31, 2012
12.	**Trade Deposits and Short-Term Prepayments**			
	Trade deposits		**16,960**	15,074
	Short-term prepayments		**139,552**	86,718
			156,512	101,792
13.	**Other Receivables**			
	Considered good			
	Duties, sales tax and octroi refunds due		**351,163**	227,469
	Commission and discounts receivable		**21,784**	51,696
	Interest income receivable from subsidiary		-	11,240
	Interest income receivable		**10,231**	5,099
	Receivable from principal		**710,600**	705,100
	Others		**3,045**	7,015
		Note 13.1	**1,096,823**	1,007,619
	Considered doubtful		**57,312**	57,312
			1,154,135	1,064,931
	Less: Provision for doubtful receivables - note 13.2		**57,312**	57,312
			1,096,823	1,007,619

13.1 This amount includes Rs 23.36 million (2012: Rs 10.8 million) on account of exchange gain / loss on forward exchange contracts.

13.2 Movement of provision for doubtful receivables

Provision as at January 1	**57,312**	18,185
Charge for the period / year - note 28	-	40,796
Write-off during the period / year	-	(1,669)
Provision as at June 30 / December 31	**57,312**	57,312

14.	**Cash and Bank Balances**		
	Cash at banks :		
	- Short-term deposits - note 14.1	**102,000**	102,000
	- Current accounts	**360,120**	483,081
	In hand:		
	- Cheques	**261,159**	275,066
	- Cash	**7,070**	6,318
		730,349	866,465

14.1 These are placed with various banks with terms ranging from one week to one year. The mark-up on these deposits ranges between 11.20% to 11.50% (2012: 9.50% to 11.50%) and these term deposits are readily encashable without any penalty. The current period short-term deposits pertain to security deposits from customers.

Amounts in Rs '000

As at June 30, 2013	As at December 31, 2012		As at June 30, 2013	As at December 31, 2012
(Numbers)				

15. Issued, Subscribed and Paid-up Capital

83,734,062	83,734,062	Ordinary shares of Rs 10 each fully paid in cash	**837,341**	837,341
211,925	211,925	Ordinary shares of Rs 10 each issued as fully paid for consideration other than cash under scheme of arrangement for amalgamation (note 15.1)	**2,119**	2,119
16,786	16,786	Ordinary shares of Rs 10 each issued as fully paid bonus shares	**168**	168
8,396,277	8,396,277	Ordinary shares issued pursuant to the previous Scheme as fully paid for consideration of investment in associate (note 15.2)	**83,963**	83,963
92,359,050	92,359,050		**923,591**	923,591

15.1 The process for amalgamation of three companies namely Paintex Limited, ICI Pakistan Manufacturers Limited and Imperial Chemical Industries Limited resulted in a new company as ICI Pakistan Limited on April 1, 1987.

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

15.3 On December 28, 2012, Lucky Holdings Limited acquired from ICI Omicron B.V. its entire shareholding of 70,019,459 shares in ICI Pakistan Limited, besides acquiring 111,698 additional shares by way of public offer made by it to all the shareholders of the Company in pursuance of the provisions of the Listed Companies (Substantial Acquisition of Voting Shares & Take-overs), Ordinance, 2002 and the Listed Companies (Substantial Acquisition of Voting Shares & Take-overs) Regulations, 2008. Thus, Lucky Holdings Limited became the holding company, and Lucky Cement Limited became the ultimate holding company of ICI Pakistan Limited with effect from December 28, 2012. Along with Lucky Holdings Limited, two other companies of the Yunus Brothers Group namely, Gadoon Textile Mills Limited and Lucky Textile Mills Limited also participated in the public offer thereby acquiring 5,980,917 shares and 5,077,180 shares respectively. As at the balance sheet date, Lucky Cement Limited held 87.79% shareholding through Lucky Holdings Limited and associated undertakings.

16 Capital Reserves

Share premium - note 16.1	**309,057**	309,057
Capital receipts - note 16.2	**586**	586
	309,643	309,643

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

With effect from July 1, 2011, the capital reserves were split between the Company and Akzo Nobel Pakistan Limited based on 66.54:33.46 ratio which was disclosed in the audited special purpose financial statements for the six months period ended June 30, 2011.

16.2 Capital receipts represent the amount received from various ICI plc group companies overseas for the purchase of property, plant and equipment. The remitting companies have no claim to their repayments.

Amounts in Rs '000

		As at June 30, 2013	As at December 31, 2012
17.	**Surplus on Revaluation of Property, Plant and Equipment**		
	Balance as on January 1	**740,656**	824,207
	Transferred to unappropriated profit in respect of incremental depreciation during the period / year - net of deferred tax	**(42,120)**	(83,551)
	Balance as on June 30 / December 31	**698,536**	740,656
18	**Provisions for non-management staff gratuity and eligible retired employees' medical scheme - note 18.1**	**119,392**	Restated 422,647

18.1 Staff Retirement Benefits

The amount recognized in the profit and loss account against Defined Benefit Scheme for the period / year is as follows:

		2013				2012 Restated			
		Funded			**Unfunded**	Funded			Unfunded
		Pension	**Gratuity**	**Total**		Pension	Gratuity	Total	
18.1.1	**The amounts recognised in the profit and loss account against defined benefit schemes are as follows:**								
	Current service cost	**11,998**	**20,760**	**32,758**	**3,969**	40,178	34,511	74,689	10,765
	Interest cost	**63,871**	**34,764**	**98,635**	**23,319**	187,825	74,093	261,918	44,694
	Expected return on plan assets	**(64,311)**	**(18,406)**	**(82,717)**	**-**	(183,705)	(52,069)	(235,774)	-
	Termination cost	-	-	-	-	59,810	-	59,810	-
	Recognition of actuarial loss	-	-	-	-	-	-	-	-
	Past service cost	-	-	-	**(302,563)**	-	-	-	-
	Net (reversal) / charge for the period / year	**11,558**	**37,118**	**48,676**	**(275,275)**	104,108	56,535	160,643	55,459
	Other Comprehensive Income:								
	Loss on obligation	**(95,577)**	**(98,995)**	**(194,572)**	**(15,806)**	(32,407)	(177,205)	(209,612)	14,949
	(Gain) / Loss on plan assets	**(95,884)**	**(30,553)**	**(126,437)**	**-**	137,249	38,375	175,624	-
	Net (gain) / loss	**(191,461)**	**(129,548)**	**(321,009)**	**(15,806)**	104,842	(138,830)	(33,988)	14,949
18.1.2	**Movement in the net assets / (liability) recognised in the balance sheet are as follows:**								
	Opening balance	**(29,126)**	**(302,098)**	**(331,224)**	**(422,886)**	(202,912)	(150,125)	(353,037)	(402,650)
	Net (reversal) / charge - note 18.1.1	**(11,558)**	**(37,118)**	**(48,676)**	**275,275**	(104,108)	(56,535)	(160,643)	(55,459)
	Other Comprehensive Income	**191,461**	**129,548**	**321,009**	**15,806**	104,842	(138,830)	(33,988)	14,949
	Contributions / payments during the period / year	**75,000**	**19,556**	**94,556**	**12,174**	173,052	43,392	216,444	20,274
	Closing Balance	**225,777**	**(190,112)**	**35,665**	**(119,631) ***	(29,126)	(302,098)	(331,224)	(422,886)*
18.1.3	**The amounts recognised in the balance sheet are as follows:**								
	Fair value of plan assets - note 18.1.5	**1,293,746**	**362,228**	**1,655,974**	**-**	1,165,492	344,408	1,509,900	-
	Present value of defined benefit obligation - note 18.1.4	**(1,067,969)**	**(552,340)**	**(1,620,309)**	**(119,631)**	(1,194,618)	(646,506)	(1,841,124)	(422,886)
	Surplus / (Deficit)	**225,777**	**(190,112)**	**35,665**	**(119,631) ***	(29,126)	(302,098)	(331,224)	(422,886)*

The recognized asset/liability of funded gratuity is netted off against recognized asset/liability of funded pension and recorded accordingly.

		Pension	**Gratuity**	**Total**	**Unfunded**	Pension	Gratuity	Total	Unfunded
18.1.4	**Movement in the present value of defined benefit obligation:**								
	Opening balance	**1,194,618**	**646,506**	**1,841,124**	**422,886**	1,426,539	508,072	1,934,611	402,650
	Current service cost	**11,998**	**20,760**	**32,758**	**3,969**	40,178	34,511	74,689	10,765
	Interest cost	**63,871**	**34,764**	**98,635**	**23,319**	187,825	74,093	261,918	44,694
	Benefits paid	**(106,941)**	**(50,695)**	**(157,636)**	**(12,174)**	(552,141)	(147,375)	(699,516)	(20,274)
	Termination cost	-	-	-	-	59,810	-	59,810	-
	Actuarial loss / (gain)	**(95,577)**	**(98,995)**	**(194,572)**	**(15,806)**	32,407	177,205	209,612	(14,949)
	Past service cost	-	-	-	**(302,563)**	-	-	-	-
	Closing balance	**1,067,969**	**552,340**	**1,620,309**	**119,631**	1,194,618	646,506	1,841,124	422,886

Amounts in Rs '000

	2013				2012 Restated			
	Funded			Unfunded	Funded			Unfunded
	Pension	Gratuity	Total		Pension	Gratuity	Total	
18.1.5 Movement in the fair value of plan assets:								
Opening balance	**1,165,492**	**344,408**	**1,509,900**	-	1,223,627	357,947	1,581,574	-
Expected return	**64,311**	**18,406**	**82,717**	-	183,705	52,069	235,774	-
Contributions	**75,000**	**19,556**	**94,556**	-	173,052	43,392	216,444	-
Benefits paid	**(106,941)**	**(50,695)**	**(157,636)**	-	(552,141)	(147,375)	(699,516)	-
Actuarial (loss) / gain	**95,884**	**30,553**	**126,437**	-	137,249	38,375	175,624	-
Closing balance	**1,293,746**	**362,228**	**1,655,974**	-	1,165,492	344,408	1,509,900	-

* The unfunded liability included in the above table includes Rs 0.239 million (December 31, 2012: Rs 0.239 million) pertaining to ICI Pakistan PowerGen Limited.

18.1.6 Historical Information **

	June 30	December 31			
	2013	2012	2011	2010	2009
Present value of defined benefit obligation	**1,739,940**	2,264,010	2,337,261	2,483,046	2,088,882
Fair value of plan assets	**1,655,974**	1,509,900	1,581,574	1,771,477	1,354,469
Deficit	**83,966**	754,110	755,687	711,569	734,413

** Prior year figures are inclusive of staff retirement benefits of Paints business (from 2009 to 2010).

	2013	2012
18.1.7 Major categories / composition of plan assets are as follows:		
Debt instruments	**69%**	73%
Equity at market value	**28%**	27%
Cash	**3%**	0%

Fair Value of Plan Asset

	Pension	**Gratuity**	Pension	Gratuity
	As at June 30, 2013		As at December 31, 2012	
Investment				
National Savings deposits	**526,012**	**82,250**	360,361	81,979
Government bonds	**339,014**	**172,385**	477,669	164,172
Corporate bonds	**9,431**	**8,137**	8,238	8,144
Shares	**392,450**	**70,317**	318,577	87,968
Cash	**26,839**	**29,139**	647	2,145
Total	**1,293,746**	**362,228**	1,165,492	344,408

Mortality of active employees and pensioners is represented by the LIC (96-98) Table. The table has been rated down three years for mortality of female pensioners and widows.

The return on plan assets was assumed to be equal to the discount rate. Actual (loss) / return on plan assets during 2013 was Rs 209.154 million (2012: Rs 411.398 million).

	2013	2012
18.1.8 The principal actuarial assumptions at the reporting date were as follows:		
Discount rate	**10.75%**	11.50%
Expected return on plan assets	**10.75%**	11.50%
Future salary increases - Management	**8.75%**	13.00%
Future salary increases - Non-management	**6.00%**	6.00%
Future pension increases	**6.00%**	7.00%

18.1.9 Impact on obligation of changes in assumptions:

Assumption	1% Increase	1 % Decrease
Discount rate	(87,524)	98,243
Salary increase	62,691	(57,213)
Pension increase	37,684	(33,641)

18.1.10 The Company contributed Rs 31.347 million (December 31, 2012: Rs 57.829 million) and Rs 21.246 million (December 31, 2012: Rs 34.929 million) to the provident fund and the defined contribution superannuation fund respectively during the period.

Amounts in Rs '000

		June 30, 2013 (Unaudited)	December 31, 2012 (Audited)
18.2	**Provident fund**		
	Size of the fund (Net Assets)	**1,234,564**	1,198,619
	Cost of investments made (actual investment made)	**1,062,906**	983,940
	Percentage of investments made (Cost of investment / Size of the Fund)	**86%**	82.1%
	Fair value of investments	**1,196,650**	1,138,518

18.2.1 Break-up of Investments of provident fund

Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	June 30, 2013 (Unaudited)		Dec 31, 2012 (Audited)	
	Investments	**% of investment as size of the fund**	Investments	% of investment as size of the fund
On Fair Value				
Pakistan Investment Bonds	**518,722**	**44%**	504,942	44%
Treasury Bills	**170,814**	**14%**	54,091	5%
Short Term Deposit Account	**222,300**	**19%**	222,300	20%
Mutual Funds	**76,867**	**6%**	75,653	7%
Shares	**195,654**	**16%**	255,844	22%
Term Finance Certificates	**12,293**	**1%**	25,688	2%
	1,196,650	**100%**	1,138,518	100%

Investments out of provident fund have been made in accordance with the provisions of the section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose

		As at June 30, 2013	As at December 31, 2012
19.	**Long-Term Loans**	**1,887,026**	290,270
	From banking companies / financial institutions:		
	- Faysal Bank Limited	**343,591**	290,270
	- Habib Bank Limited	**543,435**	-
		887,026	290,270

The Company has obtained Long-Term Finance Facility (LTFF) for imported and locally manufactured plant and machinery from Faysal Bank Limited of Rs 343.591 million (limit: Rs 500 million) and Habib Bank Limited of Rs 543.435 million (limit: Rs 1,000 million) for a period of 7 years (including 2 year grace period), with the principal payable on semi annual basis. The mark-up is chargeable at fixed rate ranging from 9.65% to 9.85% payable on quarterly basis. These facilities are secured against first pari passu hypothecation charge on the Property, Plant and Equipment (PPE) of the Company's Soda Ash Business. The loans have been refinanced by the State Bank of Pakistan under LTFF for Export Oriented Projects.

	Islamic Term Finance		
	From banking companies / financial institutions:		
	- Standard Chartered Bank (Pakistan) Limited	**1,000,000**	-

The Company has obtained long-term loan for Rs 1,000 million from Standard Chartered Bank (Pakistan) Limited under Islamic Diminishing Musharaka upto a limit of Rs 1,000 million for a period of 3 years (including 6 month grace period). The rental payment is charged at relevant KIBOR plus 0.25% per annum payable on quarterly basis. This facility is initally secured by a ranking charge to be subsequently replaced by a first pari passu hypothecation charge on the PPE of the Company's Polyester Business located at Sheikhupura.

Amounts in Rs '000

	As at June 30, 2013			As at December 31, 2012		
	Opening	**Reversal / (Charge) (note - 32)**	**Closing**	Opening	Reversal (note - 32)	Closing
20 Deferred Tax (Liability) / Asset - net						
Deductible temporary differences						
Provisions for retirement benefits, doubtful debts and others	**330,076**	**(28,410)**	**301,666**	286,493	43,583	330,076
Retirement fund provision routed through other comprehensive income	**211,393**	**(117,885)**	**93,508**	248,339	(36,946)	211,393
Taxable temporary differences						
Property, plant and equipment	**(1,421,819)**	**(74,466)**	**(1,496,285)**	(1,472,727)	50,908	(1,421,819)
	(880,350)	**(220,761)**	**(1,101,111)**	(937,895)	57,545	(880,350)

	As at June 30, 2013	As at December 31, 2012 Restated
21 Trade and Other Payables		
Trade creditors - note 21.1 & 21.1.1	**741,283**	1,407,341
Bills payable	**2,113,695**	3,187,853
Sales tax, excise and custom duties	**42,393**	35,627
Mark-up accrued on short-term borrowings	**28,465**	14,731
Accrued interest on expansion project - note 21.2	**38,733**	36,110
Accrued expenses	**791,074**	770,626
Technical service fee / royalty	**680**	665
Workers' profit participation fund - note 21.3	**61,635**	75,192
Workers' welfare fund	**49,081**	28,141
Distributors' security deposits - payable on termination of distributorship - note 21.4	**118,888**	111,497
Contractors' earnest / retention money	**9,550**	9,589
Advances from customers - note 21.5	**118,086**	469,015
Unclaimed dividends	**45,982**	4,537
Payable for capital expenditure	**252,931**	216,402
Provision for compensated absences - note 21.6	**31,249**	31,249
Payable to ICI Pakistan PowerGen Limited (the subsidiary)	**102,057**	102,057
Provision for staff retirement benefit plans - note 18	-	331,224
Others	**149,320**	191,369
	4,695,102	7,023,225

21.1 This includes an amount of Rs 101.84 million (2012: Rs 115.8 million) payable to ICI Pakistan PowerGen Limited, a related party on account of purchase of electricity.

21.1.1 This amount includes Rs 1.17 million (2012: Rs 52.5 million) on account of exchange gain / loss on forward exchange contracts.

21.2 This liability pertains to financing obtained for Coal Fired Boiler project. Interest charge on the finance facilities is part of capital work in progress.

	As at June 30, 2013	As at December 31, 2012
21.3 Workers' profit participation fund		
Balance as on January 1	**75,192**	148,183
Allocation for the period / year - note 29	**54,195**	72,336
	129,387	220,519
Interest on funds utilised in the Company's businesses at 41.25 % (2012: 67.5 %) per annum - note 30	**2,248**	2,755
Less:		
- Paid to the Fund	**70,000**	148,082
Balance as on June 30 / December 31	**61,635**	75,192

21.4 Interest on security deposits from certain distributors is payable at 11.2 % (2012: 11.9 %) per annum as specified in the respective agreements.

Amounts in Rs '000

		As at June 30, 2013	As at December 31, 2012
21.5	The above balances include amounts due to the following associated undertakings (related party):		
	Gadoon Textile Mills Limited	**2,891**	3,179
	Fazal Textile Mills Limited	**249**	6,374
		3,140	9,553

21.6 This figure is based on actuarial valuation and estimation.

22	**Short-Term Borrowings and Running Finance - note 22.1, 22.2 & 22.3**	**2,654,549**	2,332,057

Short-term borrowings and running finance facilities from various banks aggregated to Rs 4,715 million (2012: Rs 4,075 million) and carry mark-up during the period ranging from relevant KIBOR + 0.40% to 0.75% per annum with an average mark-up rate of relevant KIBOR + 0.43% as at June 30, 2013 on utilised limits (2012: relevant KIBOR + 0.50% to 0.75% per annum with an average mark-up rate of relevant KIBOR + 0.61% on utilised limits). These facilities are secured by hypothecation charge over the present and future stock-in-trade and book debts of the Company.

22.1 Short-Term borrowings - secured

	Tenure			
	From	**To**		
Samba Bank Limited	15-Apr-13	15-Jul-13	**494,000**	494,000
United Bank Limited	7-Jun-13	8-Jul-13	**300,000**	300,000
Standard Chartered Bank (Pakistan) Limited	14-Jun-13	15-Jul-13	**100,000**	200,000
MCB Bank Limited	7-Jun-13	5-Jul-13	**125,000**	-
Bank Alfalah Limited	12-Apr-13	11-Jul-13	**435,000**	-
MCB Bank Limited	28-Jun-13	26-Jul-13	**600,000**	-
United Bank Limited	25-Jun-13	25-Jul-13	**72,000**	-
			2,126,000	994,000

The above short-term borrowings are secured by first pari passu hypothecation charge as mentioned above and carry mark-up during the period ranging from relevant KIBOR + 0.20% to 0.40% (December 31, 2012: Rs. 994 million, relevent KIBOR + 0.50%)

22.2	**Export Refinance**	**130,000**	-

The Company has export refinance facility upto Rs 200 million (2012: Nil) available from Faysal Bank Limited as at June 30, 2013 out of which Rs 130 million was utilised (2012: Nil). The above export refinance facility is secured by first pari passu hypothecation charge. The export refinance facility carries mark-up at State Bank of Pakistan rate (currently 8.40%) + 0.25% per annum.

22.3	**Short-Term Running Finance - Secured**	**398,549**	1,338,057

The above short-term running finance is secured by first pari passu hypothecation charge as mentioned above.

23 Contingencies and Commitments

23.1 Claims against the Company not acknowledged as debts are as follows:

Local bodies - note 23.1.1	**12,735**	12,735
Others	**28,288**	30,389
	41,023	43,124

Amounts in Rs '000

23.1.1 The Company was served notice by Punjab Employees Social Security Institution's Local office Shahdara, dated November 24, 1997 on Polyester Plant for alleged non-payment of Rs 11.96 million on account of Social Security Contribution on the basis of assessment made by the PESSI for the period 1996 and 1997, on behalf of contractors' workers (M/s Descon Engineering Limited) engaged for Expansion Project. The Company challenged the notice and filed an appeal with Vice Commissioner Social Security Institution and also filled petition in High Court Lahore on July 20, along with stay application, the court granted stay order on July 25, 2012. The outcome of the case cannot be determined yet.

23.2 Also refer note 43 to these financial statements for income tax contingencies.

23.3 Guarantee issued by the Company of Rs 133 million (2012: Rs 133 million) to a bank on behalf of its subsidiary ICI Pakistan PowerGen Limited for availing funded facility.

23.4 Commitments in respect of capital expenditure (including Coal Fired Boiler Project of the Soda Ash business) amounted to Rs 541.987 million (2012: Rs 492.036 million).

23.5 Commitments for rentals under operating lease / Ijarah contracts in respect of vehicles amounting to Rs 132.995 million (2012: Rs 125.919 million) are as follows:

	As at June 30, 2013	As at December 31, 2012
Year		
2013	-	52,287
2014	**54,462**	38,060
2015	**43,304**	24,937
2016	**26,216**	10,635
2017	**9,013**	-
	132,995	125,919
Payable not later than one year	**54,462**	52,287
Payable later than one year but not later than five years	**78,533**	73,632
	132,995	125,919

23.6 Outstanding foreign exchange contracts as at June 30, 2013 entered into by the Company amounted Rs 1,166.117 million (2012: Rs 2,635.860 million).

