

# Cultivating Growth

ICI Pakistan Limited  
Quarterly Report July - September 2013



**ICI PAKISTAN**



ICI Pakistan Limited

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## Company Information

### Board of Directors

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

### 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	M Asif Malik	Vice President Life Sciences Business
Ali A Aga	Vice President Soda Ash Business	Saima Kamila Khan	General Counsel & Company Secretary
Faisal Akhtar	General Manager Chemicals Business	Suhail Aslam Khan	Vice President Polyester Business
M A Samie Cashmiri	General Manager Strategy & Business Development	Syed Iqbal Haider	General Manager Corporate Technical Function
M Abid Ganatra	Chief Financial Officer	Fathema Zuberi	Corporate Human Resource Manager

### 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](http://www.ici.com.pk)

### Shares Registrar

FAMCO Associates (Pvt) Ltd.  
1st Floor, State Life Building 1-A  
I. I. Chundrigar Road, Karachi-74000  
Tel : (021) 32427012, 32426597,  
32420755, 32475606, 32425467  
Fax : (021) 32426752

The Directors are pleased to present their review together with the un-audited financial statements of the Company For the Quarter Ended September 30, 2013.

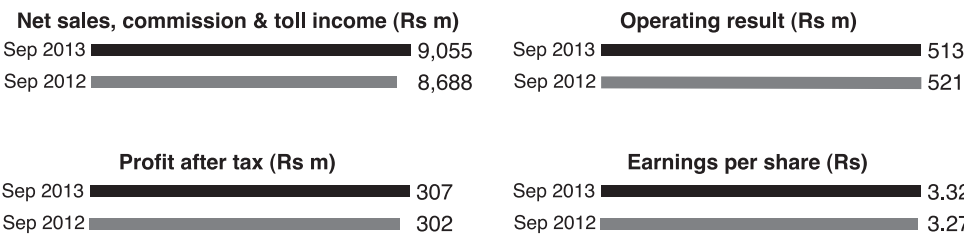
Net sales revenue for the quarter under review of Rs 9.1 billion is 4.2% higher than the same period last year, mainly on the back of higher sales in the Life Sciences and Chemicals Businesses achieved through increased market penetration and new product launches.

Operating results for the quarter under review are Rs 512.5 million compared to Rs 521.3 million during the same period last year. Robust growth was witnessed in the operating results of Soda Ash, Life Sciences and Chemicals which grew by 57%, 77% and 149% respectively. The Polyester Business suffered an operating loss of Rs 311.4 million against an operating profit of Rs 28.0 million in the same period last year, which negatively impacted the overall operating results of the Company in line with the overall performance of the industry. This was exacerbated by the reversal of the final determination by the NTC on anti-dumping duty on imports of Polyester Staple Fibre from China.

The net profit after tax for the quarter under review of Rs 306.7 million is slightly above previous period's profit of Rs 301.8 million.

Earnings per share for the quarter ended September 30, 2013 at Rs 3.32 is 2% higher compared to the same period last year.

Quarter Ended September 30,2013		
	2013	2012
Net sales revenue (Rs million)	9,055	8,688
Profit before taxation (Rs million)	446	460
Profit after taxation (Rs million)	307	302
Earnings per share (Rs)	3.32	3.27



### Polyester Staple Fibre Business (PSF)

Net sales, commission & toll income (Rs m)		Operating result (Rs m)	
Sep 2013	4,805	Sep 2013	(311)
Sep 2012	4,796	Sep 2012	28

The domestic PSF market remained under pressure throughout the quarter due to oversupply in both the domestic and regional markets coupled with dumping of PSF from China. Aggressive pricing at uneconomic levels by Chinese exporters continued to prejudice both domestic industry sales volumes and pricing, resulting in an operational loss for the Business.

Net sales revenue for the quarter stood at Rs 4,804.7 million which was at par compared to the same period last year in spite of 5.6% decline in sales volume. The average prices of PSF were increased by 6.5% compared to same period last year due to raw material cost push and rupee devaluation. Despite flat revenue, the PSF business suffered an operating loss of Rs 311.4 million compared to an operating profit of Rs 28.0 million achieved during the same period last year. This loss was mainly attributed to dumping by Chinese manufacturers that resulted in low margin over feedstock and higher gas outage days.

Going forward, domestic volumes and margins are expected to remain under pressure due to ongoing capacity over hang and energy crisis. The NTC in a surprise move in their final determination reversed the provisional anti-dumping duty imposed on Chinese manufacturers. The basis and rationale for the same is not clear and the industry has appealed this determination within the stipulated time.

### Soda Ash Business

Net sales, commission & toll income (Rs m)		Operating result (Rs m)	
Sep 2013	2,031	Sep 2013	593
Sep 2012	1,983	Sep 2012	377

The net sales revenue of the Business grew by 2.4% compared to the same period last year on the back of higher sales volumes achieved during the quarter under review. Continued focus on energy saving, cost reduction initiatives and efficiency improvements resulted in lower variable and fixed costs.

The Business achieved Rs 679.9 million gross profit and Rs 593.4 million operating profit which translates to a growth of 44% and 57% respectively compared to the same period last year.

Going forward, gas curtailment during the winter season remains a key concern for the Business, as it affects the overall production economies and downstream demand for Soda Ash.

The Soda Ash Coal Fired Boiler project is expected to be operational within the Q2 of the current financial year.

## Life Sciences Business



Net sales revenue for the quarter of Rs 1,355.6 million is 13% above the same period last year with improved performance across all segments.

Sales of pharmaceuticals grew by 12% over the same period last year on the back of better prices and volume as well as new product launches. The Animal Health Business delivered a 10% growth over same period last year with higher sales to the livestock segment which compensated the lower sales to Poultry due to adverse farm economics for poultry. Seeds segment sales were 28% higher mainly due to Corn Seed sales.

Operating result for the quarter was 77% higher compared to the same period last year as a consequence of favorable and sharp control of costs.

Going forward, the Business has focused resources on the development of launch of new products to further strengthen its offering to the market. The Animal Health production facility is in an advanced stage and is ready for commissioning pending regulatory approval from the Drug Regulatory Authority of Pakistan. The Business has obtained registration as an agro-chemical distribution company in Sindh and KPK, registration in Punjab is also expected to be completed in Q2, following which the Company will introduce a range of new Agro-chemical products. The Business is in the process of installing a seeds processing plant at its Sahiwal warehouse, which is expected to be functional by the end of Q2 of the current financial year.

Chemicals Business

Net sales, commission & toll income (Rs m)		Operating result (Rs m)	
Sep 2013	874	Sep 2013	86
Sep 2012	715	Sep 2012	34

Net sales revenue of this business of Rs 873.7 million during the quarter under review is 22% higher than the same period last year due to higher volumes of polyurethanes following successful penetration in new market segments. Operating result for the quarter at Rs 85.7 million was 149% higher compared to the same period last year on the back of higher margins in the polyurethanes segment coupled with lower operating costs.

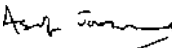
Going forward, the law and order situation along with energy outages remain critical for the Business.

Future Outlook

The on-going energy crises will continue to impact Business performance as gas availability negatively affects downstream demand in the Soda Ash Business and Polyester Staple Fibre Business, particularly with the onset of winter. Additionally, the situation is further exacerbated by dumping of both Soda Ash and PSF at uneconomical prices for which the Company is actively pursuing corrective measures with the regulators.



Muhammad Yunus Tabba  
Chairman / Director



Asif Jooma  
Chief Executive

October 24, 2013  
Karachi

# Condensed Interim Unconsolidated Balance Sheet (Unaudited)

As at September 30, 2013

Amounts in Rs '000

	Note	September 30 2013	June 30 2013
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	10,866,954	10,550,038
Intangible assets	3	35,011	45,123
		<b>10,901,965</b>	10,595,161
Long-term investments	4	502,976	502,976
Long-term loans	5	209,654	199,063
Long-term deposits and prepayments		31,095	33,338
		<b>743,725</b>	735,377
		<b>11,645,690</b>	11,330,538
<b>Current Assets</b>			
Stores, spares and consumables	6	594,721	558,736
Stock-in-trade		4,854,329	4,573,275
Trade debts		1,155,958	865,690
Loans and advances		227,421	158,716
Trade deposits and short-term prepayments		119,264	156,512
Other receivables		1,098,597	1,096,823
Taxation - net		1,404,606	1,474,066
Cash and bank balances		722,838	730,349
		<b>10,177,734</b>	9,614,167
<b>Total Assets</b>		<b>21,823,424</b>	20,944,705

## EQUITY AND LIABILITIES

### Share Capital and Reserves

Authorised capital			
1,500,000,000 (June 30, 2013: 1,500,000,000)			
ordinary shares of Rs 10 each		15,000,000	15,000,000
Issued, subscribed and paid-up capital			
92,359,050 (June 30, 2013: 92,359,050)			
ordinary shares of Rs 10 each		923,591	923,591
Capital reserves		309,643	309,643
Revenue reserves - Unappropriated profit		8,881,937	8,555,755
<b>Total Equity</b>		<b>10,115,171</b>	9,788,989
<b>Surplus on Revaluation of Property, Plant and Equipment</b>		<b>679,095</b>	698,536

## LIABILITIES

### Non-Current Liabilities

Provisions for non-management staff gratuity and eligible retired employees' medical scheme		112,684	119,392
Long-term loan	7	3,387,026	1,887,026
Deferred tax liability - net	8	1,075,992	1,101,111
		<b>4,575,702</b>	3,107,529

### Current Liabilities

Trade and other payables		5,606,260	4,695,102
Short-term borrowings and running finance	9	847,196	2,654,549
		<b>6,453,456</b>	7,349,651

### Contingencies and Commitments

<b>Total Equity and Liabilities</b>		<b>21,823,424</b>	20,944,705
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The annexed notes from 1 to 18 form an integral part of the condensed interim unconsolidated financial information.