Amounts in Rs '000

24. Operating Segment Results

	Note	Polyester		Soda Ash		Life Sciences		Chemicals		Company	
		Six months period ended June 30, 2013	Year December 31, 2012 Restated	**Six months period ended June 30, 2013**	Year ended December 31, 2012 Restated	**Six months period ended June 30, 2013**	Year ended December 31, 2012 Restated	**Six months period ended June 30, 2013**	Year ended December 31, 2012 Restated	**Six months period ended June 30, 2013**	Year ended December 31, 2012 Restated
Sales											
Afghanistan		**-**	-	**4,664**	3,614	**699**	-	**1,928**	2,917	**7,291**	6,531
India		**-**	-	**181,003**	305,719	**-**	-	**-**	-	**181,003**	305,719
United Arab Emirates		**-**	-	**-**	-	**-**	-	**7,861**	-	**7,861**	-
Others		**8,233**	-	**-**	-	**-**	-	**-**	1,562	**8,233**	1,562
		8,233	-	**185,667**	309,333	**699**	-	**9,789**	4,479	**204,388**	313,812
Inter-segment		**-**	-	**-**	-	**-**	-	**9,785**	40,969	**9,785**	40,969
Local		**9,701,479**	18,354,064	**4,683,715**	8,909,826	**3,383,635**	6,251,234	**2,125,869**	3,918,729	**19,894,698**	37,433,853
		9,709,712	18,354,064	**4,869,382**	9,219,159	**3,384,334**	6,251,234	**2,145,443**	3,964,177	**20,108,871**	37,788,634
Commission / Toll income		**-**	-	**-**	-	**-**	-	**34,891**	61,768	**34,891**	61,768
Turnover		**9,709,712**	18,354,064	**4,869,382**	9,219,159	**3,384,334**	6,251,234	**2,180,334**	4,025,945	**20,143,762**	37,850,402
Sales tax		**126,708**	-	**645,513**	1,363,618	**9,189**	15,281	**215,631**	374,555	**997,041**	1,753,454
Commission and discounts to distributors and customers		**126,914**	150,037	**137,643**	251,283	**424,271**	743,712	**132,430**	229,384	**821,258**	1,374,416
		253,622	150,037	**783,156**	1,614,901	**433,460**	758,993	**348,061**	603,939	**1,818,299**	3,127,870
Net sales, commission & toll income		**9,456,090**	18,204,027	**4,086,226**	7,604,258	**2,950,874**	5,492,241	**1,832,273**	3,422,006	**18,325,463**	34,722,532
Cost of sales	26	**9,442,026**	17,754,556	**3,204,255**	6,251,945	**2,146,431**	3,977,598	**1,475,570**	2,744,967	**16,268,282**	30,729,066
Gross profit		**14,064**	449,471	**881,971**	1,352,313	**804,443**	1,514,643	**356,703**	677,039	**2,057,181**	3,993,466
Selling and distribution expenses	27	**46,019**	76,400	**51,357**	91,835	**329,996**	701,702	**96,019**	198,582	**523,391**	1,068,519
Administrative and general expenses	28	**124,976**	474,711	**102,888**	405,031	**76,632**	247,949	**56,638**	172,622	**361,134**	1,300,313
Operating result		**(156,931)**	(101,640)	**727,726**	855,447	**397,815**	564,992	**204,046**	305,835	**1,172,656**	1,624,634

24.1 Segment assets - note 24.5	**7,215,283**	7,470,348	**12,608,937**	12,361,310	**4,853,688**	5,342,272	**2,398,548**	2,018,814	**18,865,663**	18,951,167
24.2 Unallocated assets									**2,079,042**	1,762,928
									20,944,705	20,714,095
24.3 Segment liabilities - note 24.5	**8,772,215**	9,481,215	**3,177,567**	4,668,000	**1,680,842**	2,891,067	**809,607**	824,925	**6,229,439**	9,623,632
24.4 Unallocated liabilities									**4,227,741**	1,324,917
									10,457,180	10,948,549

24.5 Inter unit current account balances of respective businesses have been eliminated from the total.

24.6 Depreciation and amortisation - note 3.5 and 4.1	**230,363**	430,004	**294,575**	589,142	**11,100**	19,366	**21,653**	39,440	**557,691**	1,077,952
24.7 Capital expenditure	**407,574**	956,464	**550,903**	1,911,095	**16,997**	14,805	**19,671**	35,014	**995,145**	2,917,378

24.8 Inter-segment pricing
Transactions among the business segments are recorded at arm's length prices using admissible valuation methods.

24.9 There were no major customer of the Company which formed part of 10% or more of the Company's revenue.

		Six months period ended June 30, 2013	Year ended December 31, 2012
			Amounts in Rs '000
25.	**Reconciliations of reportable segment turnover, cost of sales, assets and liabilities**		
25.1	**Turnover**		
	Total turnover for reportable segments - note 24	**20,143,762**	37,850,402
	Elimination of inter-segment turnover note 24	**(9,785)**	(40,969)
	Total turnover	**20,133,977**	37,809,433
25.2	**Cost of sales**		
	Total cost of sales for reportable segments - note 26	**16,268,282**	30,729,066
	Elimination of inter-segment purchases - note 26	**(9,785)**	(40,969)
	Total cost of sales	**16,258,497**	30,688,097
25.3	**Assets**		
	Total assets for reportable segments	**18,865,663**	18,951,167
	Taxation - net	**1,474,066**	1,157,952
	Bank deposits - note 14	**102,000**	102,000
	Long-term Investments - note 5	**502,976**	502,976
	Total Assets	**20,944,705**	20,714,095
25.4	**Liabilities**		
	Total liabilities for reportable segments	**6,229,439**	9,623,632
	Short-term loan	**2,256,000**	994,000
	Long-term loan	**1,887,026**	290,270
	Accrued interest expansion project - note 21	**38,733**	36,110
	Unclaimed dividends - note 21	**45,982**	4,537
	Total liabilities	**10,457,180**	10,948,549

Amounts in Rs '000

26. Cost of Sales

	Note	Polyester		Soda Ash		Life Sciences		Chemicals		Company	
		Six months period ended June 30, 2013	Year December 31, 2012 Restated	**Six months period ended June 30, 2013**	Year ended December 31, 2012 Restated	**Six months period ended June 30, 2013**	Year ended December 31, 2012 Restated	**Six months period ended June 30, 2013**	Year ended December 31, 2012 Restated	**Six months period ended June 30, 2013**	Year ended December 31, 2012 Restated
Raw and packing materials consumed											
Opening stock		**1,394,859**	880,001	**359,582**	177,745	**588,355**	457,248	**115,497**	89,435	**2,458,293**	1,604,429
Purchases											
Inter-segment		**9,785**	8,127	**-**	32,842	**-**	-	**-**	-	**9,785**	40,969
Others		**7,501,920**	15,484,417	**1,028,100**	2,073,403	**456,369**	1,389,353	**1,009,243**	1,428,892	**9,995,632**	20,376,065
		7,511,705	15,492,544	**1,028,100**	2,106,245	**456,369**	1,389,353	**1,009,243**	1,428,892	**10,005,417**	20,417,034
		8,906,564	16,372,545	**1,387,682**	2,283,990	**1,044,724**	1,846,601	**1,124,740**	1,518,327	**12,463,710**	22,021,463
Closing stock - note 9		**(897,238)**	(1,394,859)	**(510,102)**	(359,582)	**(453,994)**	(588,355)	**(207,993)**	(115,497)	**(2,069,327)**	(2,458,293)
Raw material consumed		**8,009,326**	14,977,686	**877,580**	1,924,408	**590,730**	1,258,246	**916,747**	1,402,830	**10,394,383**	19,563,170
Salaries, wages and benefits - note 26.1		**133,692**	382,330	**220,182**	631,846	**900**	3,810	**17,326**	50,709	**372,100**	1,068,695
Stores and spares consumed		**69,819**	140,603	**47,339**	94,919	**-**	-	**2,293**	5,878	**119,451**	241,400
Conversion fee paid to contract manufacturers		**-**	-	**-**	-	**136,435**	287,189	**4,871**	9,261	**141,306**	296,450
Oil, gas and electricity		**1,002,818**	1,834,515	**1,210,796**	2,848,687	**-**	-	**4,690**	8,428	**2,218,304**	4,691,630
Rent, rates and taxes		**490**	1,035	**864**	929	**-**	-	**6,948**	12,156	**8,302**	14,120
Insurance		**12,923**	22,911	**16,970**	21,612	**-**	-	**563**	1,100	**30,456**	45,623
Repairs and maintenance		**1,657**	1,155	**5**	85	**-**	-	**2,174**	4,245	**3,836**	5,485
Depreciation and amortisation charge - note 3.5 and 4.1		**217,025**	405,568	**282,967**	565,851	**207**	443	**11,408**	21,997	**511,607**	993,859
Technical fees		**-**	-	**-**	-	**-**	703	**1,354**	2,597	**1,354**	3,300
Royalty		**-**	-	**-**	-	**-**	1,592	**-**	-	**-**	1,592
General expenses		**68,347**	130,350	**67,482**	147,642	**1,167**	1,007	**6,940**	14,547	**143,936**	293,546
Opening stock of work-in-process		**74,987**	188,491	**-**	-	**71,700**	28,376	**1,276**	3,379	**147,963**	220,246
Closing stock of work-in-process - note 9		**(170,516)**	(74,987)	**-**	-	**(59,475)**	(71,700)	**(2,850)**	(1,276)	**(232,841)**	(147,963)
Cost of goods manufactured		**9,420,568**	18,009,657	**2,724,185**	6,235,979	**741,664**	1,509,666	**973,740**	1,535,851	**13,860,157**	27,291,153
Opening stock of finished goods		**1,009,796**	669,745	**383,510**	47,148	**1,102,849**	896,220	**278,929**	401,068	**2,775,084**	2,014,181
Finished goods purchased		**6,979**	84,950	**175,327**	352,328	**1,098,109**	2,697,903	**631,964**	1,093,070	**1,912,379**	4,228,251
		10,437,343	18,764,352	**3,283,022**	6,635,455	**2,942,622**	5,103,789	**1,884,633**	3,029,989	**18,547,620**	33,533,585
Closing stock of finished goods - note 9		**(994,304)**	(1,009,796)	**(78,767)**	(383,510)	**(793,560)**	(1,102,849)	**(404,476)**	(278,929)	**(2,271,107)**	(2,775,084)
Provision for obsolete stocks - note 28		**(1,013)**	-	**-**	-	**(2,631)**	(23,342)	**(4,587)**	(6,093)	**(8,231)**	(29,435)
		9,442,026	17,754,556	**3,204,255**	6,251,945	**2,146,431**	3,977,598	**1,475,570**	2,744,967	**16,268,282**	30,729,066

26.1 Staff retirement benefits

Salaries, wages and benefits include Rs 23.196 million (December 31, 2012: Rs 111.022 million) in respect of staff retirement benefits. Decrease in salaries, wages and benefits during the period is on account of net reversal of retirement benefit provision of Rs 130.31 million, mainly in respect of past service cost (refer note 18).

Amounts in Rs '000

27. Selling and Distribution Expenses

	Polyester		Soda Ash		Life Sciences		Chemicals		Company	
	Six months period ended June 30, 2013	Year December 31, 2012 Restated	**Six months period ended June 30, 2013**	Year ended December 31, 2012 Restated	**Six months period ended June 30, 2013**	Year ended December 31, 2012 Restated	**Six months period ended June 30, 2013**	Year ended December 31, 2012 Restated	**Six months period ended June 30, 2013**	Year ended December 31, 2012 Restated
Salaries and benefits - note 27.1	**16,373**	56,499	**7,690**	20,842	**104,418**	276,569	**23,610**	77,863	**152,091**	431,773
Repairs and maintenance	**101**	20	**1,092**	1,893	**1,378**	3,118	**856**	1,775	**3,427**	6,806
Advertising and publicity expenses	**193**	141	**42**	6,847	**62,127**	130,639	**3,926**	6,420	**66,288**	144,047
Rent, rates and taxes	**192**	46	**1,529**	2,098	**4,179**	7,872	**613**	1,110	**6,513**	11,126
Insurance	-	-	**597**	669	**5,069**	7,340	**1,594**	4,635	**7,260**	12,644
Lighting, heating and cooling	**59**	8	**680**	1,162	**1,357**	3,018	**1,453**	2,978	**3,549**	7,166
Depreciation and amortisation charge - note 3.5 and 4.1	-	-	**65**	146	**4,506**	9,735	**2,751**	4,862	**7,322**	14,743
Outward freight and handling	**5,014**	2,945	**30,530**	43,307	**30,299**	45,487	**28,307**	48,734	**94,150**	140,473
Travelling expenses	**3,350**	6,774	**1,336**	3,247	**43,833**	99,282	**7,761**	13,016	**56,280**	122,319
Postage, telegram, telephone and telex	**779**	782	**343**	1,351	**8,856**	16,083	**2,477**	4,431	**12,455**	22,647
General expenses	**19,958**	9,185	**7,453**	10,273	**63,974**	102,559	**22,671**	32,758	**114,056**	154,775
	46,019	76,400	**51,357**	91,835	**329,996**	701,702	**96,019**	198,582	**523,391**	1,068,519

27.1 Staff retirement benefits

Salaries and benefits include Rs 14.038 million (December 31, 2012: Rs 35.728 million) in respect of staff retirement benefits. Decrease in salaries, wages and benefits during the period is on account of net reversal of retirement benefit provision of Rs 38.152 million, mainly in respect of past service cost (refer note 18).

28. Administrative and General Expenses

	Polyester		Soda Ash		Life Sciences		Chemicals		Company	
Salaries and benefits - note 28.1	**61,181**	305,816	**54,173**	291,013	**38,779**	159,958	**28,249**	122,250	**182,382**	879,037
Repairs and maintenance	**2,797**	5,424	**1,582**	3,455	**1,686**	2,777	**481**	795	**6,546**	12,451
Advertising and publicity expenses	**1,018**	1,752	**1,159**	2,016	**388**	652	**251**	495	**2,816**	4,915
Rent, rates and taxes	**2,838**	5,868	**1,441**	5,954	**466**	1,422	**312**	948	**5,057**	14,192
Insurance	**493**	2,236	**589**	2,675	**2,390**	2,704	**160**	577	**3,632**	8,192
Lighting, heating and cooling	**2,987**	5,678	**2,874**	5,159	**2,909**	4,295	**621**	1,112	**9,391**	16,244
Depreciation and amortisation charge - note 3.5 and 4.1	**13,338**	24,436	**11,543**	23,145	**6,387**	9,188	**7,494**	12,581	**38,762**	69,350
Provision for doubtful debts - trade - note 40.6	-	672	-	-	-	123	**774**	2,250	**774**	3,045
- others - note 13.1	-	37,000	-	2,348	-	1,448	-	-	-	40,796
Provision for obsolete stocks - note 9.1	**1,013**	-	-	-	**2,631**	23,342	**4,587**	6,093	**8,231**	29,435
Provision for obsolete spares - note 8.1	-	-	-	2,625	-	-	-	-	-	2,625
Travelling expenses	**3,203**	8,259	**1,941**	4,686	**2,402**	4,875	**2,292**	4,807	**9,838**	22,627
Postage, telegram, telephone and telex	**1,633**	3,351	**1,420**	3,089	**1,167**	2,669	**827**	1,446	**5,047**	10,555
General expenses	**34,475**	74,219	**26,166**	58,866	**17,427**	34,496	**10,590**	19,268	**88,658**	186,849
	124,976	474,711	**102,888**	405,031	**76,632**	247,949	**56,638**	172,622	**361,134**	1,300,313

28.1 Staff retirement benefits

Salaries and benefits include Rs 15.360 million (December 31, 2012: Rs 162.108 million) in respect of staff retirement benefits. Decrease in salaries, wages and benefits during the period is on account of net reversal of retirement benefit provision of Rs 58.137 million, mainly in respect of past service cost (refer note 18).

Amounts in Rs '000

		Six months period ended June 30, 2013	Year ended December 31, 2012
29.	**Other Operating Charges**		
	Auditors' remuneration - note 29.1	**2,539**	10,234
	Donations - note 29.2	**7,450**	22,070
	Workers' profit participation fund - note 21.3	**54,195**	72,336
	Workers' welfare fund	**20,940**	27,992
		85,124	132,632
29.1	**Auditors' remuneration**		
	Audit and group reporting fee - note 29.1.1	**2,050**	3,400
	Half yearly review and other certifications	-	1,231
	Demerger related charges	-	5,500
	Out of pocket expenses	**489**	103
		2,539	10,234

29.1.1 For the current period, it represents only statutory audit fee.

29.2 Donations include Rs Nil (December 31, 2012: Rs 6 million) paid to ICI Pakistan Foundation (Head office, Karachi) Mr. Ali Asrar Aga, Director of the Group, Mr. Suhail Aslam Khan, Mr. Asif Malik and Ms. Seemi Saad, Executives of the Company are amongst the Trustees of the Foundation.

		Six months period ended June 30, 2013	Year ended December 31, 2012
30.	**Finance Costs**		
	Mark-up on short-term financing	**137,370**	55,773
	Interest on workers' profit participation fund - note 21.3	**2,248**	2,755
	Discounting charges on receivables	**20,917**	55,841
	Exchange losses	**24,529**	81,758
	Guarantee fee and others	**1,998**	1,670
	Interest on loan due to Akzo Nobel Pakistan Limited	-	96,363
		187,062	294,160
31.	**Other Income**		
	Income from financial assets		
	Income from related party		
	Return on loan due from the Subsidiary	**1,292**	58,408
	Service fees from related parties - note 31.1	**990**	1,980
	Income from other financial assets		
	Profit on short-term and call deposits	-	109,254
		2,282	169,642
	Income from non-financial assets		
	Scrap sales	**22,212**	58,556
	Gain on disposal of property, plant and equipment	**363**	16,640
	Provisions and accruals no longer required written back	**90,300**	7,786
	Exchange gain	-	18,338
	Sundries	**10,461**	27,419
		125,618	298,381

31.1 This represents amount charged by the Company for certain management and other services rendered to its wholly owned subsidiary, ICI Pakistan PowerGen Limited, in accordance with the Service Agreement based on commercial terms between the companies.

Amounts in Rs '000

		Six months period ended June 30, 2013	Year ended December 31, 2012 Restated
32.	**Taxation**		
	Current	**271,336**	625,657
	Deferred	**102,872**	(103,095)
	Prior year charge	**(35,887)**	-
	Net tax charged - note 32.1	**338,321**	522,562
32.1	**Tax reconciliation**		
	Profit before taxation	**1,026,088**	1,496,223
	Tax @ 35%	**359,131**	523,678
	Effect of prior year charge	**(35,887)**	-
	Tax impact due to change of FTR ratio	**8,230**	(2,806)
	Permanent difference (donations)	**2,608**	-
	Others	**4,239**	1,690
	Net tax charged	**338,321**	522,562
	Average effective tax rate	**33%**	35%

33. Earnings per share - Basic and diluted

Profit after taxation for the period / year	**687,767**	973,661
	Number of shares	
Weighted average number of ordinary shares (allocated) in issue during the period / year	**92,359,050**	92,359,050
		Restated
Earnings per share for the period / year (Rupees)	**7.45**	10.54

34. Remuneration of Chairman, Chief Executive, Directors and Executives

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

	Chairman		Chief Executive		Directors		Executives		Total	
	Six months period ended June 30, 2013	Year December 31, 2012	**Six months period ended June 30, 2013**	Year ended December 31, 2012	**Six months period ended June 30, 2013**	Year ended December 31, 2012	**Six months period ended June 30, 2013**	Year ended December 31, 2012	**Six months period ended June 30, 2013**	Year ended December 31, 2012
Managerial remuneration	**365**	3,687	**15,633**	134,484	**16,125**	50,516	**172,879**	521,731	**205,002**	710,418
Retirement benefits	-	-	**2,558**	68,564	**3,137**	9,909	**44,887**	134,244	**50,582**	212,717
Group insurance	-	-	**9**	64	**19**	128	**548**	7,000	**576**	7,192
Rent and house maintenance	-	-	**1,862**	2,927	-	-	**53,054**	149,643	**54,916**	152,570
Utilities	-	-	**256**	983	-	-	**13,015**	37,115	**13,271**	38,098
Medical expenses	-	-	**42**	359	**66**	165	**14,741**	26,179	**14,849**	26,703
	365	3,687	**20,360**	207,381	**19,347**	60,718	**299,124**	875,912	**339,196**	1,147,698
Number of person(s)	**1**	1	**1**	1	**2**	2	**368**	370	**376**	376

Amounts in Rs '000

34.1 In addition to above, an amount of Rs 98.6 million (December 31, 2012: Rs 257.7 million) on account of variable pay, to employees, has been recognised in the current period. This amount is payable in 2014 after verification of achievements against targets.

Variable and special bonus paid during the period / year includes the following:

	Paid in 2013 relating to 2012	Paid in 2012 relating to 2011
Chief Executive	-	103,366
Directors	**3,855**	78,026
Executives	**48,007**	416,422
Other employees	**39,319**	79,092
	91,181	676,906

34.2 The Directors and certain Executives are provided with free use of Company cars in accordance with their entitlement. The Chief Executive is provided with free use of Company car, certain household equipments and maintenance when needed.

34.3 Aggregate amount charged in the financial statements for remuneration to six Non-executive Directors was Rs 1.975 million (December 31, 2012: Rs 9.813 million). This includes fees paid to directors amounting to Rs 0.525 million (December 31, 2012: Rs 0.400 million) for attending board and other meetings which is not included above.

34.3.1 The remuneration and fees paid to directors during the current period includes Rs 0.442 million and Rs 0.08 million respectively for two Non-executive Directors who were appointed as executive directors during the period.

34.4 The above balances include an amount of Rs 75.35 million (December 31, 2012: Rs 595.114 million) on account of remuneration of key management personnel out of which Rs 11.881 million (December 31, 2012: Rs 30.648 million) relates to post employment benefits.

		Six months period ended June 30, 2013	Year ended December 31, 2012
34.5	Total number of employees as of the balance sheet date	**1053**	1082
	Average number of employees during the period / year	**1055**	1085

35. Transactions with Related Parties

The related parties comprise ultimate holding company (Lucky Cement Limited), intermediary holding company (Lucky Holdings Limited), related group companies, local associated company, subsidiary company, directors of the Company, companies where directors also hold directorship, key employees (note 34) and staff retirement funds (note 18). Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Subsidiary Company		
Purchase of goods, materials and services	**543,181**	922,878
Provision of services and other receipts	**990**	1,980
Return on loan to the Subsidiary - note 31	**1,292**	58,408
Associated companies		
Purchase of goods, materials and services	**62**	13,526
Provision of services and other receipts	-	3,639
Sale of goods and materials	**718,460**	641,967
Dividends	**162,379**	823,804
Donations	**-**	6,000

Amounts in Rs '000

36. Plant Capacity and Annual Production

- in metric tonnes :

	Six months period ended June 30, 2013		Year ended December 31, 2012	
	Annual Name Plate Capacity	**Production**	Annual Name Plate Capacity	Production
Polyester - note 36.1	**122,000**	**54,428**	122,000	111,727
Soda Ash - note 36.1	**350,000**	**118,864**	350,000	255,610
Chemicals - note 36.2	**-**	**9,291**	-	11,065
Sodium Bicarbonate	**20,000**	**13,070**	20,000	25,700

36.1 Production was below name plate capacity due to gas curtailment.

36.2 The capacity of Chemicals is indeterminable because these are multi-product plants.

37. Fair Value of Financial Assets and Liabilities

The carrying amounts of the financial assets and financial liabilities approximate their fair values and is determined largely on the basis of non-observable market data.

38. Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

38.1 Risk Management Framework

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

39. Market Risk

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

39.1 Interest Rate Risk

Interest rate risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date the interest rate profile of Company's interest-bearing financial instruments were:

	Carrying Amount	
	Six months period ended June 30, 2013	Year ended December 31, 2012
Fixed rate instruments		
Financial assets - Note 14	**102,000**	102,000
Financial liabilities - Note 19 & 21	**(1,005,914)**	(401,767)
	(903,914)	(299,767)
Variable rate instruments		
Financial liabilities - Note 19 & 22	**(3,654,549)**	(2,332,057)
	(3,654,549)	(2,332,057)

Sensitivity analysis for fixed rate instruments
The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

Sensitivity analysis for variable rate instruments
If KIBOR had been 1% higher / lower with all other variables held constant, the impact on the profit before tax for the period would have been Rs 36.54 million (December 31, 2012: Rs 23.32 million).

Amounts in Rs '000

39.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into are denominated in foreign currencies. The Company is exposed to foreign currency risk on sales and purchases, which, are entered in a currency other than Pak Rupees. To hedge this risk the Company has entered into forward foreign exchange contracts in accordance with State Bank of Pakistan instructions and the Company's Treasury policy. The policy allows the Company to take currency exposure within predefined limits while open exposures are rigorously monitored.

Following is the gross balance sheet exposure classified into seperate foreign currencies:

	EURO	USD	GBP	JPY
	Six month period ended June 30, 2013			
Trade debts	**-**	**7,861**	**-**	**-**
Other receivables	**1,156**	**722,914**	**-**	**-**
Cash and bank balances	**-**	**53,265**	**-**	**-**
	1,156	**784,040**	**-**	**-**
Trade and other payables	**143,565**	**1,416,383**	**545,421**	**1,208**
Gross balance sheet exposure	**(142,409)**	**(632,343)**	**(545,421)**	**(1,208)**
	Year ended December 31, 2012			
Trade debts	-	8,743	-	-
Cash and bank balances	-	138,226	-	-
	-	146,969	-	-
Trade and other payables	195,508	2,090,032	976,469	-
Gross balance sheet exposure	(195,508)	(1,943,063)	(976,469)	-

Significant exchange rates applied during the period / year were as follows:

	Average rate		Spot rate	
	Six months period ended June 30, 2013	Year ended December 31, 2012	**As at June 30, 2013**	As at December 31, 2012
Rupees per	**Rupees**		**Rupees**	
EURO	**128.92**	120.09	**130.18**	128.18
USD	**98.22**	93.40	**99.66**	97.15
GBP	**151.53**	148.03	**151.80**	157.07
JPY	**1.03**	1.17	**1.01**	1.13
SGD	**78.77**	74.78	**79.00**	79.55

Sensitivity analysis

Every 1% increase or decrease in exchange rate with all other variables held constant will decrease or increase profit before tax for the period / year by Rs 13.21 million (December 31, 2012: Rs 31.2 million). The following table demostrates the sensitivity to the change in exchange rates. As at June 30, 2013, if Pakistani Rupee (PKR) had weakened / strengthened by 1% against other currencies, with all other variables held constant, the effect on the Group's profit before tax at June 30, 2013 and December 31, 2012 would be as follows:

	Increase / decrease in exchange rates	Effect on Profit before tax (EURO)	Effect on Profit before tax (USD)	Effect on Profit before tax (GBP)	Effect on Profit before tax (JPY)
2013					
Pak Rupee	**+1%**	**1,424**	**6,323**	**5,454**	**12**
Pak Rupee	**-1%**	**(1,424)**	**(6,323)**	**(5,454)**	**(12)**
2012					
Pak Rupee	+1%	1,955	19,431	9,765	-
Pak Rupee	-1%	(1,955)	(19,431)	(9,765)	-

Amounts in Rs '000

40. Credit Risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual counter-party. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. To mitigate the risk, the Company has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored. Some customers are also secured, where possible, by way of inland letters of credit, cash security deposit, bank guarantees and insurance guarantees.

The Company's gross maximum exposure to credit risk at the reporting date is as follows:

	As at June 30, 2013	As at December 31, 2012
40.1 Financial Assets		
Long-term investments - note 5	**2,500**	2,500
Long-term loans - note 6	**199,063**	191,508
Long-term deposits - note 7	**24,632**	26,799
Trade debts - note 10	**865,690**	570,251
Loans and advances - note 11	**158,716**	188,482
Trade deposits - note 12	**16,960**	15,074
Other receivables - note 13	**745,660**	780,150
Bank balances - note 14	**723,279**	860,147
	2,736,500	2,634,911

40.2 The Company has placed its funds with banks which are rated A-1 by Standard & Poor's and P-1 by Moody's.

40.3 Financial Assets

- Secured	**538,756**	583,980
- Unsecured	**2,197,744**	2,050,931
	2,736,500	2,634,911

40.4 The ageing of bank balances, trade debts and loans and advances at the reporting date is as follows:

Not past due	**1,705,747**	1,578,947
Past due but not Impaired:		
Not more than three months	**63,946**	46,098
Past due and Impaired:		
More than three months and not more than six months	**2,000**	3,628
More than six months and not more than nine months	-	-
More than nine months and not more than one year	-	-
More than one year	**78,086**	92,883
	144,032	142,609
Less: Provision for:		
- Doubtful debts - note 10	**94,802**	95,384
- Doubtful loans and advances - note 11	**7,292**	7,292
	102,094	102,676
	1,747,685	1,618,880

40.4.1 There were no past due or impaired receivables from related parties.

40.5 The maximum exposure to credit risk for past due and impaired at the reporting date by type of counter-party was:

Wholesale customers	**1,181**	12,405
Retail customers	**16,650**	10,136
End-user customers	**126,201**	120,068
	144,032	142,609
Less: Provision for:		
- Doubtful debts - note 10	**94,802**	95,384
- Doubtful loans and advances - note 11	**7,292**	7,292
	102,094	102,676
	41,938	39,933

Amounts in Rs '000

40.6 Movement of provision for trade debts and loans and advances

	Trade Debts	Loans and Advances	Total	Total
Opening balance	**95,384**	**7,292**	**102,676**	99,631
Additional provision - note 28	**774**	**-**	**774**	3,045
(Write off) / Provision utilised against write-offs	**(302)**	**-**	**(302)**	-
Provision no longer required	**(1,054)**	**-**	**(1,054)**	-
	94,802	**7,292**	**102,094**	102,676

40.6.1 The recommended approach for provision is to assess the top layer (covering 50%) of trade receivables on an individual basis and apply a dynamic approach to the remainder of receivables. The procedure introduces a company-standard for dynamic provisioning:

- Provide an impairment loss for 50% of the outstanding receivable when overdue more than 90 days, and
- Provide an impairment loss for 100% when overdue more than 120 days

40.7 Concentration Risk

The sector wise analysis of receivables, comprising trade debts, loans and advances and bank balances are given below:

	Six months period ended June 30, 2013	Year ended December 31, 2012
Textile and Chemicals	**430,224**	364,229
Glass	**64,651**	33,081
Paper and Board	**2,015**	15,233
Pharmaceuticals	**150,600**	21,327
Paints	**10,369**	35,772
Bank	**723,279**	860,147
Others	**468,641**	391,767
	1,849,779	1,721,556
Less: Provision for:		
- Doubtful debts - note 10	**94,802**	95,384
- Doubtful loans and advances - note 11	**7,292**	7,292
	102,094	102,676
	1,747,685	1,618,880

40.8 Other price risk is the risk that the value of future cash flows of the financial instrument will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investment securities. As at the balance sheet date, the Company is not materially exposed to other price risk.

Amounts in Rs ’000

41. Liquidity Risk

Liquidity Risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the maturity date.

	Carrying amount	Contractual cash flows	Less than one year
	Six months period ended June 30, 2013		
Financial liabilities			
Trade creditors - note 21	**741,283**	**(741,283)**	**(741,283)**
Bills payable - note 21	**2,113,695**	**(2,113,695)**	**(2,113,695)**
Mark-up accrued on short-term financing - note 21	**28,465**	**(28,465)**	**(28,465)**
Accrued interest on secured/unsecured loans - note 21	**38,733**	**(38,733)**	**(38,733)**
Accrued expenses - note 21	**791,074**	**(791,074)**	**(791,074)**
Technical service fee / Royalty - note 21	**680**	**(680)**	**(680)**
Distributors' security deposits - payable on termination of distributorship - note 21 & 21.4	**118,888**	**(132,203)**	**(132,203)**
Contractors' earnest / retention money - note 21	**9,550**	**(9,550)**	**(9,550)**
Unclaimed dividends - note 21	**45,982**	**(45,982)**	**(45,982)**
Payable for capital expenditure - note 21	**252,931**	**(252,931)**	**(252,931)**
Payable to ICI Pakistan PowerGen Limited - note 21	**102,057**	**(102,057)**	**(102,057)**
Others - note 21	**149,320**	**(149,320)**	**(149,320)**
Long-term loan - note 19	**1,887,026**	**(2,446,543)**	**(377,836)**
Short-term borrowings - note 22.1 & 22.2	**2,256,000**	**(2,290,387)**	**(2,290,387)**
Short-term running finance - note 22.3	**398,549**	**(398,549)**	**(398,549)**
	8,934,233	**(9,541,452)**	**(7,472,745)**

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

	Year ended December 31, 2012		
Financial liabilities			
Trade creditors - note 21	1,407,341	(1,407,341)	(1,407,341)
Bills payable - note 21	3,187,853	(3,187,853)	(3,187,853)
Mark-up accrued on short-term financing - note 21	14,731	(14,731)	(14,731)
Accrued interest on secured/unsecured loans - note 21	36,110	(36,110)	(36,110)
Accrued expenses - note 21	770,626	(770,626)	(770,626)
Technical service fee / Royalty - note 21	665	(665)	(665)
Distributors' security deposits - payable on termination of distributorship - note 21 & 21.4	111,497	(124,765)	(124,765)
Contractors' earnest / retention money - note 21	9,589	(9,589)	(9,589)
Unclaimed dividends - note 21	4,537	(4,537)	(4,537)
Payable for capital expenditure - note 21	216,402	(216,402)	(216,402)
Payable to ICI Pakistan PowerGen Limited - note 21	102,057	(102,057)	(102,057)
Others - note 21	191,369	(191,369)	(191,369)
Long-term loan - note 19	290,270	(400,281)	(23,176)
Short-term borrowings - note 22.1 & 22.2	994,000	(1,002,408)	(1,002,408)
Short-term running finance - note 22.3	1,338,057	(1,338,057)	(1,338,057)
	8,675,104	(8,806,791)	(8,429,686)

Amounts in Rs '000

42. Capital Risk Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. The Company also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, trade and other payables, less cash and bank balances. Capital signifies equity as shown in the balance sheet plus net debt. The gearing ratio as at June 30, 2013 and December 31, 2012 is as follows:

	As at June 30, 2013	As at December 31, 2012
Long-term loans	**1,887,026**	290,270
Trade and other payables	**4,695,102**	7,023,225
Short-term borrowings and running finance	**2,654,549**	2,332,057
Total debt	**9,236,677**	9,645,552
Cash and bank balances	**(730,349)**	(866,465)
Net Debt	**8,506,328**	8,779,087
Share capital	**923,591**	923,591
Capital reserves	**309,643**	309,643
Unappropriated profit	**8,555,755**	7,791,656
Equity	**9,788,989**	9,024,890
Capital	**18,295,317**	17,803,977
Gearing ratio	**46.49%**	49.31%

43. Accounting Estimates and Judgements

Income Taxes

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities (unless there is remote possibility of transfer of benefits). The details of the tax matters are as follows:

The Appellate Tribunal Inland Revenue had earlier set aside the assessment for the assessment year 1998-99 on the issues of date of commissioning of PTA plant & depreciation thereon, restriction of cost of capitalisation of PTA plant and addition to income in respect of trial production stocks. The re-assessment was finalised by the department on June 29, 2010 giving rise to an additional tax demand. The Company had filed an appeal against the said order before the CIR(Appeals), the hearing of appeal of which has been completed and the order is awaited.

The tax department reopened the income tax assessment for the assessment year 2001-2002 on the ground that demerger of PTA business from ICI Pakistan Ltd. was effective from the completion date i.e. August 6, 2001. This was challenged by the Company in the High Court which upheld the Company's contention that the department did not have the right to reopen this finalised assessment. The department filed an appeal in the Supreme Court against the High Court's order. The appeal was dismissed by the Supreme Court under the principle of well known case of Eli Lilly. After the Supreme Court's decision on retrospectivity as mentioned above, a notice has been issued u/s 66A of the repealed Ordinance by Tax department on June 20, 2011, which was challenged by the Company in the High Court on the basis of Supreme Court's decision as above. However, despite the stay granted by High Court, the Tax Department issued an order on May 7, 2012 and raised the demand of the additional tax liability of Rs 19 million. The Company filed an appeal before the Appellate Tribunal Inland Revenue which decided the case in Company's favour on the basis that order issued on May 7, 2012 was time barred. The tax department has also issued an order through which Tribunal's order has been given effect and Company's position has been accepted.

For the assessment year 2002-2003 on receipt of notice u/s 62 of the Income Tax Ordinance, 1979, the Company had filed a writ petition in the Supreme Court 'after it being dismissed by the Sindh High Court on maintainability', challenging the tax department's notice that the effective date of PTA's demerger was August 6, 2001 rather than the effective date given in the Scheme of Arrangement as October 1, 2000. That notice had raised certain issues relating to vesting of PTA assets by the company. It is the Company's contention that such an action is unwarranted and which has illegally changed the settled position.

Whilst amending the assessment for the Tax Year 2003, 2004, 2005, 2007, 2008 and 2010 tax department has taken certain action in the order, considered by the department as "protective assessment" on the matter of unabsorbed depreciation carried forward. It is the Company's contention that such an action is unwarranted. An appeal before the CIR (Appeals), on the matter has been filed, which is pending. The very basis of such an action has also been challenged before the High Court of Sindh which are pending for hearing.

In April 2012, a notice had been issued by the Tax Department for recovery of tax demand of Rs 271 million for Tax year 2003 and Rs 310 million for Tax year 2004 on account of unabsorbed tax depreciation relating to the demerger of PPTA business. This notice has been issued by the Tax Department on the basis that revenue cases cannot be stayed by the High Court of Sindh for a period of more than six months as mentioned in Article 199(4A) of the Constitution of Pakistan. The Company through its counsel has filed a reply to Tax Department stating that since our assessments are protective assessments and as stated in the order the demand can only arise after the matter is finally decided by the Supreme Court for assessment year 2002-03. No action has been taken by the Tax Department after the reply of the Company.

Notice under section 221 of the Income Tax Ordinance 2001 for rectification of deemed assessment order for the Tax Year 2005 has been issued to disallow unabsorbed depreciation carried forward. A writ petition against the said notice has been filed with the High Court of Sindh which is pending for hearing.

For Tax Year 2006, the case had been selected for audit/scrutiny and whilst framing the order tax department has taken certain action in the orders, considered by the department as "protective assessments" on the matter of unabsorbed depreciation carried forward. A tax demand of Rs 616 million was raised in the order. It is the Company's contention that such an action is unwarranted. An appeal before the CIR (Appeals) on the matter has been filed which is pending to date.

In June 2012, whilst amending the assessment for the Tax Year 2009, the tax department had disallowed the unabsorbed depreciation on the ground that there was no brought forward depreciation from Tax Year 2008 and a demand of Rs 972 million was created. It was the Company's contention that such an action was unwarranted. This position was totally different from the position taken earlier by the Tax Department. The Company had filed an appeal before the High Court of Sindh challenging the said order which had decided the case with the direction that the matter will be finalised by the CIR(Appeals) within six weeks from the date of High Court's Order. On August 15, 2012 CIR(Appeals) issued its order and upheld the order passed by the tax department earlier. The Company then filed an appeal before the Appellate Tribunal Inland Revenue against the said order of CIR(Appeals) as well as for the stay of demand. On November 15, 2012, the Tribunal decided the case in Company's favour on the basis that the original assessment order for assessment year 2001-02 passed on May 29, 2002 is now crystallized and therefore unabsorbed depreciation is available to the company. The Tax Department has also issued an order giving effect to the Tribunal's decision through which the unabsorbed depreciation has been allowed to be carried forward for adjustment in Tax Year 2009. Subsequently, in July the Tax Department has also an order for Tax Year 2010 giving us the benefit of carried forward depreciation from Tax Year 2009. Subsequently, in July 2013 the Tax Department has also passed an order for Tax Year 2010, whereby allowed the benefit of carried forward depreciation from Tax Year 2009.

Pension and Gratuity

Certain actuarial assumptions have been adopted as disclosed in note 18 to the financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might affect gains and losses in those years.

Property, plant and equipment

The estimates for revalued amounts, if any, of different classes of property, plant and equipment, are based on valuation performed by external professional valuer and recommendation of technical teams of the Company. The said recommendations also include estimates with respect to residual values and depreciable lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. The future cash flows used in the impairment testing of assets is based on management's best estimates which may change in future periods. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipments with a corresponding affect on the depreciation charge and impairment.

44. Standards or Interpretations not yet effective

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as follows:

44.1 New, Amended and Revised Standards and Interpretations of IFRSs

The Company has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current period:

IAS 1 – Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment)

IAS 16 – Property, Plant and Equipment – (Amendments)

IAS 19 – Employee Benefits – (Revised)

IAS 27 – Seperate Financial Statements (2011)

IAS 28 – Investments in Associates and Joint Ventures (2011)

IAS 34 – Interim Financial Reporting – (Amendments)

IFRS 7 – Financial Instruments: Disclosures – (Amendment)
-Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

Annual improvements 2009-11

The adoption of the above revision, amendments interpretation of the standards did not have any effect on the financial statements except for IAS 19 as discussed in note 2.13 to these financial statements.

Further, certain new standards have been issued by IASB which are effective for accounting periods beginning on or after 01 July 2013 but are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards, Interpretations and Amendments to Approved Accounting Standards that are Not Yet Effective

The following are the standards and interpretations, which have been issued but are not yet effective for the current financial year:

Description	Effective for periods beginning on or after
Revision / improvements / amendments to IFRSs and interpretations	
IAS 32 - Offsetting Financial Assets and Financial Liabilities – (Amendment)	January 01, 2014
Standards issued by IASB but not yet notified by SECP	
IFRS 9 - Financial Instruments: Classification and Measurement	January 01, 2015

The Company expects that the adoption of the above standards and interpretations will not have material effect on the Company's unconsolidated financial statements in the period of initial application except for IFRS 9 - Financial Instruments: Classification and Measurement, which may affect certain disclosures.

45. Post Balance Sheet Events

45.1 Dividend

The Directors in their meeting held on August 19, 2013 have recommended a final dividend of Rs Nil per share (December 31, 2012: Rs 2.00 per share) in respect of period ended June 30, 2013.

46. Date of Authorisation

These financial statements were authorised for issue in the Board of Directors meeting held on August 19, 2013. .

47. General

47.1 Figures have been rounded off to the nearest thousand rupees except as stated otherwise.

47.2 As disclosed in note 1, during the six months period ended June 30, 2013 the Company has changed its financial year from December 31 to June 30. Accordingly, these financial statements cover the period from January 1, 2013 to June 30, 2013. Corresponding figures in the profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity pertain to full year ended December 31, 2012 and, hence, are not comparable.

47.3 Due to change in accounting policy in respect of staff retirement benefits as fully explained in note 2.13 to the financial statements, corresponding figures have been reported after restatement.

47.4 Corresponding figures have also been rearranged and reclassified, wherever necessary, for better presentation and disclosure and this has been disclosed in relevant notes. However, there have been no material reclassifications to report.

Muhammad Ali Tabba
Vice Chairman / Director

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

Comparison of Results for Ten Years
As at June 30, 2013

	2004*	2005** Restated	2006
Balance Sheet			
Equity	8,053,980	9,493,072	10,265,010
Revaluation Reserves	587,064	494,315	1,124,220
Equity and Revaluation Reserve	**8,641,044**	**9,987,387**	**11,389,230**
Non Current Liability	82,601	90,604	104,079
Current Liability	5,205,018	5,891,930	5,436,275
Total Equity and Liabilities	13,928,663	15,969,921	16,929,584
Non Current Assets	6,738,979	9,469,783	9,905,729
Current Assets	7,189,684	6,500,138	7,023,855
Total Assets	13,928,663	15,969,921	16,929,584
Profit and Loss Account			
Turnover	20,865,798	21,054,298	21,947,688
Net sales, commission & toll income	17,639,480	18,476,457	19,574,118
Cost of sales	14,883,771	15,124,759	15,492,648
Gross profit	2,755,709	3,351,698	4,081,470
Operating Result	1,346,788	1,842,542	2,479,018
Profit before taxation	1,110,450	1,612,401	2,117,797
Profit after taxation	1,057,868	1,572,257	1,455,628
Summary of Cash Flows			
Cash generated from operations	1,916,503	2,666,900	3,554,048
Net cash generated from operating activities	1,823,927	2,521,959	3,477,093
Net cash used in investing activities	3,379,171	(1,420,757)	(1,040,183)
Net cash used in financing activities	(4,542,451)	(1,118,221)	(2,337,028)
Cash and cash equivalents at December 31 / June 30	1,704,675	1,687,656	1,787,538

* Excluding turnover of discontinued furnace oil and coal business. Also excluding oneoff profit on sale of PPTA shares in 2004

** Excluding recognition of deferred tax credit in 2005

2011 and 2012 numbers have been restated due to IAS 19 revision

*** Comparative analysis based on six months performance of current year versus same period last year (SPLY) for a meaningful comparison.