Muhammad Yunus Tabba  
Chairman / Director

Asif Jooma  
Chief Executive

Muhammad Abid Ganatra  
Chief Financial Officer



# Condensed Interim Unconsolidated Profit and Loss Account (Unaudited)

For the Quarter Ended September 30, 2013

	Polyester		Soda Ash	
	For the 3 months ended September 30 2013	For the 3 months ended September 30 2012	For the 3 months ended September 30 2013	For the 3 months ended September 30 2012
<b>Turnover - note 11</b>	<b>5,006,892</b>	4,838,418	<b>2,459,403</b>	2,366,694
Sales tax	<b>98,176</b>	-	<b>346,554</b>	316,440
Excise duty	-	-	-	-
Commission and discounts to distributors and customers	<b>104,062</b>	42,314	<b>81,949</b>	67,675
	<b>202,238</b>	42,314	<b>428,503</b>	384,115
Net sales, commission and toll income	<b>4,804,654</b>	4,796,104	<b>2,030,900</b>	1,982,579
Cost of sales - note 11 and 12	<b>5,028,554</b>	4,659,474	<b>1,351,049</b>	1,508,822
<b>Gross profit</b>	<b>(223,900)</b>	136,630	<b>679,851</b>	473,757
Selling and distribution expenses	<b>19,232</b>	17,499	<b>30,599</b>	21,029
Administration and general expenses	<b>68,279</b>	91,115	<b>55,912</b>	75,821
<b>Operating result</b>	<b>(311,411)</b>	28,016	<b>593,340</b>	376,907
Financial charges				
Workers' profit participation fund				
Workers' welfare fund				
Other operating charges				
Other operating income				
<b>Profit before taxation</b>				
Taxation - note 13				
<b>Profit for the period</b>				

## Basic and diluted earnings per share

The annexed notes from 1 to 18 form an integral part of the condensed interim unconsolidated financial information.

# Condensed Interim Unconsolidated Profit and Loss Account (Unaudited)

For the Quarter Ended September 30, 2013

Amounts in Rs '000

Life Sciences		Chemicals		Company	
For the 3 months ended September 30 2013	For the 3 months ended September 30 2012	For the 3 months ended September 30 2013	For the 3 months ended September 30 2012	For the 3 months ended September 30 2013	For the 3 months ended September 30 2012
<b>1,550,501</b>	1,362,367	<b>1,061,605</b>	847,867	<b>10,068,616</b>	9,413,774
<b>6,677</b>	4,421	<b>111,609</b>	72,959	<b>563,016</b>	393,820
-	-	-	-	-	-
<b>188,215</b>	161,684	<b>76,308</b>	60,295	<b>450,534</b>	331,968
<b>194,892</b>	166,105	<b>187,917</b>	133,254	<b>1,013,550</b>	725,788
<b>1,355,609</b>	1,196,262	<b>873,688</b>	714,613	<b>9,055,066</b>	8,687,986
<b>990,497</b>	885,509	<b>706,028</b>	580,934	<b>8,066,343</b>	7,633,167
<b>365,112</b>	310,753	<b>167,660</b>	133,679	<b>988,723</b>	1,054,819
<b>174,896</b>	168,511	<b>47,278</b>	50,587	<b>272,005</b>	257,626
<b>45,300</b>	60,179	<b>34,679</b>	48,682	<b>204,170</b>	275,797
<b>144,916</b>	82,063	<b>85,703</b>	34,410	<b>512,548</b>	521,396
				<b>95,055</b>	54,463
				<b>23,610</b>	23,989
				<b>9,092</b>	9,398
				<b>4,725</b>	8,416
				<b>132,482</b>	96,266
				<b>65,474</b>	35,346
				<b>445,540</b>	460,476
				<b>138,799</b>	158,682
				<b>306,741</b>	301,794

(Rupees)

3.32

3.27

Muhammad Yunus Tabba  
Chairman / Director

Asif Jooma  
Chief Executive

Muhammad Abid Ganatra  
Chief Financial Officer

**Condensed Interim Unconsolidated  
Statement of Comprehensive Income (Unaudited)**  
For the Quarter Ended September 30, 2013

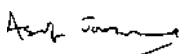
Amounts in Rs '000

	For the 3 months ended September 30 2013	For the 3 months ended September 30 2012
Profit for the period	306,741	301,794
Other comprehensive income	-	-
<b>Total comprehensive income for the quarter</b>	<b>306,741</b>	<b>301,794</b>

The annexed notes from 1 to 18 form an integral part of the condensed interim unconsolidated financial information.



Muhammad Yunus Tabba  
Chairman / Director



Asif Jooma  
Chief Executive



Muhammad Abid Ganatra  
Chief Financial Officer

# Condensed Interim Unconsolidated Cash Flow Statement (Unaudited)

For the Quarter Ended September 30, 2013

Amounts in Rs '000

	September 30 2013	September 30 2012
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	445,540	460,476
Adjustments for:		
Depreciation and amortisation	281,460	278,112
(Gain) / loss on disposal of property, plant and equipment	(170)	(6,410)
Provision for non-management staff gratuity and eligible retired employees' medical scheme	4,920	17,235
Mark-up on bank deposits and on loan / stand-by facility to subsidiary	-	(21,500)
Interest / mark-up expense	83,431	37,780
	815,181	765,693
Movement in:		
Working capital	254,280	(3,490,025)
Long-term loans	(10,591)	(9,056)
Long-term deposits and prepayments	2,243	(6,039)
Cash generated from / (used in) operations	1,061,113	(2,739,427)
Payments for :		
Non-management staff gratuity and eligible retired employees' medical scheme	(11,628)	(4,907)
Taxation	(94,457)	(199,434)
Interest / mark-up	(61,708)	(37,780)
Profit / mark-up received on bank deposits	-	17,218
Net cash generated from / (used in) operating activities	893,320	(2,964,330)
<b>Cash Flows from Investing Activities</b>		
Payments for capital expenditure	(593,796)	(693,822)
Proceeds from disposal of property, plant and equipment	609	6,761
Profit / mark-up received from subsidiary	-	14,973
Net cash used in investing activities	(593,187)	(672,088)
<b>Cash Flows from Financing Activities</b>		
Long-term borrowings	1,500,000	-
Dividend paid	(291)	-
Net cash generated from financing activities	1,499,709	-
Net increase / (decrease) in cash and cash equivalents	1,799,842	(3,636,418)
Cash and cash equivalents at June 1	(1,924,200)	2,094,785
<b>Cash and cash equivalents at September 30</b>	<b>(124,358)</b>	<b>(1,541,633)</b>
<b>Movement in Working Capital</b>		
<b>(Increase) / decrease in current assets</b>		
Stores, spares and consumables	(35,985)	(30,839)
Stock-in-trade	(281,054)	(337,727)
Trade debts	(290,268)	(99,427)
Loans and advances	(68,705)	(20,194)
Trade deposits and short-term prepayments	37,247	70,417
Other receivables	(1,775)	994
	(640,540)	(416,776)
<b>(Decrease) / increase in current liability</b>		
Trade and other payables	894,820	(3,073,249)
	254,280	(3,490,025)
<b>Cash and cash equivalents at September 30 comprise of:</b>		
Cash and bank balances	722,838	593,541
Short-term borrowing and running finance	(847,196)	(2,135,174)
Cash and bank balances	(124,358)	(1,541,633)

The annexed notes from 1 to 18 form an integral part of the condensed interim unconsolidated financial information.

Muhammad Yunus Tabba  
Chairman / Director

Asif Jooma  
Chief Executive

Muhammad Abid Ganatra  
Chief Financial Officer

# Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited)

For the Quarter Ended September 30, 2013

Amounts in Rs '000

	Issued, subscribed and paid-up share capital	Capital reserves	Unappropriated profit	Total
<b>Balance as on July 1, 2012 - restated</b>	<b>923,591</b>	<b>309,643</b>	<b>7,463,677</b>	<b>8,696,911</b>
Interim dividend for the year 2012 @ Rs 3.50 per share *	-	-	(323,257)	(323,257)
Profit for the quarter ended September 30, 2012	-	-	301,794	301,794
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax	-	-	38,221	38,221
	-	-	16,758	16,758
<b>Balance as on September 30, 2012 - restated</b>	<b>923,591</b>	<b>309,643</b>	<b>7,480,435</b>	<b>8,713,669</b>
Profit for the quarter ended December 31, 2012	-	-	301,764	301,764
Other comprehensive income for the period - net off taxation	-	-	(12,375)	(12,375)
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax	-	-	21,832	21,832
	-	-	311,221	311,221
<b>Balance as on December 31, 2012 - restated</b>	<b>923,591</b>	<b>309,643</b>	<b>7,791,656</b>	<b>9,024,890</b>
Final dividend for the year ended December 31, 2012 @ Rs 2.00 per share	-	-	(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
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax	-	-	42,120	42,120
	-	-	764,099	764,099
<b>Balance as on June 30, 2013</b>	<b>923,591</b>	<b>309,643</b>	<b>8,555,755</b>	<b>9,788,989</b>
Profit for the quarter ended September 30, 2013	-	-	306,741	306,741
Other comprehensive income for the quarter ended September 30, 2013	-	-	-	-
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax	-	-	19,441	19,441
	-	-	326,182	326,182
<b>Balance as on September 30, 2013</b>	<b>923,591</b>	<b>309,643</b>	<b>8,881,937</b>	<b>10,115,171</b>

The annexed notes from 1 to 18 form an integral part of the condensed interim unconsolidated financial information.