Amounts in Rs '000

Twelve Months						Six Months	
2007 Restated	**2008** Restated	**2009**	**2010**	**2011** Restated	**2012** Restated	**2012***** Restated	**2013**
11,368,830	12,448,126	13,482,796	14,548,093	9,066,723	9,024,890	9,024,890	9,788,989
1,012,167	962,795	931,846	907,352	824,207	740,656	740,656	698,536
12,380,997	**13,410,921**	**14,414,642**	**15,455,445**	**9,890,930**	**9,765,546**	**9,765,546**	**10,487,525**
119,571	612,954	1,208,117	1,093,190	1,340,306	1,593,267	1,593,267	3,107,529
6,263,805	4,446,810	5,799,898	5,482,037	9,280,988	9,355,282	9,355,282	7,349,651
18,764,373	18,470,685	21,422,657	22,030,672	20,512,224	20,714,095	20,714,095	20,944,705
9,741,603	10,435,258	10,297,489	10,152,415	9,154,438	10,898,077	10,898,077	11,330,538
9,022,770	8,035,427	11,125,168	11,878,257	11,357,786	9,816,018	9,816,018	9,614,167
18,764,373	18,470,685	21,422,657	22,030,672	20,512,224	20,714,095	20,714,095	20,944,705
25,988,351	31,921,873	32,399,181	39,532,506	38,348,591	37,809,433	18,316,291	20,133,977
23,024,123	27,798,915	28,429,897	35,129,980	35,516,114	34,681,563	16,729,480	18,315,678
18,205,369	22,303,138	22,754,005	28,443,690	30,910,029	30,688,097	14,753,424	16,258,497
4,818,754	5,495,777	5,675,892	6,686,290	4,606,085	3,993,466	1,976,056	2,057,181
2,984,004	3,052,360	3,027,654	3,712,566	2,378,449	1,624,634	810,554	1,172,656
2,768,523	2,812,778	3,072,506	3,731,516	2,294,653	1,496,223	773,105	1,026,088
1,784,800	1,862,738	2,044,738	2,428,826	1,531,430	973,661	502,727	687,767
4,312,406	1,188,392	4,938,310	3,716,187	4,127,104	(1,963,689)	(1,963,689)	(164,272)
4,093,537	969,809	4,476,231	2,334,428	2,875,020	(3,176,714)	(3,176,714)	(971,364)
(1,397,436)	(1,780,969)	(938,043)	(752,830)	(509,814)	(2,125,793)	(2,125,793)	(940,727)
(868,583)	(832,815)	(1,041,018)	(1,388,027)	(2,151,436)	(796,407)	(796,407)	1,453,483
3,615,056	1,971,081	4,468,251	4,661,822	4,633,322	(1,465,592)	(1,465,592)	(1,924,200)

Pattern of Shareholding
as at June 30, 2013

No. of Shareholders	Categories		No. of Shares
	From	To	
6,490	1	100	216,426
2,809	101	500	669,934
711	501	1,000	518,682
642	1,001	5,000	1,370,111
93	5,001	10,000	681,819
38	10,001	15,000	471,016
13	15,001	20,000	229,268
14	20,001	25,000	317,881
7	25,001	30,000	198,224
2	35,001	40,000	71,917
1	40,001	45,000	43,569
7	45,001	50,000	336,981
3	50,001	55,000	154,827
1	60,001	65,000	61,000
1	65,001	70,000	66,540
2	70,001	75,000	147,975
1	85,001	90,000	89,857
2	95,001	100,000	195,488
1	110,001	115,000	111,272
1	115,001	120,000	119,687
1	155,001	160,000	158,500
1	195,001	200,000	200,000
1	225,001	230,000	227,401
1	305,001	310,000	307,281
1	310,001	315,000	310,550
1	315,001	320,000	315,753
1	365,001	370,000	367,038
1	505,001	510,000	507,923
1	570,001	575,000	573,688
1	2,125,001	2,130,000	2,129,188
1	5075001	5080000	5077180
1	5,980,001	5,985,000	5,980,917
1	70,130,001	70,135,000	70,131,157
10,852			**92,359,050**

Pattern of Shareholding
as at June 30, 2013

S.No.	Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children.	2	12,501	0.01
2	Associated Companies, undertakings and related parties.	3	81,189,254	87.90
3	Banks Development Financial Institutions, Non Banking Financial Institutions.	23	64,825	0.07
4	Insurance Companies	18	3,131,351	3.39
5	Modarabas and Mutual Funds	35	1,356,068	1.47
6	Share holders holding 10%	1	70,131,157	75.93
7	General Public :			
	a. Local	10,610	4,451,061	4.83
	b. Foreign			
8	Others	161	2,153,990	2.33
	Total (excluding : share holders holding 10%)	**10,852**	**92,359,050**	**100**

Pattern of Shareholding

(Under clause (j) of sub-regulation (XVI) of Regulation 35 of chapter (XI) of the Listing Regulations of Karachi Stock Exchange Limited)
As at June 30, 2013

ADDITIONAL INFORMATION

Shareholder's Category	Number of Shareholders / folios	Number of Shares Held
i. Associated Companies, Undertakings and Related Parties (name wise details)		
GADOON TEXTILE MILLS LIMITED	1	5,980,917
LUCKY HOLDINGS LIMITED	1	70,131,157
LUCKY TEXTILE MILLS LIMITED	1	5,077,180
	3	**81,189,254**
ii. Mutual Funds (name wise details)		
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	3,338
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	14,379
CDC - TRUSTEE APIF - EQUITY SUB FUND	1	30,000
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	75,000
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	23,000
CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	1	227,401
CDC - TRUSTEE FAYSAL BALANCED GROWTH FUND	1	111,272
CDC - TRUSTEE KSE MEEZAN INDEX FUND	1	24,548
CDC - TRUSTEE MEEZAN BALANCED FUND	1	10,116
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	72,975
CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	1	1,970
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	43,569
CDC - TRUSTEE UBL SHARIA STOCK FUND	1	367,038
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	200,000
CDC-TRUSTEE FIRST HABIB ISLAMIC BALANCED FUND	1	11,000
CDC-TRUSTEE MEEZAN CAPITAL PROTECTED FUND-II	1	2,641
CONFIDENCE MUTUAL FUND LTD	1	7
DOMINION STOCK FUND LIMITED	1	182
FIRST CAPITAL MUTUAL FUND LIMITED	1	10,088
GOLDEN ARROW SELECTED STOCKS FUND	1	7
GROWTH MUTUAL FUND LIMITED	1	17
MC FSL - TRUSTEE JS KSE-30 INDEX FUND	1	725
MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	1	25,000
MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	1	30,000
MCBFSL-TRUSTEE UIRSF-EQUITY SUB FUND	1	12,600
MCBFSL-TRUSTEE URSF-EQUITY SUB FUND	1	10,400
NATIONAL BANK OF PAKISTAN-TRUSTEE DEPARTMENT NI(U)T FUND	1	28,409
SAFEWAY MUTUAL FUND LIMITED	1	256
SECURITY STOCK FUND LIMITED	1	36
	29	**1,335,974**
iii. Directors and their spouse(s) and minor children (name wise details)		
KHAWAJA IQBAL HASSAN	1	12,500
ALI A. AGA	1	1
	2	**12,501**
iv. Executives	**33**	**11,528**
v. Public Sector Companies and Corporations	**2**	**2,129,832**
vi. Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds	**46**	**602,597**
vii. Shareholders Holding five percent or more Voting Rights in the Listed Company (name wise details)		
LUCKY HOLDINGS LIMITED	1	70,131,157
GADOON TEXTILE MILLS LIMITED	1	5,980,917
LUCKY TEXTILE MILLS LIMITED	1	5,077,180
	3	**81,189,254**

Notice of Meeting

Notice is hereby given that the Sixty-Second Annual General Meeting of ICI PAKISTAN LIMITED will be held on Thursday, October 24, 2013 at 9:30 a.m. at ICI House, 5 West Wharf, Karachi, to transact the following business;

1. To receive, consider and adopt the accounts of the Company for the period ended June 30, 2013, the report of the Auditors thereon and the report of the Directors.

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

By Order of the Board

Saima Kamila Khan
Company Secretary

September 26, 2013
Karachi

Notes:

1. Share Transfer Books of the Company will remain closed from October 17, 2013 to October 24, 2013 (both days inclusive). Transfers received in order at the office of our Shares Registrar, FAMCO Associates (Pvt) Limited, 8-F, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi, by the close of business on October 16, 2013 will be in time for the purposes of the Annual General Meeting.

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

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

4. An instrument of proxy applicable for the Meeting is being provided with the notice sent to Members. Further copies of the instrument of proxy may be obtained from the Registered Office of the Company during normal office hours. Proxy form may also be downloaded from the Company's website: www.ici.com.pk

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

6. Members are requested to submit a copy of their Computerized National Identity Card/Smart National Identity Card (CNIC/SNIC), if not already provided and notify immediately changes, if any, in their registered address to our Shares Registrar, FAMCO Associates (Pvt) Ltd.

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

A. For Attending the Meeting:

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

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

B. For Appointing Proxies:

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

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

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

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

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

ICI PAKISTAN

ICI Pakistan Limited and its Subsidiary Company

Consolidated Financial Statements

A Part of YBG

Report of the Directors for the Period Ended June 30, 2013

The Directors are pleased to present their report together with the audited Group results of ICI Pakistan Limited for the six months ended June 30, 2013. The ICI Pakistan Group comprises ICI Pakistan Limited and ICI Pakistan PowerGen Limited, a wholly owned subsidiary.

The Directors report, giving a commentary on the performance of ICI Pakistan Limited for the six months ended June 30, 2013 has been presented separately.

Electricity sales volume for the year was 71 percent higher compared to 2012. This was due to higher demand from the Polyester plant of ICI Pakistan Limited as they discontinued use of unreliable power from the national grid. Despite the higher volumes sold in 2013, operating result was only 12 percent higher compared to SPLY, mainly due to lower margins this year as the SPLY included margins before the sale of gas turbines.

Muhammad Ali Tabba
Vice Chairman / Director

Asif Jooma
Chief Executive

Dated: August 19, 2013

Karachi

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **ICI Pakistan Limited** (the Holding Company) and its subsidiary company as at **30 June 2013** and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the period then ended. We have also expressed separate opinions on the financial statements of the Holding Company and its subsidiary company namely ICI Pakistan PowerGen Limited. The consolidated financial statements for the year ended 31 December 2012 were audited by another firm of chartered accountants who expressed an unqualified opinion on those financial statements in their audit report dated 21 February 2013. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary company as at **30 June 2013** and the results of their operations for the period then ended.

Ernst & Young Ford Rhodes Sidat Hyder

Date: 19 August, 2013

Karachi

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Shariq Ali Zaidi

Consolidated Balance Sheet
As at June 30, 2013

Amounts in Rs '000

	Note	**June 30, 2013**	December 31, 2012 Restated	As at January 01, 2012 Restated
ASSETS				
Non-Current Assets				
Property, plant and equipment	3	**10,727,467**	10,310,313	8,979,355
Intangible assets	4	**45,123**	40,992	69,118
		10,772,590	10,351,305	9,048,473
Long-term investments	5	**2,500**	2,500	2,500
Long-term loans	6	**202,071**	194,432	158,663
Long-term deposits and prepayments	7	**33,338**	40,891	32,372
		237,909	237,823	193,535
		11,010,499	10,589,128	9,242,008
Current Assets				
Stores, spares and consumables	8	**615,782**	597,360	552,848
Stock-in-trade	9	**4,594,877**	5,411,611	3,868,551
Trade debts	10	**891,186**	595,693	383,169
Loans and advances	11	**160,640**	193,848	128,970
Trade deposits and short-term prepayments	12	**161,888**	105,931	62,059
Other receivables	13	**1,188,212**	1,065,523	754,603
Taxation - net		**1,474,066**	1,157,952	821,730
Cash and bank balances	14	**836,143**	904,117	4,738,205
		9,922,794	10,032,035	11,310,135
Total Assets		**20,933,293**	20,621,163	20,552,143

Amounts in Rs '000

	Note	**June 30, 2013**	December 31, 2012 Restated	As at January 01, 2012 Restated
EQUITY AND LIABILITIES				
Share Capital and Reserves				
Authorised capital				
1,500,000,000 (2012:1,500,000,000) ordinary shares of Rs 10 each		**15,000,000**	15,000,000	15,000,000
Issued, subscribed and paid-up capital	15	**923,591**	923,591	923,591
Capital reserves	16	**309,643**	309,643	309,643
Revenue reserves - Unappropriated profit		**8,544,999**	7,710,090	7,655,765
Total Equity		**9,778,233**	8,943,324	8,888,909
Surplus on revaluation of property, plant and equipment	17	**843,037**	884,867	967,863
Non-Current Liabilities				
Provision for non-management staff gratuity and eligible retired employees' medical scheme	18	**119,631**	422,886	402,650
Long-term loans	19	**1,887,026**	290,270	-
Deferred tax liability - net	20	**1,101,111**	880,350	937,895
		3,107,768	1,593,506	1,340,545
Current Liabilities				
Trade and other payables	21	**4,549,706**	6,867,409	9,354,826
Short-term borrowings and running finance	22	**2,654,549**	2,332,057	-
		7,204,255	9,199,466	9,354,826
Contingencies and Commitments	23			
Total Equity and Liabilities		**20,933,293**	20,621,163	20,552,143

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

Muhammad Ali Tabba
Vice Chairman / Director

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

Consolidated Profit and Loss Account
For the six months period ended June 30, 2013

Amounts in Rs '000

	Note	**Six months period ended June 30, 2013**	Year ended December 31, 2012 Restated
Turnover	25	**20,133,977**	37,809,433
Sales tax, commission and discounts	24	**(1,893,940)**	(3,251,671)
Net sales, commission and toll income		**18,240,037**	34,557,762
Cost of sales	25	**(16,105,080)**	(30,400,433)
Gross profit		**2,134,957**	4,157,329
Selling and distribution expenses	27	**(523,391)**	(1,068,519)
Administrative and general expenses	28	**(361,635)**	(1,301,715)
Operating result		**1,249,931**	1,787,095
Other charges	29	**(90,550)**	(140,107)
Finance costs	30	**(187,793)**	(294,527)
		(278,343)	(434,634)
Other income	31	**125,600**	240,566
Profit before taxation		**1,097,188**	1,593,027
Taxation	32	**(338,321)**	(522,563)
Profit after taxation		**758,867**	1,070,464
Profit for the period / year		**758,867**	1,070,464
Basic and diluted earnings per share (Rupees)	33	**8.22**	11.59
		June 30, 2013	June 30, 2012 Restated
Basic and diluted earnings per share (Rupees)		**8.22**	4.45

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

Muhammad Ali Tabba
Vice Chairman / Director

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

Consolidated Statement of Comprehensive Income
For the six months period ended June 30, 2013

Amounts in Rs '000

	Six months period ended June 30, 2013	Year ended December 31, 2012 Restated
Profit for the period / year	**758,867**	1,070,464
Items not to be reclassified to profit or loss in subsequent periods:		
Actuarial gains on defined benefit plans	**336,815**	105,563
Tax effect	**(117,885)**	(36,946)
	218,930	68,617
Recognised actuarial losses	-	(124,602)
Tax effect	-	43,610
	-	(80,992)
Total comprehensive income for the period / year	**977,797**	1,058,089

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

Muhammad Ali Tabba
Vice Chairman / Director

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

Consolidated Cash Flow Statement
For the six months period ended June 30, 2013

Amounts in Rs '000

	Six months period ended June 30, 2013	Year ended December 31, 2012 Restated
Cash Flows from Operating Activities		
Profit before taxation	**1,097,188**	1,593,027
Adjustments for:		
Depreciation and amortisation	**580,439**	1,119,171
Gain on disposal of property, plant and equipment	**(363)**	(16,640)
Provision for staff retirement benefit plan	**48,676**	160,643
(Reversal) / Provision for non-management staff gratuity and eligible retired employees' medical scheme	**(275,275)**	55,459
Mark-up on bank deposits and loan to subsidiary	-	(109,254)
Interest / mark-up expense	**162,884**	201,327
	1,613,549	3,003,733
Movement in:		
Working capital	**(1,683,437)**	(4,849,202)
Long-term loans	**(7,639)**	(35,769)
Long-term deposits and prepayments	**7,553**	(8,519)
Cash used in operations	**(69,974)**	(1,889,757)
Payments for :		
Staff retirement benefit plan	**(94,556)**	(216,444)
Non-management staff gratuity and eligible retired employees' medical scheme	**(12,174)**	(20,274)
Taxation	**(551,563)**	(909,665)
Interest / mark-up	**(151,059)**	(184,690)
Profit / mark-up received on bank deposits	-	119,595
Net cash used in operating activities	**(879,326)**	(3,101,235)
Cash flows from Investing Activities		
Payments for capital expenditure	**(969,981)**	(2,298,465)
Proceeds from disposal of property, plant and equipment	**5,358**	29,954
Net cash used in investing activities	**(964,623)**	(2,268,511)

Amounts in Rs '000

	Six months period ended June 30, 2013	Year ended December 31, 2012 Restated
Cash Flows from Financing Activities		
Long-term loans	**1,596,756**	290,270
Dividend paid	**(143,273)**	(1,086,669)
Net cash flows used in financing activities	**1,453,483**	(796,399)
Net decrease in cash and cash equivalents	**(390,466)**	(6,166,145)
Cash and cash equivalents at January 1	**(1,427,940)**	4,738,205
Cash and cash equivalents at June 30 / December 31 - note 14 & note 22	**(1,818,406)**	(1,427,940)
Movement in Working Capital		
Decrease / (Increase) in current assets		
Stores, spares and consumables	**(18,422)**	(44,512)
Stock-in-trade	**816,734**	(1,543,060)
Trade debts	**(295,493)**	(212,524)
Loans and advances	**33,208**	(64,878)
Trade deposits and short-term prepayments	**(20,292)**	(43,872)
Other receivables	**(122,689)**	(321,261)
	393,046	(2,230,107)
Decrease in current liabilities		
Trade and other payables	**(2,076,483)**	990,680
Paid / Payable to Akzo Nobel Pakistan Limited	**-**	(3,609,775)
	(1,683,437)	(4,849,202)
Cash and cash equivalents at June 30 / December 31 comprise of:		
Cash and bank balances - note 14	**836,143**	904,117
Short-term borrowings and running finance - note 22	**(2,654,549)**	(2,332,057)
	(1,818,406)	(1,427,940)

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

Muhammad Ali Tabba
Vice Chairman / Director

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

Consolidated Statement of Changes in Equity
For the six months period ended June 30, 2013

Amounts in Rs '000

	Issued, subscribed and paid-up capital	Capital reserves	Unappropriated profit	Total
Balance as on December 31, 2011 - as previously reported	**923,591**	**309,643**	**8,116,876**	**9,350,110**
Effect of retrospective change in accounting policy with respect to accounting for retirement benefit referred in note 2.13	-	-	(461,201)	(461,201)
Balance as on December 31, 2011 - restated	**923,591**	**309,643**	**7,655,675**	**8,888,909**
Final dividend for the year ended December 31, 2011 @ Rs 5.50 per share *	-	-	(763,413)	(763,413)
Interim dividend for the year 2012 @ Rs 3.50 per share **	-	-	(323,257)	(323,257)
Transactions with owners, recorded directly in equity	**-**	**-**	**(1,086,670)**	**(1,086,670)**
Profit for the year ended December 31, 2012	-	-	1,070,464	1,070,464
Other comprehensive income for the period - net of taxation	-	-	(12,375)	(12,375)
	-	-	1,058,089	1,058,089
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the year - net of deferred tax - note 17	-	-	82,996	82,996
	-	-	82,996	82,996
Balance as on December 31, 2012 - restated	**923,591**	**309,643**	**7,710,090**	**8,943,324**
Final dividend for the year ended December 31, 2012 @ Rs 2.00 per share	-	-	(184,718)	(184,718)
Transactions with owners, recorded directly in equity	**-**	**-**	**(184,718)**	**(184,718)**
Profit for the period ended June 30, 2013	-	-	758,867	758,867
Other comprehensive income for the period ended June 30, 2013	-	-	218,930	218,930
	-	-	977,797	977,797
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax - note 17	-	-	41,830	41,830
	-	-	41,830	41,830
Balance as on June 30, 2013	**923,591**	**309,643**	**8,544,999**	**9,778,233**

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

* Dividend was declared before the approval of demerger by the High Court of Sindh on 138,802,300 shares.

** Interim dividend was declared post approval of demerger by High Court of Sindh on 92,359,050 shares.

Muhammad Ali Tabba
Vice Chairman / Director

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

1. Status and Nature of Business

The Group consists of:

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

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

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

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

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

The Group's registered office is situated at 5 West Wharf, Karachi.

During the period ended June 30, 2013 the Group has changed its financial year end from 31 December to 30 June, as approved by the Board of Directors and shareholders in the meetings dated February 21, 2013 and April 22, 2013 respectively. All legal formalities in respect of this change have been complied with. This change has been made to bring the financial year of the Group in line with financial year followed by the new ultimate holding company.

2. Summary of Significant Accounting Policies

Following are the details of significant accounting policies.

2.1 Statement of compliance

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

2.2 Basis of preparation

These consolidated financial statements have been prepared under the historical cost convention, except:

a) certain classes of property, plant and equipment (i.e. freehold land, buildings on freehold and leasehold land and plant and machinery) have been included at revalued amounts; and

b) Provision for management staff gratuity, non-management staff gratuity, and eligible retired employees' medical scheme is stated at present value as disclosed in note 18 to the consolidated financial statements.

The preparation of consolidated financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments 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.

Judgments and estimates made by the management that may have a significant risk of material adjustments to the consolidated financial statements in subsequent years are discussed in note 43.

2.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies, here-in-after referred to as "the Group".

A company is a subsidiary, if an entity (the Holding Company) directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Holding Company, using consistent accounting policies.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the subsidiary companies' shareholders' equity in the consolidated financial statements.

2.4 Property, plant and equipment and depreciation

Property, plant and equipment (except freehold land, buildings on freehold & leasehold land and plant & machinery) are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land, buildings on freehold land and leasehold land and plant and machinery are stated at revalued amounts less subsequent accumulated depreciation and subsequent impairment losses, if any. Capital work-in-progress is stated at cost less impairment if any. Cost of certain property, plant and equipment comprises historical cost. Such cost includes the cost of replacing parts of the property, plant and equipment and the cost of borrowings for long-term construction projects, if the recognition criteria are met.

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 after taking into account residual value, if material. The cost of leasehold land is depreciated in equal installments over the lease period. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month of disposal.

The residual value, depreciation method and the useful lives of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed at each balance sheet date, and adjusted, if appropriate.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Improvements are capitalised when it is probable that respective future economic benefits will flow to the Group and the cost of the item can be measured reliably. Assets replaced, if any, are derecognised.

Gains and losses on disposal of assets are taken to the profit and loss account, and the related surplus / deficit on revaluation of property, plant and equipment is transferred directly to unappropriated profits.

2.5 Intangible assets and amortisation

Intangible assets with a finite useful life, such as certain softwares, licenses (including extraction rights, software licenses, etc.) and property rights, are capitalised initially at cost and subsequently stated at cost less accumulated amortisation and impairment losses, if any.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit and loss account as incurred.

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognized in profit and loss account on a straight-line basis over the estimated useful lives of intangible assets. Amortisation methods, useful lives and residual values are reviewed at each balance sheet date and adjusted, if appropriate.

2.6 Stores, spares and consumables

Stores, spares and consumables are stated at the lower of weighted average cost and net realisable value. Net realizable value is the estimated selling price in the ordinary course of business less net estimated cost to sell, which is generally equivalent to replacement cost. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

2.7 Stock-in-trade

Stock-in-trade is valued at the lower of weighted average cost and estimated net realisable value.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and selling expenses.

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

2.8 Trade debts and other receivables

Trade debts and other receivables are recognised initially at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables (Refer note 40.6.1).

2.9 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in other comprehensive income or below equity, in which case it is recognised in other comprehensive income or below equity, respectively.

Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years, if any.

Deferred

Deferred tax is recognised using balance sheet 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 enacted or substantively enacted rates of taxation. In this regard the effects on deferred taxation on the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirements of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan.

The Group recognises a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax relating to items recognised outside profit and loss account is recognised outside profit and loss account. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Further, the Group recognises deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.

2.10 Cash and cash equivalents

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

2.11 Impairment

Financial assets (including receivables)

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy.

All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit and loss account and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss account.

Non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (“the cash-generating unit, or CGU”).

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit and loss account.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.12 Surplus on revaluation of fixed assets

The surplus arising on revaluation of fixed assets is credited to the “Surplus on Revaluation of Fixed Assets account” shown below equity in the balance sheet in accordance with the requirements of section 235 of the Companies Ordinance, 1984. The said section was amended through the Companies (Amendment) Ordinance, 2002 and accordingly the Group has adopted the following accounting treatment of depreciation on revalued assets, keeping in view the Securities and Exchange Commission of Pakistan's (SECP) SRO 45(1)/2003 dated January 13, 2003:

a) depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and

b) an amount equal to incremental depreciation for the year net of deferred taxation is transferred from “Surplus on Revaluation of Fixed Assets account” to accumulated profits / losses through Statement of Changes in Equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

2.13 Staff retirement benefits

The Group's retirement benefit plans comprise of provident funds, pensions, gratuity schemes and a medical scheme for eligible retired employees.

Defined benefit plans

The Group operates a funded pension scheme and a funded gratuity scheme for management staff. The pension and gratuity schemes are salary schemes providing pension and lump sums, respectively. Pension and gratuity schemes for management staff are invested through two approved trust funds. The Group also operates gratuity scheme for non-management staff and the pensioners' medical scheme which are unfunded. The pension and gratuity plans are final salary plans. The pensioner's medical plan reimburses actual medical expenses to pensioners as per entitlement. The Group recognises expense in accordance with IAS 19 “Employee Benefits”.