\* Interim dividend was declared post approval of demerger by High Court of Sindh on 92,359,050 shares.

Muhammad Yunus Tabba  
Chairman / Director

Asif Jooma  
Chief Executive

Muhammad Abid Ganatra  
Chief Financial Officer

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the Quarter Ended September 30, 2013

Amounts in Rs '000

**1.** 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 merchandising 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.

**1.1** The condensed interim unconsolidated financial information has been presented in condensed form in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting and is being submitted to shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984. This condensed interim unconsolidated financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the period ended June 30, 2013.

**1.2** The accounting policies and methods of computation adopted for the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of the financial statements for the preceding period ended June 30, 2013.

## 2. PROPERTY, PLANT AND EQUIPMENT

	September 30 2013	June 30 2013
Operating assets - at net book value	7,860,312	8,000,684
Capital work-in-progress - at cost		
Civil works and buildings	334,376	290,318
Plant and machinery	2,660,183	2,244,847
Advances to suppliers / contractors	12,083	14,189
	Note 2.2	
	3,006,642	2,549,354
<b>Total property, plant and equipment</b>	<b>10,866,954</b>	<b>10,550,038</b>

**2.1** Following is the cost of operating property, plant and equipment that have been added / disposed off during the quarter ended September 30, 2013:

	Additions/Transfers		Disposals	
	September 30 2013	June 30 2013	September 30 2013	June 30 2013
Freehold land	58,189	-	-	-
Buildings on freehold land	-	8,993	-	-
Buildings on leasehold land	2,614	14,383	1,085	6,911
Lime beds on freehold land	-	12,534	-	-
Plant and machinery	48,076	354,349	2,277	126,422
Vehicles	-	400	-	2,704
Furniture and equipment	21,123	14,311	526	315
<b>Total</b>	<b>130,002</b>	<b>404,970</b>	<b>3,888</b>	<b>136,352</b>

**2.2** The following is the movement in capital work-in-progress during the period/year

Opening balance	2,549,354	1,984,221
Add: Addition during the period/year	587,290	970,103
	3,136,644	2,954,324
Less: Transferred to operating fixed assets	130,002	404,970
Closing balance	3,006,642	2,549,354

## 3. INTANGIBLE ASSETS

Intangible assets - at net book value - note 3.1	35,011	45,123
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**3.1** This includes additions of intangible assets of Rs 1.411 million during the period.

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the Quarter Ended September 30, 2013

Amounts in Rs '000

September 30 2013	June 30 2013
----------------------	-----------------

## 4. LONG-TERM INVESTMENTS

### Unquoted

Subsidiary - ICI Pakistan PowerGen Limited (wholly owned)

- note 4.1

7,100,000 ordinary shares (June 30, 2013: 7,100,000) of  
Rs 100 each

Less: Provision of impairment loss recognized in December  
2011 - note 4.2

710,000	710,000
209,524	209,524
500,476	500,476

### Others

Equity security available for sale - Arabian Sea Country Club Limited

2,500

2,500

### Total long-term investments

502,976

502,976

**4.1** The value of the Company's investment on the basis of net assets of the Subsidiary as disclosed in the unaudited condensed interim financial information for the period ended September 30, 2013 amounted to Rs 677.458 million (June 30, 2013: Rs 640.265 million).

**4.2** 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.

## 5. LONG-TERM LOANS - Considered Good

Due from Directors, Executives and Employees - note 5.1

278,513

268,904

278,513

268,904

Less: Current portion shown under current assets

Due from Directors, Executives and Employees - note 5.1

68,859

69,841

### Total long-term loans

209,654

199,063

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

## 6. STOCK-IN-TRADE

Reversal of impairment of inventory is booked in current period by Rs. 17.444 million to bring inventory at its net realisable value of Rs. 101.616 million

## 7. LONG-TERM LOANS

3,387,026

1,887,026

### 7.1 Long-Term Financing Facilities

From banking companies / financial intitutions:

Faysal Bank Limited

343,591

343,591

Habib Bank Limited

543,435

543,435

887,026

887,026

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 Long-Term Finance Facility (LTFF) for Export Oriented Projects.