An actuarial valuation of all defined benefit schemes is conducted every year. The valuation uses the Projected Unit Credit method. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income.

All past service costs are recognized at the earlier of when the amendment or curtailment occurs and when the Group has recognized related restructuring or termination benefits.

Defined contribution plans

The Group operates two registered contributory provident funds for its entire staff and a registered defined contribution superannuation fund for its management staff, who have either opted for this fund by July 31, 2004 or have joined the Group after April 30, 2004. In addition to this, the Group also provides group insurance to all its employees.

Compensated absences

The Group recognizes the liability for compensated absences in respect of employees in which these are earned up to the balance sheet date. The provision has been recognized on the basis of actuarial valuation.

Changes in accounting policy

During the current period, the Group has changed its accounting policy in respect of recognition of actuarial gains and losses, past service costs and expected return on plan assets, whereby with effect from current period, the Group has recognised:

- Actuarial gains and losses as they occur in other comprehensive income, instead of past policy, where actuarial gains and losses were recognised as income or expense by amortizing over the expected average remaining working lives of the employees;

- All past service costs at the earlier of when the amendment or curtailment occurs and when the Group has recognised related restructuring or termination benefits, instead of past policy, where the past service costs were recognised as an expense on a straight line basis over the average period until the benefits became vested, and if the benefits were already vested, following the introduction of or changes to a scheme, past service costs were recognised immediately in profit and loss account; and

- Interest on net defined benefit obligation (net of plan assets) in profit and loss account, which is calculated using the discount rate used to measure the defined benefit obligation or asset, and expected returns on plan assets will no longer be recognised in profit and loss account.

The above change has been accounted for in accordance with the requirements of IAS 19 - Employee Benefits (Revised), as required under IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8) such a change to be applied retrospectively. Due to the above change in accounting policy, the Group has presented balance sheet as at the beginning of the earliest comparative period i.e., January 01, 2012, and related notes in accordance with requirement of IAS 1 - Presentation of Financial Statements (Revised) (IAS 1).

Had there been no change in accounting policy due to recognition of actuarial losses on defined benefit plans in accordance with IAS 19 (Revised), the following would have been the impacts as of July 01, 2011, June 30, 2012 and June 30, 2013 and for the period / year then ended:

	Funded			Unfunded	
	Pension	**Gratuity**	**Total**		**Total**
			Amount in Rs '000		
As of July 01, 2011:					
Employee benefit liability would have been lower by:	396,166	166,057	562,223	147,317	709,540
Deferred taxation would have been higher by:	138,658	58,120	196,778	51,561	248,339
Opening retained earnings would have been higher by:	**257,508**	**107,937**	**365,445**	**95,756**	**461,201**
As of and for the year ended June 30, 2012:					
Employee benefit liability and unrecognised actuarial loss on defined benefit plan would have been lower by:	187,070	293,026	480,096	123,881	603,977
Deferred taxation would have been higher by:	65,475	102,559	168,034	43,358	211,392
Retained earnings would have been higher by:	**121,595**	**190,467**	**312,062**	**80,523**	**392,585**
Charge for defined benefit cost would have been higher by:	104,254	11,861	116,115	8,487	124,602
Taxation would have been lower by:	36,489	4,151	40,640	2,970	43,610
Profit after taxation would have been lower by:	**67,765**	**7,710**	**75,475**	**5,517**	**80,992**
Basic and diluted earnings per share would have been lower by (Rs):					**0.87**
As of and for the period ended June 30, 2013:					
Employee benefit liability and unrecognised actuarial loss on defined benefit plan would have been lower by:	32,735	146,637	179,372	97,588	276,960
Deferred taxation would have been higher by:	11,457	51,323	62,780	34,156	96,936
Retained earnings would have been higher by:	**21,278**	**95,314**	**116,592**	**63,432**	**180,024**
Charge for defined benefit cost would have been higher by:	28,344	16,841	45,185	10,487	55,672
Taxation would have been lower by:	9,920	5,894	15,814	3,670	19,484
Profit after taxation would have been lower by:	**18,424**	**10,947**	**29,371**	**6,817**	**36,188**
Basic and diluted earnings per share would have been lower by (Rs):					**0.39**

2.14 Operating leases / Ijarah contracts

Leases, other than those under Ijarah contracts, in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Ijarah contracts are classified as operating leases irrespective of whether significant portion of the risks and rewards of ownership are retained by lessor. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss account on a straight-line basis over the period of the lease.

Payments made under operating leases and Ijarah contracts are recognised in the profit and loss account on a straight-line basis over the term of the lease.

2.15 Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable cost, if any.

2.16 Borrowings and their cost

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset as detailed in note 3.7.1 to the consolidated financial statements.

2.17 Provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

2.18 Financial liabilities

All financial liabilities are initially recognised at fair value net of directly attributable cost, if any, and subsequently measured at amortised cost.

2.19 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

2.20 Foreign currency translation

Transactions denominated in foreign currencies are translated to Pak Rupees, at the foreign exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the foreign exchange rates at the balance sheet date. Exchange differences are taken to the profit and loss account.

2.21 Functional and presentation currency

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

2.22 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and government levies.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the customer. For those products which are often sold with a right of return, accumulated experience is used to estimate and provide for such returns at the time of sale.

Commission income is recognised on date of shipment from suppliers.

Profit on short-term deposits is accounted for on a time-apportioned basis using the effective interest rate method.

Dividend income is recognised when the right to receive dividend is established. Toll manufacturing income is recognised when services are rendered.

2.23 Financial expense and financial income

Financial expenses are recognised using the effective interest rate method and comprise foreign currency losses and mark-up / interest expense on borrowings.

Financial income comprises interest income on funds invested. Mark-up / interest income is recognised as it accrues in profit and loss account, using the effective interest rate method.

2.24 Dividend

Dividend distribution to the Group's shareholders is recognised as a liability in the period in which the dividends are approved.

2.25 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer (the CEO) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets, liabilities and related income and expenditure. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments. Segments reported are Polyester, Soda Ash, Life Sciences, Chemicals and others (PowerGen), which also reflects the management structure of the Group.

2.26 Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. Derivatives qualifying for hedge accounting are accounted for accordingly whereas, derivatives that do not qualify for hedge accounting are accounted for as held for trading instruments. All changes in the fair value are recognized in the profit and loss account.

2.27 Off-setting

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

Amounts in Rs '000

	As at June 30, 2013	As at December 31, 2012

3. Property, Plant and Equipment

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

Operating property, plant and equipment - note 3.2	**8,147,259**	8,303,581
Capital work-in-progress - note 3.7	**2,580,208**	2,006,732
	10,727,467	10,310,313

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

	Land		Lime beds	Buildings		Plant and	Railway	Rolling	Furniture	Total
	Freehold	Leasehold	on freehold land	On freehold land	On leasehold land	machinery	sidings	stock and vehicles	and equipment	
	Note 3.3			Note 3.3		Note 3.3				
				As at June 30, 2013						
Net carrying value basis At June 30, 2013										
Opening net book value (NBV)	**341,885**	**-**	**127,434**	**337,375**	**683,958**	**6,592,326**	**-**	**21,010**	**199,593**	**8,303,581**
Addition/transfer (at cost)	-	-	**12,534**	**8,993**	**14,383**	**357,579**	**-**	**400**	**14,311**	**408,200**
Disposal/transfer (at NBV)	-	-	-	-	**(803)**	**(3,654)**	**-**	**(508)**	**(29)**	**(4,994)**
Depreciation charge - note 3.5	-	-	**(5,443)**	**(25,046)**	**(42,527)**	**(448,951)**	**-**	**(7,937)**	**(29,624)**	**(559,528)**
Closing net book value (NBV)	**341,885**	**-**	**134,525**	**321,322**	**655,011**	**6,497,300**	**-**	**12,965**	**184,251**	**8,147,259**
Gross carrying value basis At June 30, 2013										
Cost/Revaluation	**341,885**	**567,799**	**239,657**	**1,256,083**	**1,470,646**	**19,991,178**	**297**	**94,690**	**665,599**	**24,627,834**
Accumulated depreciation	**-**	**(567,799)**	**(105,132)**	**(934,761)**	**(815,635)**	**(13,493,878)**	**(297)**	**(81,725)**	**(481,348)**	**(16,480,575)**
Net book value (NBV)	**341,885**	**-**	**134,525**	**321,322**	**655,011**	**6,497,300**	**-**	**12,965**	**184,251**	**8,147,259**
Depreciation rate % per annum	**-**	**2 to 4**	**3.33 to 7.5**	**5 to 10**	**2.5 to 10**	**3.33 to 50**	**3.33**	**10 to 25**	**10 to 33.33**	

	Freehold	Leasehold	Lime beds on freehold land	Buildings On freehold land	Buildings On leasehold land	Plant and machinery	Railway sidings	Rolling stock and vehicles	Furniture and equipment	Total
				As at December 31, 2012						
Net carrying value basis At December 31, 2012										
Opening net book value (NBV)	341,885	-	114,497	370,068	722,701	7,065,990	-	18,487	204,203	8,837,831
Addition/transfer (at cost)	-	-	25,551	17,499	42,997	404,441	-	11,220	66,548	568,256
Disposal/transfer (at NBV)	-	-	-	-	(637)	(7,266)	-	(952)	(4,459)	(13,314)
Depreciation charge - note 3.5	-	-	(12,614)	(50,192)	(81,103)	(870,839)	-	(7,745)	(66,699)	(1,089,192)
Closing net book value (NBV)	341,885	-	127,434	337,375	683,958	6,592,326	-	21,010	199,593	8,303,581
Gross carrying value basis At December 31, 2012										
Cost/Revaluation	341,885	567,799	227,123	1,247,089	1,463,173	19,760,021	297	96,994	651,603	24,355,984
Accumulated depreciation	-	(567,799)	(99,689)	(909,714)	(779,215)	(13,167,695)	(297)	(75,984)	(452,010)	(16,052,403)
Net book value (NBV)	341,885	-	127,434	337,375	683,958	6,592,326	-	21,010	199,593	8,303,581
Depreciation rate % per annum	-	2 to 4	3.33 to 7.5	5 to 10	2.5 to 10	3.33 to 50	3.33	10 to 25	10 to 33.33	

Amounts in Rs '000

		As at June 30, 2013	As at December 31, 2012
3.2.1	Cost and net book value of major spare parts and stand by equipment included in Plant and machinery are as follows:		
	Cost	**345,981**	345,310
	Net book value	**205,170**	219,074

3.3 Subsequent to revaluation on October 1, 1959, September 30, 2000 and December 15, 2006 which had resulted in a surplus of Rs 14.207 million, Rs 1,569.869 million and Rs 704.752 million respectively, the land, buildings on freehold and leasehold land and plant and machinery were revalued again on December 31, 2011 resulting in a net surplus of Rs 848.191 million. The valuation was conducted by an independent valuer. Valuations for plant and machinery and building were based on the estimated gross replacement cost, depreciated to reflect the residual service potential of the assets taking account of the age, condition and obsolescence. Land was valued on the basis of fair market value.

3.4 Plant and machinery including equipments held with Searle Pakistan Limited and Maple Pharmaceutical (Private) Limited (toll manufacturers), having cost and net book values is as follows:

	Cost	**2,272**	2,272
	Net book value	**1,099**	1,192

		Six months period ended June 30, 2013	Year ended December 31, 2012
3.5	The depreciation charge for the period / year has been allocated as follows:		
	Cost of sales - note 26	**529,895**	1,024,250
	Selling and distribution expenses - note 27	**2,837**	12,440
	Administrative and general expenses - note 28	**26,796**	52,502
		559,528	1,089,192

3.5.1 Depreciation charge is inclusive of the incremental depreciation due to revaluation.

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

		As at June 30, 2013	As at December 31, 2012
	Net Book Value		
	Freehold land	**42,605**	42,605
	Buildings	**806,318**	829,863
	Plant and machinery	**6,017,549**	6,064,516
		6,866,472	6,936,984
3.7	The following is a statement of capital work-in-progress: (note 3.7.1)		
	Civil works and buildings	**290,758**	160,948
	Plant and machinery	**1,970,677**	1,650,582
	Miscellaneous equipments	**235,219**	140,379
	Advances to suppliers / contractors	**14,189**	15,630
	Designing, consultancy and engineering fee	**69,365**	39,193
		2,580,208	2,006,732

3.7.1 This includes interest charge on long-term loan obtained for Coal Fired Boiler project amounting to Rs 136 million (2012: Rs 66 million).

Amounts in Rs '000

3.8 Details of operating property, plant and equipment disposed off during the period / year having net book value in excess of Rs 50,000 are as follows:

	Mode of sale	Cost	Accumulated depreciation	Net book value	Sale proceeds	Particulars of buyers
As at June 30, 2013						
Plant and machinery						
Diesel Generator Set and various other items	Scrap	16,594	13,333	3,261	1,037	Shahbaz and Company, Malakwal Disrict Mandi Bahauddin
Rolling stock and vehicles						
Toyota Corolla, Toyota Altis and Fork Lift trucks	Tender	2,600	2,092	508	2,470	S Muhammad Shakeel, Zahid Qadri and Asif Mahmood, Karachi
Building						
Scrap items	Scrap	2,930	2,274	656	10	Anjum Wood Craft, Khewra District Jhelum
As at December 31, 2012						
Plant and machinery						
Boiler Coil	Scrap	1,584	1,515	69	70	Shahid Hanif Ghouri, House # 7, Mandi Bahauddin
Rolling stock and vehicles						
Kia Sportage, Toyota Corolla and others	Tender	1,478	592	886	3,467	Muhammad Farooq Ahmed, House No.28, Jamal Street, Lahore and Shafiqur Rehman, Sultan Ali, Shah Jehan etc.
Furniture and equipment						
Central heating and hot water system and others	Tender	2,975	1,795	1,180	1,024	Owner Of Miranjani House - Samad A Khan, Alpine Hotel, Manshera Road, Abbottabad, and Anjum Wood Craft, Khewra District Jhelum etc.
Diesel generator and others	BOD approval	3,563	714	2,849	2,818	Waqar A Malik, Ex- Chief Executive Officer

Amounts in Rs '000

4 Intangible Assets

	As at June 30, 2013		
	Software	**Licenses**	**Total**
Net carrying value basis			
Six month period ended June 30, 2013			
Opening net book value (NBV)	**19,115**	**21,877**	**40,992**
Additions at cost	**-**	**25,042**	**25,042**
Amortisation charge - note 4.1	**(7,361)**	**(13,550)**	**(20,911)**
Closing net book value (NBV)	**11,754**	**33,369**	**45,123**
Gross carrying amount			
At June 30, 2013			
Cost	**230,212**	**128,459**	**358,671**
Accumulated amortisation	**(218,458)**	**(95,090)**	**(313,548)**
Net book value (NBV)	**11,754**	**33,369**	**45,123**
Amortisation rate % per annum	**20**	**20 to 50**	

	As at December 31, 2012		
Net carrying value basis			
Year ended December 31, 2012			
Opening net book value (NBV)	27,791	41,327	69,118
Additions at cost	-	1,853	1,853
Amortisation charge - note 4.1	(8,676)	(21,303)	(29,979)
Closing net book value (NBV)	19,115	21,877	40,992
Gross carrying amount			
At December 31, 2012			
Cost	230,212	103,417	333,629
Accumulated amortisation	(211,097)	(81,540)	(292,637)
Net book value (NBV)	19,115	21,877	40,992
Amortisation rate % per annum	20	20 to 50	

	Six months period ended June 30, 2013	Year ended December 31, 2012
4.1 The amortisation charge for the period / year has been allocated as follows:		
Cost of sales - note 26	**4,460**	10,828
Selling and distribution expenses - note 27	**4,485**	2,303
Administrative and general expenses - note 28	**11,966**	16,848
	20,911	29,979

Amounts in Rs '000

	As at June 30, 2013	As at December 31, 2012

5. Long-Term Investments

Unquoted

Equity security available-for-sale

- Arabian Sea Country Club Limited 250,000 ordinary shares (December 31, 2012: 250,000) of Rs 10 each	**2,500**	2,500

6. Long-Term Loans - Considered good

Due from directors, executives and employees - note 6.1	**202,071**	194,432

6.1 Due from Directors, Executives and Employees

	Motor car	House building	Total	Total
Due from directors and executives - note 6.3	**120,504**	**66,426**	**186,930**	182,008
Less: Receivable within one year - note 11	**21,219**	**25,929**	**47,148**	44,279
	99,285	**40,497**	**139,782**	137,729
Due from employees - note 6.3			**86,023**	80,492
Less: Receivable within one year - note 11			**23,734**	23,789
			62,289	56,703
			202,071	194,432
Outstanding for period:				
- less than three years but over one year			**113,643**	115,755
- more than three years			**88,428**	78,677
			202,071	194,432

6.2 Reconciliation of the carrying amount of loans to Directors and Executives:

Opening balance at January 1	**182,008**	154,598
Disbursements during the period / year	**46,528**	113,348
Repayments during the period / year	**(41,606)**	(85,938)
Balance at June 30 / December 31	**186,930**	182,008

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

6.4 The maximum aggregate amount of loans due from the Executives at the end of any month during the period was Rs 186.930 million (2012: Rs 182.008 million).

7. Long-Term Deposits and Prepayments

Deposits	**24,632**	26,799
Prepayments	**8,706**	14,092
	33,338	40,891

Amounts in Rs '000

		As at June 30, 2013	As at December 31, 2012
8.	**Stores, Spares and Consumables**		
	Stores - note 8.1	**48,301**	43,344
	Spares - note 8.1	**665,949**	664,822
	Consumables	**106,915**	94,577
		821,165	802,743
	Less: Provision for slow moving and obsolete items - note 8.2	**205,383**	205,383
		615,782	597,360

8.1 The above amounts include stores and spares in transit of Rs 19.821 million (2012: Rs 14.291 million).

8.2 Movement of provision in stores, spares and consumables is as follows:

	As at June 30, 2013	As at December 31, 2012
Provision as at January 1	**205,383**	202,799
Charge for the period / year - note 28	-	2,625
Write-off during the period / year	-	(41)
Provision as at June 30 / December 31	**205,383**	205,383

		As at June 30, 2013	As at December 31, 2012
9.	**Stock-in-Trade**		
	Raw and packing material (include in-transit Rs 741.313 million 2012: Rs 824.331 million) - note 9.3	**2,106,390**	2,501,294
	Work-in-process	**232,841**	147,963
	Finished goods (include in-transit Rs Nil 2012: Rs 195.149 million)	**2,348,788**	2,850,782
		4,688,019	5,500,039
	Less: Provision for slow moving and obsolete stocks - note 9.1		
	- Raw material	**15,461**	12,730
	- Finished goods	**77,681**	75,698
		93,142	88,428
		4,594,877	5,411,611

9.1 Movement of provision in stock-in-trade is as follows:

	As at June 30, 2013	As at December 31, 2012
Provision as at January 1	**88,428**	64,042
Charge for the period / year - note 28	**8,231**	29,435
Write-off during the period / year	**(3,517)**	(4,572)
Payment	-	(477)
Provision as at June 30 / December 31	**93,142**	88,428

9.2 Stock-in-trade amounting to Rs 364.413 million (2012: Rs 280.249 million) is measured at net realisable value and has been written down by Rs 17.354 million (2012: Rs 16.461 million) to arrive at its net realisable value.

9.3 Raw and packing materials include Rs 414.694 million (2012: Rs. 243.227 million) which are held with the following toll manufacturers:

	As at June 30, 2013	As at December 31, 2012
Searle Pakistan Limited	**305,766**	202,533
Maple Pharmaceutical (Private) Limited	**1,934**	1,934
EPLA Laboratories (Private) Limited	**46,258**	18,412
Breeze Pharma (Private) Limited	**33,831**	16,756
Nova Med Pharmaceuticals	**25,308**	314
Others	**1,597**	3,280
	414,694	243,229

Amounts in Rs '000

		As at June 30, 2013	As at December 31, 2012
10.	**Trade Debts**		
	Considered good		
	- Secured	**288,092**	343,536
	- Unsecured	**743,984**	453,489
		1,032,076	797,025
	Considered doubtful	**94,802**	95,384
		1,126,878	892,409
	Less: Provision for:		
	- Doubtful debts - note 40.4	**94,802**	95,384
	- Discounts payable on sales	**140,890**	201,332
		235,692	296,716
		891,186	595,693

10.1 The above balances include amounts due from the following associated undertakings:

Yunus Textile Mills Limited	**17,496**	11,795
Lucky Textile Mills Limited	**10,657**	6,975
Lucky Knits (Private) Limited	**730**	-
	28,883	18,770

		As at June 30, 2013	As at December 31, 2012
11.	**Loans and Advances**		
	Considered good		
	Loans due from:		
	Directors and executives - note 6.1	**47,148**	44,279
	Employees - note 6.1	**23,734**	23,789
		70,882	68,068
	Advances to:		
	Directors and Executives - note 11.1	**7,573**	6,624
	Employees	**199**	1,501
	Contractors and suppliers	**76,572**	113,989
	Others	**5,414**	3,666
		89,758	125,780
		160,640	193,848
	Considered doubtful	**7,292**	7,292
		167,932	201,140
	Less: Provision for doubtful loans and advances - note 40.4	**7,292**	7,292
		160,640	193,848

11.1 The maximum aggregate amount of advances due from the directors and executives at the end of any month during the period was Rs 2.585 million and Rs 10.922 million (2012: Rs 9.646 million and Rs 14.459 million) respectively.

Amounts in Rs '000

		As at June 30, 2013	As at December 31, 2012
12.	**Trade Deposits and Short-Term Prepayments**		
	Trade deposits	**17,165**	15,279
	Short-term prepayments	**144,723**	90,652
		161,888	105,931
13.	**Other Receivables**		
	Considered good		
	Duties, sales tax and octroi refunds due	**392,101**	274,287
	Commission and discounts receivable	**21,784**	51,696
	Interest income receivable	**10,231**	5,099
	Receivable from principal	**710,600**	705,100
	Others	**53,496**	29,341
	Note 13.1	**1,188,212**	1,065,523
	Considered doubtful	**57,312**	57,312
		1,245,524	1,122,835
	Less: Provision for doubtful receivables - note 13.2	**57,312**	57,312
		1,188,212	1,065,523

13.1 This amount includes Rs 23.36 million (2012: Rs 10.8 million) on account of exchange gain / loss on forward exchange contracts.

13.2	**Movement of provision for doubtful receivables**		
	Provision as at January 1	**57,312**	18,185
	Charge for the period / year - note 28	-	40,796
	Write-off during the period / year	-	(1,669)
	Provision as at June 30 / December 31	**57,312**	57,312
14.	**Cash and Bank Balances**		
	Cash at banks :		
	- Short-term deposits - note 14.1	**102,000**	102,000
	- Current accounts	**465,308**	520,288
	In hand:		
	- Cheques	**261,159**	275,066
	- Cash	**7,676**	6,763
		836,143	904,117

14.1 These are placed with various banks with terms ranging from one week to one year. The mark-up on these deposits ranges between 11.20% to 11.50% (2012: 9.50% to 11.50%) and these term deposits are readily encashable without any penalty. The current period short-term deposits pertain to security deposits from customers.