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the Quarter Ended September 30, 2013

Amounts in Rs '000

September 30 2013	June 30 2013
----------------------	-----------------

## 7.2 Islamic Term Finance

From banking companies / financial institutions:  
Standard Chartered Bank (Pakistan) Limited

1,000,000 1,000,000

The Company has obtained long-term finance 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 semi annual basis. This facility is initially secured by a ranking charge to be subsequently replaced by a first pari passu hypothecation charge on the present and future fixed assets of the Company's Polyester Business located at Sheikhpura.

Meezan Bank Limited

500,000 -

The Company has obtained long-term loan for Rs 500 million from Meezan Bank Limited under Islamic Diminishing Musharaka upto a limit of Rs. 500 million for a period of 3 years (including 9 month grace period). The rental payment is charged at relevant KIBOR plus 0.25% per annum payable on quarterly basis. This facility is initially secured by a ranking charge to be subsequently replaced by a first pari passu hypothecation charge on the present and future fixed assets of the Company's Soda Ash Business located at Khewra.

## 7.3 Long-Term Loans

Allied Bank Limited

1,000,000 -

The Company has obtained long-term loan for Rs 1,000 million from Allied Bank Limited under Long-Term Loan upto a limit of Rs. 1,000 million for a period of 4 years (including 1 year grace period). The rental payment is charged at relevant KIBOR plus 0.25% per annum payable on quarterly basis. This facility is initially secured by a ranking charge to be subsequently replaced by a first pari passu hypothecation charge on the present and future fixed assets of the Company's Soda Ash Business located at Khewra.

## 8 DEFERRED TAX LIABILITY

This comprises of the following:

Deferred tax liability

Difference in tax and accounting bases of fixed assets

1,469,163 1,496,289

Deferred tax assets

Provisions related to retirement routed through OCI

(93,508) (93,508)

Provisions

(299,663) (301,670)

1,075,992 1,101,111

## 9 SHORT-TERM BORROWINGS & RUNNING FINANCE

- note 9.1, 9.2 & 9.3

847,196 2,654,549

Short-term borrowings and running finance facility from various banks aggregated to Rs. 4,921 million (June 30, 2013 4,715 million) and carry mark-up during the period of relevant KIBOR + 0.40% per annum with an average mark-up rate of relevant KIBOR + 0.40% as at September 30, 2013 on utilized limits (June 30, 2013: relevant KIBOR + 0.40% to 0.75% per annum with an average mark-up rate of relevant KIBOR + 0.43% on utilized limits). These facilities are secured by hypothecation charge over the present and future stock-in-trade and book debts of the Company.

### 9.1 Short-Term Borrowings

422,000 2,126,000

The above short-term borrowings are secured by first pari passu hypothecation charge as mentioned above and carry mark-up during the period of relevant KIBOR + 0.20% (June 30, 2013: Rs. 2,126 million at relevant KIBOR + 0.20% to 0.40%).



# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the Quarter Ended September 30, 2013

Amounts in Rs '000

	September 30 2013	June 30 2013
--	----------------------	-----------------

<b>9.2 Export Refinance</b>	<b>170,000</b>	<b>130,000</b>
-----------------------------	----------------	----------------

The Company has export refinance facility of Rs. 200 million (June 30, 2013: Rs. 200 million) available from Faysal Bank Limited as at September, 2013 out of which Rs. 170 million was utilized (June 30, 2013: Rs. 130 million). The export refinance facility carries mark-up at SBP rate + 0.25% per annum. The above export refinance facility is secured by first pari passu hypothecation charge

<b>9.3 Short-Term Running Finance - Secured</b>	<b>255,196</b>	<b>398,549</b>
---	----------------	----------------

The above short-term running finance is secured by first pari passu hypothecation charge as mentioned in note 9.

## 10. CONTINGENCIES AND COMMITMENTS

### 10.1 Claims against the Company not acknowledged as debts are as follows:

Local bodies	<b>12,735</b>	12,735
Others	<b>28,288</b>	28,288
<b>Total</b>	<b>41,023</b>	41,023

<b>10.2 Guarantee issued by the Company to a bank on behalf of its subsidiary ICI Pakistan PowerGen Limited for availing funded facility.</b>	<b>133,000</b>	133,000
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<b>10.3 Commitments in respect of capital expenditure (including Coal Fired Boiler Project of Soda Ash Business)</b>	<b>229,368</b>	541,987
--	----------------	---------

### 10.4 Commitments for rentals under operating lease / Ijarah agreements in respect of vehicles are as follows:

<b>Year</b>		
2014	<b>66,231</b>	54,462
2015	<b>56,081</b>	43,304
2016	<b>39,204</b>	26,216
2017	<b>18,857</b>	9,013
2018	-	-
	<b>180,373</b>	132,995
Payable not later than one year	<b>66,231</b>	54,462
Payable later than one year but not later than five years	<b>114,142</b>	78,533
	<b>180,373</b>	132,995

### 10.5 Outstanding foreign exchange contracts as at September 30, 2013 entered into by the Company to hedge the anticipated future transactions amounted to Rs 1,985.516 million (June 30, 2013: Rs 1,166.117 million).

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the Quarter Ended September 30, 2013

Amounts in Rs '000

	For the 3 months ended September 30 2013	For the 3 months ended September 30 2012
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## 11. TURNOVER

11.1	Inter-segment sales have been eliminated from the total.	9,785	1,572
11.2	Transactions among the business segments are recorded at arm's length prices using admissible valuation methods.		
11.3	Turnover includes export sales of Rs 84.788 million made to various countries during the period ended September 30, 2013.		

## 12. COST OF SALES

Opening stock of raw and packing materials	2,069,327	1,790,807
Purchases	5,396,483	5,365,810
	7,465,810	7,156,617
Closing stock of raw and packing materials	(2,102,334)	(2,177,986)
Raw and packing materials consumption	5,363,476	4,978,631
Manufacturing costs	1,780,170	1,839,604
	7,143,646	6,818,235
Opening stock of work-in-process	232,841	213,571
	7,376,487	7,031,806
Closing stock of work-in-process	(151,361)	(131,465)
Cost of goods manufactured	7,225,126	6,900,341
Opening stock of finished goods	2,271,107	1,849,562
Finished goods purchased	1,170,743	765,481
	10,666,976	9,515,384
Closing stock of finished goods	(2,600,633)	(1,882,217)
<b>Cost of Sales</b>	<b>8,066,343</b>	<b>7,633,167</b>

## 13. TAXATION

Current	163,917	220,716
Deferred	(25,118)	(62,034)
	138,799	158,682

## 14. 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 and staff retirement funds. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

### ***Subsidiary Company***

Purchase of goods, materials and services	281,311	260,010
Provision of services and other receipts	495	495
Return on loan to subsidiary	-	15,170

### ***Associated Companies***

Purchase of goods, materials and services	1,297	5,174
Provision of services and other receipts	-	2,538
Sale of goods and materials	324,566	31,642
Staff retirements benefits	28,136	16,014
Payable to AkzoNobel Pakistan Limited in respect of inter-unit current account	-	3,686,810

# Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the Quarter Ended September 30, 2013

## 14.1 Transaction with key management personnel

Key management personnel received an amount of Rs 46.766 million (September 30, 2012: Rs 79.440 million) on account of remuneration out of which Rs 7.531 million (September 30, 2012 : Rs 7.751 million) relates to post employment benefits.

## 15. ESTIMATES

Judgments and estimates made by the management in the preparation of the condensed interim unconsolidated financial information were the same as those that were applied to the financial statements as at and for the period ended June 30, 2013.

## 16. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the financial statements as at and for the period ended June 30, 2013.

## 17. DATE OF AUTHORISATION

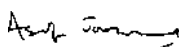
The condensed interim unconsolidated financial information was authorised for issue in the Board of Directors meeting held on October 24, 2013.

## 18. GENERAL

Figures have been rounded off to the nearest thousand rupees except as stated otherwise.



Muhammad Yunus Tabba  
Chairman / Director



Asif Jooma  
Chief Executive



Muhammad Abid Ganatra  
Chief Financial Officer



**ICI PAKISTAN**

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# **ICI Pakistan Limited and its Subsidiary Company**

*Consolidated Financial Statements*

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## Review of the Directors

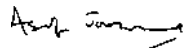
First Quarter Ended September 30, 2013

The Directors are pleased to present their report together with the audited Group results of ICI Pakistan Limited For the Quarter Ended September 30, 2013. The ICI Pakistan Group comprises of 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 quarter ended September 30, 2013 has been presented separately.

Net sales revenue for the quarter at Rs 240 million is 7% higher compared to same period last year on the back of higher electricity sales volume driven by higher demand from the Polyester plant of ICI Pakistan Limited due to discontinued use of unreliable power from the national grid. Despite higher revenue, operating result for the quarter at Rs 39 million is 8% lower compared to same period last year due to higher fuel cost.