Amounts in Rs '000

As at June 30, 2013	As at December 31, 2012		As at June 30, 2013	As at December 31, 2012
(Numbers)				

15. Issued, Subscribed and Paid-up Capital

83,734,062	83,734,062	Ordinary shares of Rs 10 each fully paid in cash	**837,341**	837,341
211,925	211,925	Ordinary shares of Rs 10 each issued as fully paid for consideration other than cash under scheme of arrangement for amalgamation (note 15.1)	**2,119**	2,119
16,786	16,786	Ordinary shares of Rs 10 each issued as fully paid bonus shares	**168**	168
8,396,277	8,396,277	Ordinary shares issued pursuant to the previous Scheme as fully paid for consideration of investment in associate (note 15.2)	**83,963**	83,963
92,359,050	92,359,050		**923,591**	923,591

15.1 The process for amalgamation of three companies namely Paintex Limited, ICI Pakistan Manufacturers Limited and Imperial Chemical Industries Limited resulted in a new company as ICI Pakistan Limited on April 1, 1987.

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

15.3 On December 28, 2012, Lucky Holdings Limited acquired from ICI Omicron B.V. its entire shareholding of 70,019,459 shares in ICI Pakistan Limited, besides acquiring 111,698 additional shares by way of public offer made by it to all the shareholders of the Company in pursuance of the provisions of the Listed Companies (Substantial Acquisition of Voting Shares & Take-overs), Ordinance, 2002 and the Listed Companies (Substantial Acquisition of Voting Shares & Take-overs) Regulations, 2008. Thus, Lucky Holdings Limited became the holding company, and Lucky Cement Limited became the ultimate holding company of ICI Pakistan Limited with effect from December 28, 2012. Along with Lucky Holdings Limited, two other companies of the Yunus Brothers Group namely, Gadoon Textile Mills Limited and Lucky Textile Mills Limited also participated in the public offer thereby acquiring 5,980,917 shares and 5,077,180 shares respectively. As at the balance sheet date, Lucky Cement Limited held 87.79% shareholding through Lucky Holdings Limited and associated undertakings.

16 Capital Reserves

Share premium - note 16.1	**309,057**	309,057
Capital receipts - note 16.2	**586**	586
	309,643	309,643

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

With effect from July 1, 2011, the capital reserves were split between the Company and Akzo Nobel Pakistan Limited based on 66.54:33.46 ratio which was disclosed in the audited special purpose financial statements for the six months period ended June 30, 2011.

16.2 Capital receipts represent the amount received from various ICI plc group companies overseas for the purchase of property, plant and equipment. The remitting companies have no claim to their repayments.

Amounts in Rs '000

		As at June 30, 2013	As at December 31, 2012
17.	**Surplus on Revaluation of Property, Plant and Equipment**		
	Balance as on January 1	**884,867**	967,863
	Transferred to unappropriated profit in respect of incremental depreciation during the period / year - net of deferred tax	**(41,830)**	(82,996)
	Balance as on June 30 / December 31	**843,037**	884,867
18	**Provisions for non-management staff gratuity and eligible retired employees' medical scheme - note 18.1**	**119,631**	Restated 422,886

18.1 Staff Retirement Benefits

The amount recognized in the profit and loss account against Defined Benefit Scheme for the period / year is as follows:

		2013				2012 Restated			
		Funded			Unfunded	Funded			Unfunded
		Pension	Gratuity	Total		Pension	Gratuity	Total	
18.1.1	**The amounts recognised in the profit and loss account against defined benefit schemes are as follows:**								
	Current service cost	**11,998**	**20,760**	**32,758**	**3,969**	40,178	34,511	74,689	10,765
	Interest cost	**63,871**	**34,764**	**98,635**	**23,319**	187,825	74,093	261,918	44,694
	Expected return on plan assets	**(64,311)**	**(18,406)**	**(82,717)**	**-**	(183,705)	(52,069)	(235,774)	-
	Termination cost	-	-	-	-	59,810	-	59,810	-
	Recognition of actuarial loss	-	-	-	-	-	-	-	-
	Past service cost	-	-	-	**(302,563)**	-	-	-	-
	Net (reversal) / charge for the period / year	**11,558**	**37,118**	**48,676**	**(275,275)**	104,108	56,535	160,643	55,459
	Other Comprehensive Income:								
	Loss on obligation	**(95,577)**	**(98,995)**	**(194,572)**	**(15,806)**	(32,407)	(177,205)	(209,612)	14,949
	(Gain) / Loss on plan assets	**(95,884)**	**(30,553)**	**(126,437)**	**-**	137,249	38,375	175,624	-
	Net (gain) / loss	**(191,461)**	**(129,548)**	**(321,009)**	**(15,806)**	104,842	(138,830)	(33,988)	14,949
18.1.2	**Movement in the net assets / (liability) recognised in the balance sheet are as follows:**								
	Opening balance	**(29,126)**	**(302,098)**	**(331,224)**	**(422,886)**	(202,912)	(150,125)	(353,037)	(402,650)
	Net (reversal) / charge - note 18.1.1	**(11,558)**	**(37,118)**	**(48,676)**	**275,275**	(104,108)	(56,535)	(160,643)	(55,459)
	Other Comprehensive Income	**191,461**	**129,548**	**321,009**	**15,806**	104,842	(138,830)	(33,988)	14,949
	Contributions / payments during the period / year	**75,000**	**19,556**	**94,556**	**12,174**	173,052	43,392	216,444	20,274
	Closing Balance	**225,777**	**(190,112)**	**35,665**	**(119,631) ***	(29,126)	(302,098)	(331,224)	(422,886) *
18.1.3	**The amounts recognised in the balance sheet are as follows:**								
	Fair value of plan assets - note 18.1.5	**1,293,746**	**362,228**	**1,655,974**	**-**	1,165,492	344,408	1,509,900	-
	Present value of defined benefit obligation - note 18.1.4	**(1,067,969)**	**(552,340)**	**(1,620,309)**	**(119,631)**	(1,194,618)	(646,506)	(1,841,124)	(422,886)
	Surplus / (Deficit)	**225,777**	**(190,112)**	**35,665**	**(119,631) ***	(29,126)	(302,098)	(331,224)	(422,886)*

The recognized asset/liability of funded gratuity is netted off against recognized asset/liability of funded pension and recorded accordingly.

		2013				2012 Restated			
		Pension	Gratuity	Total	Unfunded	Pension	Gratuity	Total	Unfunded
18.1.4	**Movement in the present value of defined benefit obligation:**								
	Opening balance	**1,194,618**	**646,506**	**1,841,124**	**422,886**	1,426,539	508,072	1,934,611	402,650
	Current service cost	**11,998**	**20,760**	**32,758**	**3,969**	40,178	34,511	74,689	10,765
	Interest cost	**63,871**	**34,764**	**98,635**	**23,319**	187,825	74,093	261,918	44,694
	Benefits paid	**(106,941)**	**(50,695)**	**(157,636)**	**(12,174)**	(552,141)	(147,375)	(699,516)	(20,274)
	Termination cost	-	-	-	-	59,810	-	59,810	-
	Actuarial loss / (gain)	**(95,577)**	**(98,995)**	**(194,572)**	**(15,806)**	32,407	177,205	209,612	(14,949)
	Past service cost	-	-	-	**(302,563)**	-	-	-	-
	Closing balance	**1,067,969**	**552,340**	**1,620,309**	**119,631**	1,194,618	646,506	1,841,124	422,886

Amounts in Rs '000

	2013				2012 Restated			
	Funded			Unfunded	Funded			Unfunded
	Pension	Gratuity	Total		Pension	Gratuity	Total	
18.1.5 Movement in the fair value of plan assets:								
Opening balance	**1,165,492**	**344,408**	**1,509,900**	-	1,223,627	357,947	1,581,574	-
Expected return	**64,311**	**18,406**	**82,717**	-	183,705	52,069	235,774	-
Contributions	**75,000**	**19,556**	**94,556**	-	173,052	43,392	216,444	-
Benefits paid	**(106,941)**	**(50,695)**	**(157,636)**	-	(552,141)	(147,375)	(699,516)	-
Actuarial (loss) / gain	**95,884**	**30,553**	**126,437**	-	137,249	38,375	175,624	-
Closing balance	**1,293,746**	**362,228**	**1,655,974**	-	1,165,492	344,408	1,509,900	-

* The unfunded liability included in the above table includes Rs 0.239 million (December 31, 2012: Rs 0.239 million) pertaining to the Subsidiary.

18.1.6 Historical Information **	**June 30**	December 31			
	2013	2012	2011	2010	2009
Present value of defined benefit obligation	**1,739,940**	2,264,010	2,337,261	2,483,046	2,088,882
Fair value of plan assets	**1,655,974**	1,509,900	1,581,574	1,771,477	1,354,469
Deficit	**83,966**	754,110	755,687	711,569	734,413

** Prior year figures are inclusive of staff retirement benefits of Paints business (from 2009 to 2010).

	2013	2012
18.1.7 Major categories / composition of plan assets are as follows:		
Debt instruments	**69%**	73%
Equity at market value	**28%**	27%
Cash	**3%**	0%

Fair Value of Plan Asset

	Pension	**Gratuity**	Pension	Gratuity
	As at June 30, 2013		As at December 31, 2012	
Investment				
National Savings deposits	**526,012**	**82,250**	360,361	81,979
Government bonds	**339,014**	**172,385**	477,669	164,172
Corporate bonds	**9,431**	**8,137**	8,238	8,144
Shares	**392,450**	**70,317**	318,577	87,968
Cash	**26,839**	**29,139**	647	2,145
Total	**1,293,746**	**362,228**	1,165,492	344,408

Mortality of active employees and pensioners is represented by the LIC (96-98) Table. The table has been rated down three years for mortality of female pensioners and widows.

The return on plan assets was assumed to be equal to the discount rate. Actual (loss) / return on plan assets during 2013 was Rs 209.154 million (2012: Rs 411.398 million).

	2013	2012
18.1.8 The principal actuarial assumptions at the reporting date were as follows:		
Discount rate	**10.75%**	11.50%
Expected return on plan assets	**10.75%**	11.50%
Future salary increases - Management	**8.75%**	13.00%
Future salary increases - Non-management	**6.00%**	6.00%
Future pension increases	**6.00%**	7.00%

18.1.9 Impact on obligation of changes in assumptions:

Assumption	1% Increase	1 % Decrease
Discount rate	(87,524)	98,243
Salary increase	62,691	(57,213)
Pension increase	37,684	(33,641)

18.1.10 The Group contributed Rs 31.631 million (December 31, 2012: Rs 58.328 million) and Rs 21.452 million (December 31, 2012: Rs 35.286 million) to the provident fund and the defined contribution superannuation fund respectively during the period.

Amounts in Rs '000

		June 30, 2013 (Unaudited)	December 31, 2012 (Audited)
18.2	**Provident fund**		
	Size of the fund (Net Assets)	**1,234,564**	1,198,619
	Cost of investments made (actual investment made)	**1,062,906**	983,940
	Percentage of investments made (Cost of investment / Size of the Fund)	**86%**	82.1%
	Fair value of investments	**1,196,650**	1,138,518

18.2.1 Break-up of Investments of provident fund

Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	June 30, 2013 (Unaudited)		Dec 31, 2012 (Audited)	
	Investments	**% of investment as size of the fund**	Investments	% of investment as size of the fund
On Fair Value				
Pakistan Investment Bonds	**518,722**	**44%**	504,942	44%
Treasury Bills	**170,814**	**14%**	54,091	5%
Short Term Deposit Account	**222,300**	**19%**	222,300	20%
Mutual Funds	**76,867**	**6%**	75,653	7%
Shares	**195,654**	**16%**	255,844	22%
Term Finance Certificates	**12,293**	**1%**	25,688	2%
	1,196,650	**100%**	1,138,518	100%

Investments out of provident fund have been made in accordance with the provisions of the section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose

		As at June 30, 2013	As at December 31, 2012
19	**Long-Term Loans**	**1,887,026**	290,270
	From banking companies / financial institutions:		
	- Faysal Bank Limited	**343,591**	290,270
	- Habib Bank Limited	**543,435**	-
		887,026	290,270

The Group has obtained Long-Term Finance Facility (LTFF) for imported and locally manufactured plant and machinery from Faysal Bank Limited of Rs 343.591 million (limit: Rs 500 million) and Habib Bank Limited of Rs 543.435 million (limit: Rs 1,000 million) for a period of 7 years (including 2 year grace period), with the principal payable on semi annual basis. The mark-up is chargeable at fixed rate ranging from 9.65% to 9.85% payable on quarterly basis. These facilities are secured against first pari passu hypothecation charge on the Property, Plant and Equipment (PPE) of the Group's Soda Ash Business. The loans have been refinanced by the State Bank of Pakistan under LTFF for Export Oriented Projects.

Islamic Term Finance

From banking companies / financial institutions:		
- Standard Chartered Bank (Pakistan) Limited	**1,000,000**	-

The Group has obtained long-term loan for Rs 1,000 million from Standard Chartered Bank (Pakistan) Limited under Islamic Diminishing Musharaka upto a limit of Rs 1,000 million for a period of 3 years (including 6 month grace period). The rental payment is charged at relevant KIBOR plus 0.25% per annum payable on quarterly basis. This facility is initally secured by a ranking charge to be subsequently replaced by a first pari passu hypothecation charge on the PPE of the Group's Polyester Business located at Sheikhupura.

Amounts in Rs '000

	As at June 30, 2013			As at December 31, 2012		
	Opening	**Reversal / (Charge) (note - 32)**	**Closing**	Opening	Reversal (note - 32)	Closing
20 Deferred Tax (Liability) / Asset - net						
Deductible temporary differences						
Provisions for retirement benefits, doubtful debts and others	**330,076**	**(28,410)**	**301,666**	286,493	43,583	330,076
Retirement fund provision routed through other comprehensive income	**211,393**	**(117,885)**	**93,508**	248,339	(36,946)	211,393
Taxable temporary differences						
Property, plant and equipment	**(1,421,819)**	**(74,466)**	**(1,496,285)**	(1,472,727)	50,908	(1,421,819)
	(880,350)	**(220,761)**	**(1,101,111)**	(937,895)	57,545	(880,350)

	As at June 30, 2013	As at December 31, 2012 Restated
21 Trade and Other Payables		
Trade creditors - note 21.1	**651,021**	1,315,497
Bills payable	**2,113,808**	3,190,094
Sales tax, excise and custom duties	**43,240**	35,640
Mark-up accrued on short-term borrowings	**28,465**	16,645
Accrued interest on expansion project - note 21.2	**38,733**	36,110
Accrued expenses	**796,474**	774,026
Technical service fee / royalty	**680**	665
Workers' profit participation fund - note 21.3	**72,447**	81,887
Workers' welfare fund	**54,110**	31,716
Distributors' security deposits - payable on termination of distributorship - note 21.4	**118,888**	111,497
Contractors' earnest / retention money	**9,550**	9,589
Advances from customers - note 21.5	**118,086**	469,015
Unclaimed dividends	**45,982**	4,537
Payable for capital expenditure	**253,710**	216,972
Provision for compensated absences - note 21.6	**31,249**	31,249
Provision for staff retirement benefit plans - note 18	-	331,224
Others	**173,263**	211,046
	4,549,706	6,867,409

21.1 This amount includes Rs 1.17 million (2012: Rs 52.5 million) on account of exchange gain / loss on forward exchange contracts

21.2 This liability pertains to financing obtained for Coal Fired Boiler project. Interest charge on the finance facilities is part of capital work in progress.

	As at June 30, 2013	As at December 31, 2012
21.3 Workers' profit participation fund		
Balance as on January 1	**81,887**	150,223
Allocation for the period / year - note 29	**57,966**	77,673
	139,853	227,896
Interest on funds utilised in the Group's businesses at 41.25 % (2012: 67.5 %) per annum - note 30	**2,594**	2,843
Less:		
- Paid to the Fund	**70,000**	148,852
Balance as on June 30 / December 31	**72,447**	81,887

21.4 Interest on security deposits from certain distributors is payable at 11.2 % (2012: 11.9 %) per annum as specified in the respective agreements.

Amounts in Rs '000

		As at June 30, 2013	As at December 31, 2012
21.5	It includes amounts due to the following associated undertakings (related party):		
	Gadoon Textile Mills Limited	**2,891**	3,179
	Fazal Textile Mills Limited	**249**	6,374
		3,140	9,553

21.6 This figure is based on actuarial valuation and estimation.

22	**Short-Term Borrowings and Running Finance - note 22.1, 22.2 & 22.3**	**2,654,549**	2,332,057

Short-term borrowings and running finance facilities from various banks aggregated to Rs 4,740 million (2012: Rs 4,100 million) and carry mark-up during the period ranging from relevant KIBOR + 0.40% to 0.75% per annum with an average mark-up rate of relevant KIBOR + 0.43% as at June 30, 2013 on utilised limits (2012: relevant KIBOR + 0.50% to 0.75% per annum with an average mark-up rate of relevant KIBOR + 0.61% on utilised limits). These facilities are secured by hypothecation charge over the present and future stock-in-trade and book debts of the Group.

22.1 Short - term borrowings - secured

	Tenure			
	From	**To**		
Samba Bank Limited	15-Apr-13	15-Jul-13	**494,000**	494,000
United Bank Limited	7-Jun-13	8-Jul-13	**300,000**	300,000
Standard Chartered Bank (Pakistan) Limited	14-Jun-13	15-Jul-13	**100,000**	200,000
MCB Bank Limited	7-Jun-13	5-Jul-13	**125,000**	-
Bank Alfalah Limited	12-Apr-13	11-Jul-13	**435,000**	-
MCB Bank Limited	28-Jun-13	26-Jul-13	**600,000**	-
United Bank Limited	25-Jun-13	25-Jul-13	**72,000**	-
			2,126,000	994,000

The above short-term borrowings are secured by first pari passu hypothecation charge as mentioned above and carry mark-up during the period ranging from relevant KIBOR + 0.20% to 0.40% (2012: Rs. 994 million, relevent KIBOR + 0.50%).

22.2	**Export Refinance**	**130,000**	-

The Group has export refinance facility upto Rs 200 million (2012: Nil) available from Faysal Bank Limited as at June 30, 2013 out of which Rs 130 million was utilised (2012: Nil). The above export refinance facility is secured by first pari passu hypothecation charge. The export refinance facility carries mark-up at State Bank of Pakistan rate (currently 8.40%) + 0.25% per annum.

22.3	**Short-Term Running Finance - Secured**	**398,549**	1,338,057

The above short-term running finance is secured by first pari passu hypothecation charge as mentioned above.

23 Contingencies and Commitments

23.1	Claims against the Group not acknowledged as debts are as follows:		
	Local bodies - note 23.1.1	**30,446**	30,446
	Others	**28,288**	30,389
		58,734	60,835

23.1.1 The Group was served notice by Punjab Employees Social Security Institution's Local office Shahdara, dated November 24, 1997 on Polyester Plant for alleged non payment of Rs 11.96 million on account of Social Security Contribution on the basis of assessment made by the PESSI for the period 1996 and 1997, on behalf of contractors' workers (M/s Descon Engineering Limited) engaged for Expansion Project. The Group challenged the notice and filed an appeal with Vice Commissioner Social Security Institution and also filled petition in High Court Lahore on July 20, along with stay application, the court granted stay order on July 25, 2012. The outcome of the case cannot be determined yet.

Amounts in Rs '000

23.1.2 A demand for additional electricity duty amounting to Rs. 17.711 million (December 31, 2012: Rs. 17.711 million) has been raised by the electric inspector to the Subsidiary for the period from March 2004 to June 2007. The matter along with other legal options are currently being explored by the Group. No provision has been made for the demand as the Group considers that this additional duty is not payable.

23.2 Also refer note 43 to these consolidated financial statements for income tax contingencies.

23.3 Guarantee issued by the Group of Rs 133 million (2012: Rs 133 million) to a bank on behalf of its subsidiary ICI Pakistan PowerGen Limited for availing funded facility.

23.4 Commitments in respect of capital expenditure (including Coal Fired Boiler Project of the Soda Ash business) amounted to Rs 567.309 million (2012: Rs 492.036 million).

23.5 Commitments for rentals under operating lease / Ijarah contracts in respect of vehicles amounting to Rs 135.266 million (2012: Rs 126.028 million) are as follows:

	As at June 30, 2013	As at December 31, 2012
Year		
2013	-	52,396
2014	**55,030**	38,060
2015	**43,872**	24,937
2016	**26,783**	10,635
2017	**9,581**	-
	135,266	126,028
Payable not later than one year	**55,030**	52,396
Payable later than one year but not later than five years	**80,236**	73,632
	135,266	126,028

23.6 Outstanding foreign exchange contracts as at June 30, 2013 entered into by the Group amounted Rs 1,166.117 million (2012: Rs. 2,635.860 million).

Amounts in Rs '000

24. Operating Segment Results

	Note	Polyester		Soda Ash		Life Sciences		Chemicals		Others-PowerGen		Group	
		Six months period ended June 30, 2013	Year December 31, 2012 Restated	**Six months period ended June 30, 2013**	Year ended December 31, 2012 Restated	**Six months period ended June 30, 2013**	Year ended December 31, 2012 Restated	**Six months period ended June 30, 2013**	Year ended December 31, 2012 Restated	**Six months period ended June 30, 2013**	Year ended December 31, 2012 Restated	**Six months period ended June 30, 2013**	Year ended December 31, 2012 Restated
Sales													
Afghanistan		**-**	-	**4,664**	3,614	**699**	-	**1,928**	2,917	**-**	-	**7,291**	6,531
India		**-**	-	**181,003**	305,719	**-**	-	**-**	-	**-**	-	**181,003**	305,719
United Arab Emirates		**-**	-	**-**	-	**-**	-	**7,861**	-	**-**	-	**7,861**	-
Others		**8,233**	-	**-**	-	**-**	-	**-**	1,562	**-**	-	**8,233**	1,562
		8,233	-	**185,667**	309,333	**699**	-	**9,789**	4,479	**-**	-	**204,388**	313,812
Inter-segment		**-**	-	**-**	-	**-**	-	**9,785**	40,969	**543,181**	897,558	**552,966**	938,527
Local		**9,701,479**	18,354,064	**4,683,715**	8,909,826	**3,383,635**	6,251,234	**2,125,869**	3,918,729	**-**	-	**19,894,698**	37,433,853
		9,709,712	18,354,064	**4,869,382**	9,219,159	**3,384,334**	6,251,234	**2,145,443**	3,964,177	**543,181**	897,558	**20,652,052**	38,686,192
Commission / Toll income		**-**	-	**-**	-	**-**	-	**34,891**	61,768	**-**	-	**34,891**	61,768
Turnover		**9,709,712**	18,354,064	**4,869,382**	9,219,159	**3,384,334**	6,251,234	**2,180,334**	4,025,945	**543,181**	897,558	**20,686,943**	38,747,960
Sales tax		**126,708**	-	**645,513**	1,363,618	**9,189**	15,281	**215,631**	374,555	**75,641**	123,801	**1,072,682**	1,877,255
Commission and discounts to distributors and customers		**126,914**	150,037	**137,643**	251,283	**424,271**	743,712	**132,430**	229,384	**-**	-	**821,258**	1,374,416
		253,622	150,037	**783,156**	1,614,901	**433,460**	758,993	**348,061**	603,939	**75,641**	123,801	**1,893,940**	3,251,671
Net sales, commission & toll income		**9,456,090**	18,204,027	**4,086,226**	7,604,258	**2,950,874**	5,492,241	**1,832,273**	3,422,006	**467,540**	773,757	**18,793,003**	35,496,289
Cost of sales	26	**9,442,026**	17,754,556	**3,204,255**	6,251,945	**2,146,431**	3,977,598	**1,475,570**	2,744,967	**390,634**	611,634	**16,658,046**	31,338,960
Gross profit		**14,064**	449,471	**881,971**	1,352,313	**804,443**	1,514,643	**356,703**	677,039	**76,906**	162,123	**2,134,957**	4,157,329
Selling and distribution expenses	27	**46,019**	76,400	**51,357**	91,835	**329,996**	701,702	**96,019**	198,582	**-**	-	**523,391**	1,068,519
Administrative and general expenses	28	**124,976**	474,711	**102,888**	405,031	**76,632**	247,949	**56,638**	172,622	**621**	1,642	**361,635**	1,301,715
Operating result		**(156,931)**	(101,640)	**727,726**	855,447	**397,815**	564,992	**204,046**	305,835	**76,285**	160,481	**1,249,931**	1,787,095
24.1 Segment assets - note 24.5		**7,215,283**	7,470,348	**12,608,937**	12,361,310	**4,853,688**	5,342,272	**2,398,548**	2,018,814	**489,064**	407,544	**19,354,727**	19,358,711
24.2 Unallocated assets												**1,578,566**	1,262,452
												20,933,293	20,621,163
24.3 Segment liabilities - note 24.5		**8,569,049**	9,252,833	**3,177,567**	4,668,000	**1,680,842**	2,891,067	**809,607**	824,926	**58,010**	72,803	**6,084,283**	9,468,055
24.4 Unallocated liabilities												**4,227,741**	1,324,917
												10,312,024	10,792,972

24.5 Inter unit current account balances of respective businesses have been eliminated from the total.

	Polyester		Soda Ash		Life Sciences		Chemicals		Others-PowerGen		Group	
24.6 Depreciation and amortisation - note 3.5 and 4.1	**230,363**	430,004	**294,575**	589,142	**11,100**	19,366	**21,653**	39,440	**22,748**	41,219	**580,439**	1,119,171
24.7 Capital expenditure	**407,574**	956,464	**550,903**	1,911,095	**16,997**	14,805	**19,671**	35,014	**11,573**	26,017	**1,006,718**	2,943,395

24.8 Inter-segment pricing
Transactions among the business segments are recorded at arm's length prices using admissible valuation methods.

24.9 There were no major customer of the Group which formed part of 10% or more of the Group's revenue.

Amounts in Rs '000

		Six months period ended June 30, 2013	Year ended December 31, 2012
25.	**Reconciliations of reportable segment turnover, cost of sales, assets and liabilities**		
25.1	**Turnover**		
	Total turnover for reportable segments - note 24	**20,686,943**	38,747,960
	Elimination of inter-segment turnover note 24	**(9,785)**	(40,969)
	Elimination of inter-segment turnover from subsidiary	**(543,181)**	(897,558)
	Total turnover	**20,133,977**	37,809,433
25.2	**Cost of sales**		
	Total cost of sales for reportable segments - note 26	**16,658,046**	31,338,960
	Elimination of inter-segment purchases - note 26	**(9,785)**	(40,969)
	Elimination of inter-segment turnover from subsidiary	**(543,181)**	(897,558)
	Total cost of sales	**16,105,080**	30,400,433
25.3	**Assets**		
	Total assets for reportable segments	**19,354,727**	19,358,711
	Taxation - net	**1,474,066**	1,157,952
	Bank deposits - note 14	**102,000**	102,000
	Long-term Investments - note 5	**2,500**	2,500
	Total Assets	**20,933,293**	20,621,163
25.4	**Liabilities**		
	Total liabilities for reportable segments	**6,084,283**	9,468,055
	Short-term loan - note 22.1	**2,256,000**	994,000
	Long-term loan - note 19	**1,887,026**	290,270
	Accrued interest expansion project - note 21	**38,733**	36,110
	Unclaimed dividends - note 21	**45,982**	4,537
	Total liabilities	**10,312,024**	10,792,972

Amounts in Rs '000

26. Cost of Sales

	Polyester		Soda Ash		Life Sciences		Chemicals		Others-PowerGen		Group	
	Six months period ended June 30, 2013	Year December 31, 2012 Restated	**Six months period ended June 30, 2013**	Year ended December 31, 2012 Restated	**Six months period ended June 30, 2013**	Year ended December 31, 2012 Restated	**Six months period ended June 30, 2013**	Year ended December 31, 2012 Restated	**Six months period ended June 30, 2013**	Year ended December 31, 2012 Restated	**Six months period ended June 30, 2013**	Year ended December 31, 2012 Restated
Raw and packing materials consumed												
Opening stock	**1,394,859**	880,001	**359,582**	177,745	**588,355**	457,248	**115,497**	89,435	**30,271**	29,695	**2,488,564**	1,634,124
Purchases												
Inter-segment	**9,785**	8,127	**-**	32,842	**-**	-	**-**	-	**-**	-	**9,785**	40,969
Others	**7,501,920**	15,484,417	**1,028,100**	2,073,403	**456,369**	1,389,353	**1,009,243**	1,428,892	**320,926**	468,167	**10,316,558**	20,844,232
	7,511,705	15,492,544	**1,028,100**	2,106,245	**456,369**	1,389,353	**1,009,243**	1,428,892	**320,926**	468,167	**10,326,343**	20,885,201
	8,906,564	16,372,545	**1,387,682**	2,283,990	**1,044,724**	1,846,601	**1,124,740**	1,518,327	**351,197**	497,862	**12,814,907**	22,519,325
Closing stock - note 9	**(897,238)**	(1,394,859)	**(510,102)**	(359,582)	**(453,994)**	(588,355)	**(207,993)**	(115,497)	**(21,602)**	(30,271)	**(2,090,929)**	(2,488,564)
Raw material consumed	**8,009,326**	14,977,686	**877,580**	1,924,408	**590,730**	1,258,246	**916,747**	1,402,830	**329,595**	467,591	**10,723,978**	20,030,761
Salaries, wages and benefits - note 26.1	**133,692**	382,330	**220,182**	631,846	**900**	3,810	**17,326**	50,709	**9,911**	10,222	**382,011**	1,078,917
Stores and spares consumed	**69,819**	140,603	**47,339**	94,919	**-**	-	**2,293**	5,878	**7,621**	12,984	**127,072**	254,384
Conversion fee paid to contract manufacturers	**-**	-	**-**	-	**136,435**	287,189	**4,871**	9,261	**-**	-	**141,306**	296,450
Oil, gas and electricity	**1,002,818**	1,834,515	**1,210,796**	2,848,687	**-**	-	**4,690**	8,428	**13,950**	67,583	**2,232,254**	4,759,213
Rent, rates and taxes	**490**	1,035	**864**	929	**-**	-	**6,948**	12,156	**210**	550	**8,512**	14,670
Insurance	**12,923**	22,911	**16,970**	21,612	**-**	-	**563**	1,100	**875**	1,675	**31,331**	47,298
Repairs and maintenance	**1,657**	1,155	**5**	85	**-**	-	**2,174**	4,245	**61**	122	**3,897**	5,607
Depreciation and amortisation charge - note 3.5 and 4.1	**217,025**	405,568	**282,967**	565,851	**207**	443	**11,408**	21,997	**22,748**	41,219	**534,355**	1,035,078
Excise duty	**-**	-	**-**	-	**-**	-	**-**	-	**4,736**	7,852	**4,736**	7,852
Technical fees	**-**	-	**-**	-	**-**	703	**1,354**	2,597	**-**	-	**1,354**	3,300
Royalty	**-**	-	**-**	-	**-**	1,592	**-**	-	**-**	-	**-**	1,592
General expenses - note 26.2	**68,347**	130,350	**67,482**	147,642	**1,167**	1,007	**6,940**	14,547	**464**	1,836	**143,530**	293,642
Opening stock of work-in-process	**74,987**	188,491	**-**	-	**71,700**	28,376	**1,276**	3,379	**-**	-	**147,963**	220,246
Closing stock of work-in-process - note 9	**(170,516)**	(74,987)	**-**	-	**(59,475)**	(71,700)	**(2,850)**	(1,276)	**-**	-	**(232,841)**	(147,963)
Cost of goods manufactured	**9,420,568**	18,009,657	**2,724,185**	6,235,979	**741,664**	1,509,666	**973,740**	1,535,851	**390,171**	611,634	**14,249,458**	27,901,047
Opening stock of finished goods	**1,009,796**	669,745	**383,510**	47,148	**1,102,849**	896,220	**278,929**	401,068	**-**	-	**2,775,084**	2,014,181
Finished goods purchased	**6,979**	84,950	**175,327**	352,328	**1,098,109**	2,697,903	**631,964**	1,093,070	**463**	-	**1,912,842**	4,228,251
	10,437,343	18,764,352	**3,283,022**	6,635,455	**2,942,622**	5,103,789	**1,884,633**	3,029,989	**390,634**	611,634	**18,937,384**	34,143,479
Closing stock of finished goods - note 9	**(994,304)**	(1,009,796)	**(78,767)**	(383,510)	**(793,560)**	(1,102,849)	**(404,476)**	(278,929)	**-**	-	**(2,271,107)**	(2,775,084)
Provision for obsolete stocks - note 28	**(1,013)**	-	**-**	-	**(2,631)**	(23,342)	**(4,587)**	(6,093)	**-**	-	**(8,231)**	(29,435)
	9,442,026	17,754,556	**3,204,255**	6,251,945	**2,146,431**	3,977,598	**1,475,570**	2,744,967	**390,634**	611,634	**16,658,046**	31,338,960

26.1 Staff retirement benefits

Salaries, wages and benefits include Rs 23.685 million (December 31, 2012: Rs 112.007 million) in respect of staff retirement benefits. Decrease in salaries, wages and benefits during the period is on account of net reversal of retirement benefit provision of Rs 130.31 million, mainly in respect of past service cost (refer note 18).

26.2 Service charges from subsidiary

This includes amount Rs 0.870 million (December 31, 2012: Rs 1.740 million) charged by the Company for certain administrative service charges in accordance with the service level agreement which has been eliminated from the total.

Amounts in Rs ’000

27. Selling and Distribution Expenses

	Polyester		Soda Ash		Life Sciences		Chemicals		Others-PowerGen		Group	
	Six months period ended June 30, 2013	Year December 31, 2012 Restated	**Six months period ended June 30, 2013**	Year ended December 31, 2012 Restated	**Six months period ended June 30, 2013**	Year ended December 31, 2012 Restated	**Six months period ended June 30, 2013**	Year ended December 31, 2012 Restated	**Six months period ended June 30, 2013**	Year ended December 31, 2012 Restated	**Six months period ended June 30, 2013**	Year ended December 31, 2012 Restated
Salaries and benefits - note 27.1	**16,373**	56,499	**7,690**	20,842	**104,418**	276,569	**23,610**	77,863	-	-	**152,091**	431,773
Repairs and maintenance	**101**	20	**1,092**	1,893	**1,378**	3,118	**856**	1,775	-	-	**3,427**	6,806
Advertising and publicity expenses	**193**	141	**42**	6,847	**62,127**	130,639	**3,926**	6,420	-	-	**66,288**	144,047
Rent, rates and taxes	**192**	46	**1,529**	2,098	**4,179**	7,872	**613**	1,110	-	-	**6,513**	11,126
Insurance	-	-	**597**	669	**5,069**	7,340	**1,594**	4,635	-	-	**7,260**	12,644
Lighting, heating and cooling	**59**	8	**680**	1,162	**1,357**	3,018	**1,453**	2,978	-	-	**3,549**	7,166
Depreciation and amortisation charge - note 3.5 and 4.1	-	-	**65**	146	**4,506**	9,735	**2,751**	4,862	-	-	**7,322**	14,743
Outward freight and handling	**5,014**	2,945	**30,530**	43,307	**30,299**	45,487	**28,307**	48,734	-	-	**94,150**	140,473
Travelling expenses	**3,350**	6,774	**1,336**	3,247	**43,833**	99,282	**7,761**	13,016	-	-	**56,280**	122,319
Postage, telegram, telephone and telex	**779**	782	**343**	1,351	**8,856**	16,083	**2,477**	4,431	-	-	**12,455**	22,647
General expenses	**19,958**	9,185	**7,453**	10,273	**63,974**	102,559	**22,671**	32,758	-	-	**114,056**	154,775
	46,019	76,400	**51,357**	91,835	**329,996**	701,702	**96,019**	198,582	-	-	**523,391**	1,068,519

27.1 Staff retirement benefits

Salaries and benefits include Rs 14.038 million (December 31, 2012: Rs 35.728 million) in respect of staff retirement benefits. Decrease in salaries, wages and benefits during the period is on account of net reversal of retirement benefit provision of Rs 38.152 million, mainly in respect of past service cost (refer note 18).

28. Administrative and General Expenses

	Polyester		Soda Ash		Life Sciences		Chemicals		Others-PowerGen		Group	
Salaries and benefits - note 28.1	**61,181**	305,816	**54,173**	291,013	**38,779**	159,958	**28,249**	122,250	-	-	**182,382**	879,037
Repairs and maintenance	**2,797**	5,424	**1,582**	3,455	**1,686**	2,777	**481**	795	-	-	**6,546**	12,451
Advertising and publicity expenses	**1,018**	1,752	**1,159**	2,016	**388**	652	**251**	495	-	-	**2,816**	4,915
Rent, rates and taxes	**2,838**	5,868	**1,441**	5,954	**466**	1,422	**312**	948	-	-	**5,057**	14,192
Insurance	**493**	2,236	**589**	2,675	**2,390**	2,704	**160**	577	-	-	**3,632**	8,192
Lighting, heating and cooling	**2,987**	5,678	**2,874**	5,159	**2,909**	4,295	**621**	1,112	-	-	**9,391**	16,244
Depreciation and amortisation charge - note 3.5 and 4.1	**13,338**	24,436	**11,543**	23,145	**6,387**	9,188	**7,494**	12,581	-	-	**38,762**	69,350
Provision for doubtful debts												
- trade - note 40.6	-	672	-	-	-	123	**774**	2,250	-	-	**774**	3,045
- others - note 13.1	-	37,000	-	2,348	-	1,448	-	-	-	-	-	40,796
Provision for obsolete stocks - note 9.1	**1,013**	-	-	-	**2,631**	23,342	**4,587**	6,093	-	-	**8,231**	29,435
Provision for obsolete spares - note 8.1	-	-	-	2,625	-	-	-	-	-	-	-	2,625
Travelling expenses	**3,203**	8,259	**1,941**	4,686	**2,402**	4,875	**2,292**	4,807	-	-	**9,838**	22,627
Postage, telegram, telephone and telex	**1,633**	3,351	**1,420**	3,089	**1,167**	2,669	**827**	1,446	-	-	**5,047**	10,555
General expenses - note 28.2	**34,475**	74,219	**26,166**	58,866	**17,427**	34,496	**10,590**	19,268	**621**	1,642	**89,159**	188,251
	124,976	474,711	**102,888**	405,031	**76,632**	247,949	**56,638**	172,622	**621**	1,642	**361,635**	1,301,715

28.1 Staff retirement benefits

Salaries and benefits include Rs 15.360 million (December 31, 2012: Rs 162.108 million) in respect of staff retirement benefits. Decrease in salaries, wages and benefits during the period is on account of net reversal of retirement benefit provision of Rs 58.137 million, mainly in respect of past service cost (refer note 18).

28.2 Service charges from subsidiary

This includes amount Rs 0.120 million (December 31, 2012: Rs 0.240 million) charged by the Company for certain administrative service charges in accordance with the service level agreement which has been eliminated from the total.

Amounts in Rs '000

		Six months period ended June 30, 2013	Year ended December 31, 2012
29.	**Other charges**		
	Auditors' remuneration - note 29.1	**2,739**	10,301
	Donations - note 29.2	**7,450**	22,070
	Workers' profit participation fund - note 21.3	**57,966**	77,673
	Workers' welfare fund	**22,395**	30,063
		90,550	140,107
29.1	**Auditors' remuneration**		
	Audit and group reporting fee - note 29.1.1	**2,250**	3,467
	Half yearly review and other certifications	-	1,231
	Demerger related charges	-	5,500
	Out of pocket expenses	**489**	103
		2,739	10,301

29.1.1 For the current period, it represents only statutory audit fee.

29.2 Donations include Rs Nil (December 31, 2012: Rs 6 million) to ICI Pakistan Foundation (Head office, Karachi) Mr. Ali Asrar Aga, Director of the Group, Mr. Suhail Aslam Khan, Mr. Asif Malik and Ms. Seemi Saad, Executives of the Group are amongst the Trustees of the Foundation.

		Six months period ended June 30, 2013	Year ended December 31, 2012
30.	**Finance Costs**		
	Mark-up on short-term financing	**137,370**	56,052
	Interest on workers' profit participation fund - note 21.3	**2,594**	2,843
	Discounting charges on receivables	**20,917**	55,841
	Exchange losses	**24,914**	81,758
	Guarantee fee and others	**1,998**	1,670
	Interest on loan due to Akzo Nobel Pakistan Limited	-	96,363
		187,793	294,527
31.	**Other Income**		
	Income from financial assets		
	Profit on short-term and call deposits	-	109,254
	Income from non-financial assets		
	Scrap sales	**22,563**	58,949
	Gain on disposal of property, plant and equipment	**363**	16,640
	Provisions and accruals no longer required written back	**92,214**	7,786
	Exchange gain	-	20,519
	Sundries	**10,460**	27,418
		125,600	240,566

Amounts in Rs '000

	Six months period ended June 30, 2013	Year ended December 31, 2012 Restated
32. Taxation		
Current	**271,336**	625,658
Deferred	**102,872**	(103,095)
Prior year charge	**(35,887)**	-
Net tax charged - note 32.1	**338,321**	522,563
32.1 Tax reconciliation		
Profit before taxation	**1,097,188**	1,593,027
Tax @ 35%	**384,016**	557,560
Tax impact on profit of subsidiary - note 32.2	**(24,885)**	(33,881)
Effect of prior year charge	**(35,887)**	-
Tax impact due to change of FTR ratio	**8,230**	(2,806)
Permanent difference (donations)	**2,608**	-
Others	**4,239**	1,690
Net tax charged	**338,321**	522,563
Average effective tax rate	**31%**	33%

32.2 The minimum turnover tax on subsidiary has been waived under second schedule of the Income Tax Ordinance 2001 and accordingly, the income of the Subsidiary is exempt under the provision of Income Tax Ordinance 2001.

33. Earnings per share - Basic and diluted

Profit after tax for the period / year	**758,867**	1,070,464
	Number of shares	
Weighted average number of ordinary shares (allocated) in issue during the period / year	**92,359,050**	92,359,050
		Restated
Earnings per share for the period / year (Rupees)	**8.22**	11.59

34. Remuneration of Chairman, Chief Executive, Directors and Executives

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

	Chairman		Chief Executive		Directors		Executives		Total	
	Six months period ended June 30, 2013	Year December 31, 2012	**Six months period ended June 30, 2013**	Year ended December 31, 2012	**Six months period ended June 30, 2013**	Year ended December 31, 2012	**Six months period ended June 30, 2013**	Year ended December 31, 2012	**Six months period ended June 30, 2013**	Year ended December 31, 2012
Managerial remuneration	**365**	3,687	**15,633**	134,484	**16,125**	50,516	**174,047**	524,559	**206,170**	713,246
Retirement benefits	-	-	**2,558**	68,564	**3,137**	9,909	**45,188**	134,803	**50,883**	213,276
Group insurance	-	-	**9**	64	**19**	128	**552**	7,025	**580**	7,217
Rent and house maintenance	-	-	**1,862**	2,927	-	-	**53,514**	150,497	**55,376**	153,424
Utilities	-	-	**256**	983	-	-	**13,118**	37,305	**13,374**	38,288
Medical expenses	-	-	**42**	359	**66**	165	**15,098**	26,342	**15,206**	26,866
	365	3,687	**20,360**	207,381	**19,347**	60,718	**301,517**	880,531	**341,589**	1,152,317
Number of person(s)	**1**	1	**1**	1	**2**	2	**370**	371	**378**	377

Amounts in Rs '000

34.1 In addition to above, an amount of Rs 99.5 million (December 31, 2012: Rs 257.7 million) on account of variable pay, to employees, has been recognised in the current period. This amount is payable in 2014 after verification of achievements against targets.

Variable and special bonus paid during the period / year includes the following:

	Paid in 2013 relating to 2012	Paid in 2012 relating to 2011
Chief Executive	-	103,366
Directors	**3,855**	78,026
Executives	**48,007**	416,827
Other employees	**39,376**	79,522
	91,238	677,741

34.2 The Directors and certain Executives are provided with free use of Company cars in accordance with their entitlement. The Chief Executive is provided with free use of Company car, certain household equipments and maintenance when needed.

34.3 Aggregate amount charged in the financial statements for remuneration to six Non-executive Directors was Rs 1.975 million (December 31, 2012: Rs 9.813 million). This includes fees paid to directors amounting to Rs 0.525 million (December 31, 2012: Rs 0.400 million) for attending board and other meetings which is not included above.

34.3.1 The remuneration and fees paid to directors during the current period includes Rs 0.442 million and Rs 0.08 million respectively for two Non-executive Directors who were appointed as executive directors during the period.

34.4 The above balances include an amount of Rs 75.35 million (2012: Rs 595.114 million) on account of remuneration of key management personnel out of which Rs 11.881 million (2012: Rs 30.648 million) relates to post employment benefits.

	Six months period ended June 30, 2013	Year ended December 31, 2012
34.5 Total number of employees as of the balance sheet date	**1066**	1096
Average number of employees during the period / year	**1069**	1100

35. Transactions with Related Parties

The related parties comprise ultimate holding company (Lucky Cement Limited), related group companies, local associated company, directors of the Group, companies where directors also hold directorship, key employees (note 34) and staff retirement funds (note 18). Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Associated companies

Purchase of goods, materials and services	**62**	13,526
Provision of services and other receipts	-	3,639
Sale of goods and materials	**716,830**	641,967
Dividends	**162,379**	823,804
Donations	-	6,000

Amounts in Rs '000

36. Plant Capacity and Annual Production

- in metric tonnes except PowerGen which is thousand of Megawatt hours:

	Six months period ended June 30, 2013		Year ended December 31, 2012	
	Annual Name Plate Capacity	**Production**	Annual Name Plate Capacity	Production
Polyester - note 36.1	**122,000**	**54,428**	122,000	111,727
Soda Ash - note 36.1	**350,000**	**118,864**	350,000	255,610
Chemicals - note 36.2	**-**	**9,291**	-	11,065
Sodium Bicarbonate	**20,000**	**13,070**	20,000	25,700
PowerGen - note 36.3	**122,640**	**22,567**	122,640	36,029

36.1 Production was below name plate capacity due to gas curtailment.

36.2 The capacity of Chemicals is indeterminable because these are multi-product plants.

36.3 Electricity by PowerGen is produced as per demand

37. Fair Value of Financial Assets and Liabilities

The carrying amounts of the financial assets and financial liabilities approximate their fair values and is determined largely on the basis of non-observable market data.

38. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

38.1 Risk Management Framework

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

39. Market Risk

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

Amounts in Rs '000

39.1 Interest Rate Risk

Interest rate risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date the interest rate profile of Group's interest-bearing financial instruments were:

	Carrying Amount	
	Six months period ended June 30, 2013	Year ended December 31, 2012
Fixed rate instruments		
Financial assets - Note 14	**102,000**	102,000
Financial liabilities - Note 19 & 21	**(1,005,914)**	(401,767)
	(903,914)	(299,767)
Variable rate instruments		
Financial liabilities - Note 19 & 22	**(3,654,549)**	(2,332,057)
	(3,654,549)	(2,332,057)

Sensitivity analysis for fixed rate instruments
The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

Sensitivity analysis for variable rate instruments
If KIBOR had been 1% higher / lower with all other variables held constant, the impact on the profit before tax for the period would have been Rs 36.54 million (December 31, 2012: Rs 23.32 million).

39.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into are denominated in foreign currencies. The Group is exposed to foreign currency risk on sales and purchases, which, are entered in a currency other than Pak Rupees. To hedge this risk the Group has entered into forward foreign exchange contracts in accordance with State Bank of Pakistan instructions and the Group's Treasury policy. The policy allows the Group to take currency exposure within predefined limits while open exposures are rigorously monitored.

Following is the gross consolidated balance sheet exposure classified into seperate foreign currencies:

	EURO	**USD**	**GBP**	**JPY**
	Six months period ended June 30, 2013			
Trade debts	**-**	**7,861**	**-**	**-**
Other receivables	**1,156**	**722,914**	**-**	**-**
Cash and bank balances	**-**	**53,265**	**-**	**-**
	1,156	**784,040**	**-**	**-**
Trade and other payables	**143,565**	**1,416,383**	**545,421**	**1,321**
Gross consolidated balance sheet exposure	**(142,409)**	**(632,343)**	**(545,421)**	**(1,321)**
	Year ended December 31, 2012			
Trade debts	-	8,743	-	-
Cash and bank balances	-	138,226	-	-
	-	146,969	-	-
Trade and other payables	195,508	2,090,032	976,469	2,241
Gross consolidated balance sheet exposure	(195,508)	(1,943,063)	(976,469)	(2,241)

Amounts in Rs '000

Significant exchange rates applied during the period/year were as follows:

	Average rate		Spot rate	
	Six months period ended June 30, 2013	Year ended December 31, 2012	**As at June 30, 2013**	As at December 31, 2012
Rupees per	Rupees		Rupees	
EURO	**128.92**	120.09	**130.18**	128.18
USD	**98.22**	93.40	**99.66**	97.15
GBP	**151.53**	148.03	**151.80**	157.07
JPY	**1.03**	1.17	**1.01**	1.13
SGD	**78.77**	74.78	**79.00**	79.55

Sensitivity analysis

The following table demostrates the sensitivity to the change in exchange rates. As at June 30, 2013, if Pakistani Rupee (PKR) had weakened / strengthened by 1% against other currencies, with all other variables held constant, the effect on the Group's profit before tax at June 30, 2013 and December 31, 2012 would be as follows:

	Increase / decrease in exchange rates	Effect on Profit before tax (EURO)	Effect on Profit before tax (USD)	Effect on Profit before tax (GBP)	Effect on Profit before tax (JPY)
2013					
Pak Rupee	**+1%**	**1,424**	**6,323**	**5,454**	**13**
Pak Rupee	**-1%**	**(1,424)**	**(6,323)**	**(5,454)**	**(13)**
2012					
Pak Rupee	+1%	1,955	19,431	9,765	22
Pak Rupee	-1%	(1,955)	(19,431)	(9,765)	(22)

40. Credit Risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter-parties failed completely to perform as contracted. The Group does not have significant exposure to any individual counter-party. To reduce exposure to credit risk the Group has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. To mitigate the risk, the Group has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored. Some customers are also secured, where possible, by way of inland letters of credit, cash security deposit, bank guarantees and insurance guarantees.

The Group's gross maximum exposure to credit risk at the reporting date is as follows:

		As at June 30, 2013	As at December 31, 2012
40.1	**Financial Assets**		
	Long-term investments - note 5	**2,500**	2,500
	Long-term loans - note 6	**202,071**	194,432
	Long-term deposits - note 7	**24,632**	26,799
	Trade debts - note 10	**891,186**	595,693
	Loans and advances - note 11	**70,882**	68,068
	Trade deposits - note 12	**17,165**	15,279
	Other receivables - note 13	**796,111**	791,236
	Bank balances - note 14	**828,467**	897,354
		2,833,014	2,591,361

40.2 The Group has placed its funds with banks which are rated A-1 by Standard & Poor's and P-1 by Moody's.

40.3	**Financial Assets**		
	- Secured	**453,287**	462,609
	- Unsecured	**2,379,727**	2,128,752
		2,833,014	2,591,361

Amounts in Rs '000

		As at June 30, 2013	As at December 31, 2012
40.4	The ageing of bank balances, trade debts and loans and advances at the reporting date is as follows:		
	Not past due	**1,812,583**	1,646,962
	Past due but not Impaired:		
	Not more than three months	**63,946**	46,098
	Past due and Impaired:		
	More than three months and not more than six months	**2,000**	3,628
	More than six months and not more than nine months	**-**	-
	More than nine months and not more than one year	**-**	-
	More than one year	**103,858**	92,883
		169,804	142,609
	Less: Provision for:		
	- Doubtful debts - note 10	**94,802**	95,384
	- Doubtful loans and advances - note 11	**7,292**	7,292
		102,094	102,676
		1,880,293	1,686,895

40.4.1 There were no past due or impaired receivables from related parties.

40.5	The maximum exposure to credit risk for past due and impaired at the reporting date by type of counter-party was:		
	Wholesale customers	**1,181**	12,405
	Retail customers	**16,650**	10,136
	End-user customers	**151,974**	120,068
		169,805	142,609
	Less: Provision for:		
	- Doubtful debts - note 10	**94,802**	95,384
	- Doubtful loans and advances - note 11	**7,292**	7,292
		102,094	102,676
		67,711	39,933

40.6 Movement of provision for trade debts and loans and advances

	Trade Debts	Loans and Advances	Total	Total
Opening balance	**95,384**	**7,292**	**102,676**	99,631
Additional provision - note 28	**774**	**-**	**774**	3,045
(Write off) / Provision utilised against write-offs	**(302)**	**-**	**(302)**	-
Provision no longer required	**(1,054)**	**-**	**(1,054)**	-
	94,802	**7,292**	**102,094**	102,676

40.6.1 The recommended approach for provision is to assess the top layer (covering 50%) of trade receivables on an individual basis and apply a dynamic approach to the remainder of receivables. The procedure introduces a company-standard for dynamic provisioning:

- Provide an impairment loss for 50% of the outstanding receivable when overdue more than 90 days; and
- Provide an impairment loss for 100% when overdue more than 120 days

40.7 Concentration Risk

The sector wise analysis of receivables, comprising trade debts, loans and advances and bank balances are given below:

	Six months period ended June 30, 2013	Year ended December 31, 2012
Textile and Chemicals	**557,561**	389,673
Glass	**64,651**	33,081
Paper and Board	**2,015**	15,233
Pharmaceuticals	**150,600**	21,327
Paints	**10,369**	35,772
Bank	**828,467**	897,354
Others	**368,724**	397,131
	1,982,387	1,789,571
Less: Provision for:		
- Doubtful debts - note 10	**94,802**	95,384
- Doubtful loans and advances - note 11	**7,292**	7,292
	102,094	102,676
	1,880,293	1,686,895

Amounts in Rs '000

40.8 Other price risk is the risk that the value of future cash flows of the financial instrument will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investment securities. As at the balance sheet date, the Group is not materially exposed to other price risk.

41. Liquidity Risk

Liquidity Risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Group's treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the maturity date.

	Carrying amount	**Contractual cash flows**	**Less than one year**
	Six months period ended June 30, 2013		
Financial liabilities			
Trade creditors - note 21	**651,021**	**(651,021)**	**(651,021)**
Bills payable - note 21	**2,113,808**	**(2,113,808)**	**(2,113,808)**
Mark-up accrued on short-term financing - note 21	**28,465**	**(28,465)**	**(28,465)**
Accrued interest on secured/unsecured loans - note 21	**38,733**	**(38,733)**	**(38,733)**
Accrued expenses - note 21	**796,474**	**(796,474)**	**(796,474)**
Technical service fee / Royalty - note 21	**680**	**(680)**	**(680)**
Distributors' security deposits - payable on termination of distributorship - note 21 & 21.4	**118,888**	**(133,036)**	**(133,036)**
Contractors' earnest / retention money - note 21	**9,550**	**(9,550)**	**(9,550)**
Unclaimed dividends - note 21	**45,982**	**(45,982)**	**(45,982)**
Payable for capital expenditure - note 21	**253,710**	**(253,710)**	**(253,710)**
Others - note 21	**173,263**	**(173,263)**	**(173,263)**
Long-term loans - note 19	**1,887,026**	**(2,446,543)**	**(377,836)**
Short-term borrowings - note 22.1 & 22.2	**2,256,000**	**(2,290,387)**	**(2,290,387)**
Short-term running finance - note 22.3	**398,549**	**(398,549)**	**(398,549)**
	8,772,149	**(9,380,201)**	**(7,311,494)**

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

	Year ended December 31, 2012		
Financial liabilities			
Trade creditors - note 21	1,315,497	(1,315,497)	(1,315,497)
Bills payable - note 21	3,190,094	(3,190,094)	(3,190,094)
Mark-up accrued on short-term financing - note 21	16,645	(16,645)	(16,645)
Accrued interest on secured/unsecured loans - note 21	36,110	(36,110)	(36,110)
Accrued expenses - note 21	774,026	(774,026)	(774,026)
Technical service fee / Royalty - note 21	665	(665)	(665)
Distributors' security deposits - payable on termination of distributorship - note 21 & 21.4	111,497	(124,765)	(124,765)
Contractors' earnest / retention money - note 21	9,589	(9,589)	(9,589)
Unclaimed dividends - note 21	4,537	(4,537)	(4,537)
Payable for capital expenditure - note 21	216,972	(216,972)	(216,972)
Others - note 21	211,046	(211,046)	(211,046)
Long-term loans - note 19	290,270	(400,281)	(23,176)
Short-term borrowings - note 22.1 & 22.2	994,000	(1,002,408)	(1,002,408)
Short-term running finance - note 22.3	1,338,057	(1,338,057)	(1,338,057)
	8,509,005	(8,640,692)	(8,263,587)

Amounts in Rs '000

42. Capital Risk Management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. The Group also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, trade and other payables, less cash and bank balances. Capital signifies equity as shown in the balance sheet plus net debt. The gearing ratio as at June 30, 2013 and December 31, 2012 is as follows:

	As at June 30, 2013	As at December 31, 2012
Long-term loans	**1,887,026**	290,270
Trade and other payables	**4,549,706**	6,867,409
Short-term borrowings and running finance	**2,654,549**	2,332,057
Total debt	**9,091,281**	9,489,736
Cash and bank balances	**(836,143)**	(904,117)
Net Debt	**8,255,138**	8,585,619
Share capital	**923,591**	923,591
Capital reserves	**309,643**	309,643
Unappropriated profit	**8,544,999**	7,710,090
Equity	**9,778,233**	8,943,324
Capital	**18,033,371**	17,528,943
Gearing ratio	**45.78%**	48.98%

43. Accounting Estimates and Judgements

Income Taxes

The Group takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Group's view differs from the view taken by the income tax department at the assessment stage and where the Group considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities (unless there is remote possibility of transfer of benefits). The details of the tax matters are as follows:

The Appellate Tribunal Inland Revenue had earlier set aside the assessment for the assessment year 1998-99 on the issues of date of commissioning of PTA plant & depreciation thereon, restriction of cost of capitalisation of PTA plant and addition to income in respect of trial production stocks. The re-assessment was finalised by the department on June 29, 2010 giving rise to an additional tax demand. The Group had filed an appeal against the said order before the CIR(Appeals), the hearing of appeal of which has been completed and the order is awaited.

The tax department reopened the income tax assessment for the assessment year 2001-2002 on the ground that demerger of PTA business from ICI Pakistan Limited was effective from the completion date i.e. August 6, 2001. This was challenged by the Group in the High Court which upheld the Group's contention that the department did not have the right to reopen this finalised assessment. The department filed an appeal in the Supreme Court against the High Court's order. The appeal was dismissed by the Supreme Court under the principle of well known case of Eli Lilly. After the Supreme Court's decision on retrospectivity as mentioned above, a notice has been issued u/s 66A of the repealed Ordinance by Tax department on June 20, 2011, which was challenged by the Group in the High Court on the basis of Supreme Court's decision as above. However, despite the stay granted by High Court, the Tax Department issued an order on May 7, 2012 and raised the demand of the additional tax liability of Rs 19 million. The Group filed an appeal before the Appellate Tribunal Inland Revenue which decided the case in Group's favour on the basis that order issued on May 7, 2012 was time barred. The tax department has also issued an order through which Tribunal's order has been given effect and Group's position has been accepted.

For the assessment year 2002-2003 on receipt of notice u/s 62 of the Income Tax Ordinance, 1979, the Group had filed a writ petition in the Supreme Court 'after it being dismissed by the Sindh High Court on maintainability', challenging the tax department's notice that the effective date of PTA's demerger was August 6, 2001 rather than the effective date given in the Scheme of Arrangement as October 1, 2000. That notice had raised certain issues relating to vesting of PTA assets by the Group. It is the Group's contention that such an action is unwarranted and which has illegally changed the settled position.

Whilst amending the assessment for the Tax Year 2003, 2004, 2005, 2007, 2008 and 2010 tax department has taken certain action in the order, considered by the department as “protective assessment” on the matter of unabsorbed depreciation carried forward. It is the Group’s contention that such an action is unwarranted. An appeal before the CIR (Appeals), on the matter has been filed, which is pending. The very basis of such an action has also been challenged before the High Court of Sindh which are pending for hearing.

In April 2012, a notice had been issued by the Tax Department for recovery of tax demand of Rs 271 million for Tax year 2003 and Rs 310 million for Tax year 2004 on account of unabsorbed tax depreciation relating to the demerger of PPTA business. This notice has been issued by the Tax Department on the basis that revenue cases cannot be stayed by the High Court of Sindh for a period of more than six months as mentioned in Article 199(4A) of the Constitution of Pakistan. The Group through its counsel has filed a reply to Tax Department stating that since our assessments are protective assessments and as stated in the order the demand can only arise after the matter is finally decided by the Supreme Court for assessment year 2002-03. No action has been taken by the Tax Department after the reply of the Group.

Notice u/s 221 of the Income Tax Ordinance 2001 for rectification of deemed assessment order for the Tax Year 2005 has been issued to disallow unabsorbed depreciation carried forward. A writ petition against the said notice has been filed with the High Court of Sindh which is pending for hearing.

For Tax Year 2006, the case had been selected for audit/scrutiny and whilst framing the order Tax Department has taken certain action in the orders, considered by the department as “protective assessments” on the matter of unabsorbed depreciation carried forward. A tax demand of Rs 616 million was raised in the order. It is the Group’s contention that such an action is unwarranted. An appeal before the CIR (Appeals) on the matter has been filed which is pending to date.

In June 2012, whilst amending the assessment for the Tax Year 2009, the Tax Department had disallowed the unabsorbed depreciation on the ground that there was no brought forward depreciation from Tax Year 2008 and a demand of Rs 972 million was created. It was the Group’s contention that such an action was unwarranted. This position was totally different from the position taken earlier by the Tax Department. The Group had filed an appeal before the High Court of Sindh challenging the said order which had decided the case with the direction that the matter will be finalised by the CIR(Appeals) within six weeks from the date of High Court’s Order. On August 15, 2012 CIR(Appeals) issued its order and upheld the order passed by the Tax Department earlier. The Group then filed an appeal before the Appellate Tribunal Inland Revenue against the said order of CIR(Appeals) as well as for the stay of demand. On November 15, 2012, the Tribunal decided the case in Group’s favour on the basis that the original assessment order for assessment year 2001-02 passed on May 29, 2002 is now crystallized and therefore unabsorbed depreciation is available to the Group. The Tax Department has also issued an order giving effect to the Tribunal's decision through which the unabsorbed depreciation has been allowed to be carried forward for adjustment in Tax Year 2009. Subsequently in July the Tax Department has also an order for Tax Year 2010 giving us the benefit of carried forward depreciation from Tax Year 2009. Subsequently, in July 2013 the Tax Department has also passed an order for Tax Year 2010, whereby allowed the benefit of carried forward depreciation from Tax Year 2009.

Pension and Gratuity

Certain actuarial assumptions have been adopted as disclosed in note 18 to the consolidated financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might affect gains and losses in those years.

Property, plant and equipment

The estimates for revalued amounts, if any, of different classes of property, plant and equipment, are based on valuation performed by external professional valuer and recommendation of technical teams of the Group. The said recommendations also include estimates with respect to residual values and depreciable lives. Further, the Group reviews the value of the assets for possible impairment on an annual basis. The future cash flows used in the impairment testing of assets is based on management's best estimates which may change in future periods. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipments with a corresponding affect on the depreciation charge and impairment.

44. Standards or Interpretations not yet effective

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year except as follows:

44.1 New, Amended and Revised Standards and Interpretations of IFRSs

The Group has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current period:

IAS 1 – Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment)

IAS 16 – Property, Plant and Equipment – (Amendments)

IAS 19 – Employee Benefits – (Revised)

IAS 27 – Seperate Financial Statements (2011)

IAS 28 – Investments in Associates and Joint Ventures (2011)

IAS 34 – Interim Financial Reporting – (Amendments)

IFRS 7 – Financial Instruments: Disclosures – (Amendment)
-Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

Annual improvements 2009-11

The adoption of the above revision, amendments interpretation of the standards did not have any effect on the consolidated financial statements except for IAS 19 as discussed in note 2.13 to these consolidated financial statements.

Further, certain new standards have been issued by IASB which are effective for accounting periods beginning on or after 01 July 2013 but are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards, Interpretations and Amendments to Approved Accounting Standards that are Not Yet Effective

The following are the standards and interpretations, which have been issued but are not yet effective for the current financial year:

Description	Effective for periods beginning on or after
Revision / improvements / amendments to IFRSs and interpretations	
IAS 32 - Offsetting Financial Assets and Financial liabilities – (Amendment)	**January 01, 2014**
Standards issued by IASB but not yet notified by SECP	
IFRS 9 - Financial Instruments: Classification and Measurement	**January 01, 2015**

The Group expects that the adoption of the above standards and interpretations will not have material effect on the Group's consolidated financial statements in the period of initial application except for IFRS 9 - Financial Instruments: Classification and Measurement, which may affect certain disclosures.

45. Post Balance Sheet Events

45.1 Dividend

The Directors in their meeting held on August 19, 2013 have recommended a final dividend of Rs Nil per share (December 31, 2012: Rs 2.00 per share) in respect of period ended June 30, 2013.

46. Date of Authorisation

These consolidated financial statements were authorised for issue in the Board of Directors meeting held on August 19, 2013.

47. General

47.1 Figures have been rounded off to the nearest thousand rupees except as stated otherwise.

47.2 As disclosed in note 1, during the six months period ended June 30, 2013 the Group has changed its financial year from December 31 to June 30. Accordingly, these consolidated financial statements cover the period from January 1, 2013 to June 30, 2013. Corresponding figures in the consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity pertain to full year ended December 31, 2012 and, hence, are not comparable.

47.3 Due to change in accounting policy in respect of staff retirement benefits as fully explained in note 2.13 to the consolidated financial statements, corresponding figures have been reported after restatement.

47.4 Corresponding figures have also been rearranged and reclassified, wherever necessary, for better presentation and disclosure and this has been disclosed in relevant notes. However, there have been no material reclassifications to report.

Muhammad Ali Tabba	Asif Jooma	Muhammad Abid Ganatra
Vice Chairman / Director	Chief Executive	Chief Financial Officer

Form of Proxy
62nd Annual General Meeting

I / We ____

of ____

being member(s) of ICI Pakistan Limited holding ____________________

ordinary shares hereby appoint ____________________________

of ____________________ or failing him / her ____________________

of ____________________ who is / are also member(s) of ICI Pakistan Limited as my/our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the Sixty Second Annual General Meeting of the Company to be held on October 24, 2013 and at any adjournment thereof.

As witness my / our hand / seal this ______________ day of ______________ 2013

Signed by the said ____

in the presence of 1. ____

____

2. ____

____

Folio / CDC Account No.

Signature

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, ICI House, 5 West Wharf, Karachi, not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he himself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoints 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 CNIC / SNIC (Computer National Identity Card / Smart National Identity Card) numbers shall be mentioned on the form.

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

iii) The proxy shall produce his original CNIC / SNIC 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) along with proxy form to the Company.

Affix
Correct
Postage

The Company Secretary
ICI Pakistan Limited
ICI House
5 West Wharf
Karachi-74000

ICI PAKISTAN

Admission Slip

The Sixty-Second Annual General Meeting of ICI Pakistan Limited will be held on Thursday, October 24, 2013 at 9:30 a.m. at ICI House, 5 West Wharf, Karachi.

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

Company Secretary

Name ______________________________ Holding ____________________

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 Identity by showing his / her original

b) Computerized National Identity Card / Smart National Identity Card (CNIC/ SNIC) or original passport at the time of attending the Meeting.

c) 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

A Part of YBG

Mandate Letter

Dear Shareholder,

DIVIDEND MANDATE (Optional)

We wish to inform you that according to the provisions of the Companies Ordinance 1984 and various SECP circulars, shareholders are also entitled to receive their dividend(s) by way of direct credit or electronic transfer to their bank account instead of receiving them through dividend warrants (crossed as A/c Payee only).

In case you wish to receive your future dividends directly in your bank account, please complete the particulars as mentioned below and return this letter to us duly signed along with a copy of your valid CNIC / SNIC (Computer National Identity Card / Smart National Identity Card).

SUBMISSION OF COPY OF CNIC / SNIC (Mandatory)

Pursuant to the directives of the Securities and Exchange Commission of Pakistan, CNIC / SNIC number is mandatorily required to be mentioned on dividend warrants, members' register and other statutory returns. You are therefore request to submit a copy of your CNIC / SNIC (if not already provided) to the Shares Department of ICI Pakistan Limited, ICI House , 5 West Wharf , Karachi or FAMCO Associates (Pvt) Limited, 8-F, Next to Hotel Faran, Nursery Block-6, P.E.C.H.S.,Shahra-e-faisal, Karachi.

CDC shareholders are requested to submit their dividend mandate and a valid copy of their CNIC / SNIC directly to their broker (participant)/CDC.

Sincerely,

September 20, 2013

Saima Kamila Khan
Company Secretary

SHAREHOLDER'S SECTION

I hereby wish to communicate my desire to receive my future dividends directly in my bank account as detailed below:

Name of shareholder : ______________________________

Folio number : ______________________________

Contact number of shareholder : ______________________________

Bank Account No. : ______________________________

Title of Account : ______________________________

Type of Account : ______________________________

Name of Bank : ______________________________

Bank branch & full mailing address : ______________________________

____

Contact No of bank : ______________________________

it is stated that the above particulars given by me are correct to the best of my knowledge and I shall keep the Company informed in case of any changes in the said particulars in the future

____
Shareholder's signature

CNIC / SNIC No.______________________
(copy attached)

Date : ____________________

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