Muhammad Yunus Tabba  
*Chairman / Director*



Asif Jooma  
*Chief Executive*

October 24, 2013  
Karachi

# Condensed Interim Consolidated Balance Sheet (Unaudited)

As at September 30, 2013

Amounts in Rs '000

	Note	September 30 2013	June 30 2013
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	11,034,374	10,727,467
Intangible assets	3	35,011	45,123
		<b>11,069,385</b>	10,772,590
Long-term investment	4	2,500	2,500
Long-term loans	5	212,058	202,071
Long-term deposits and prepayments		31,095	33,338
		<b>245,653</b>	237,909
		<b>11,315,038</b>	11,010,499
<b>Current assets</b>			
Stores, spares and consumable	6	665,190	615,782
Stock-in-trade		4,878,380	4,594,877
Trade debts		1,156,626	891,186
Loans and advances		230,786	160,640
Trade deposits and short-term prepayments		127,051	161,888
Other receivables		1,191,574	1,188,212
Taxation - net		1,404,606	1,474,066
Cash and bank balances		898,800	836,143
		<b>10,553,013</b>	9,922,794
<b>Total Assets</b>		<b>21,868,051</b>	20,933,293

## EQUITY AND LIABILITIES

### Share Capital and Reserves

Authorised capital			
1,500,000,000 (June 30, 2013: 1,500,000,000)			
ordinary shares of Rs 10 each		15,000,000	15,000,000
Issued, subscribed and paid-up capital			
92,359,050 (June 30, 2013: 92,359,050)			
ordinary shares of Rs 10 each		923,591	923,591
Capital reserves		309,643	309,643
Revenue reserves - Unappropriated profit		8,908,246	8,544,999
<b>Total equity</b>		<b>10,141,480</b>	9,778,233
<b>Surplus on Revaluation of Property, Plant and Equipment</b>		<b>823,742</b>	843,037

## LIABILITIES

### Non-current liabilities

Provisions for non-management staff gratuity and eligible retired employees' medical scheme		112,923	119,631
Long-term loans	7	3,387,026	1,887,026
Deferred tax liability - net	8	1,075,992	1,101,111
		<b>4,575,941</b>	3,107,768

### Current liabilities

Trade and other payables		5,479,692	4,549,706
Short-term borrowings and running finance	9	847,196	2,654,549
		<b>6,326,888</b>	7204,255
<b>Contingencies and Commitments</b>	10		
<b>Total Equity and Liabilities</b>		<b>21,868,051</b>	20,933,293

The annexed notes 1 to 18 form an integral part of the condensed interim consolidated financial information.

Muhammad Yunus Tabba  
Chairman / Director

Asif Jooma  
Chief Executive

Muhammad Abid Ganatra  
Chief Financial Officer

## For the Quarter Ended September 30, 2013

Financial charges	
Workers' profit participation fund	
Workers' welfare fund	
Other operating charges	
Other operating income	
<b>Profit before taxation</b>	
Taxation - note 13	
<b>Profit for the period</b>	

The annexed notes 1 to 18 form an integral part of the condensed interim consolidated financial information.

## For the Quarter Ended September 30, 2013

Life Sciences		Chemicals		Others - PowerGen		Group	
For the 3 months ended September 30 2013	For the 3 months ended September 30 2012	For the 3 months ended September 30 2013	For the 3 months ended September 30 2012	For the 3 months ended September 30 2013	For the 3 months ended September 30 2012	For the 3 months ended September 30 2013	For the 3 months ended September 30 2012
550,501	1,362,367	1,061,605	847,867	281,311	260,010	10,068,615	9,413,774
6,677	4,421	111,609	72,959	40,874	35,863	603,890	429,683
-	-	-	-	-	-	-	-
188,215	161,684	76,308	60,295	-	-	450,533	331,968
194,892	166,105	187,917	133,254	40,874	35,863	1,054,423	761,651
355,609	1,196,262	873,688	714,613	240,437	224,147	9,014,192	8,652,123
990,497	885,509	706,028	580,934	200,466	180,826	7,985,064	7,553,577
365,112	310,753	167,660	133,679	39,971	43,321	1,029,128	1,098,546
174,896	168,511	47,278	50,587	-	-	272,005	257,626
45,300	60,179	34,679	48,682	291	294	204,401	276,091
144,916	82,063	85,703	34,410	39,680	43,027	552,722	564,829
						95,268	54,462
						25,580	26,105
						9,851	10,217
						4,764	8,416
						135,463	99,200
						65,491	19,772
						482,750	485,401
						138,799	158,680
						343,951	326,721
(Rupees)							
						3.72	3.54

Muhammad Abid Ganatra  
*Chief Financial Officer*



**Condensed Interim Consolidated  
Statement of Comprehensive Income (Unaudited)**  
For the Quarter Ended September 30, 2013

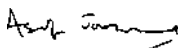
Amounts in Rs '000

	For the 3 months ended September 30 2013	For the 3 months ended September 30 2012
Profit for the period	343,951	326,721
Other comprehensive income	-	-
Total comprehensive income for the quarter	343,951	326,721

The annexed notes from 1 to 18 form an integral part of the condensed interim consolidated financial information.



Muhammad Yunus Tabba  
Chairman / Director



Asif Jooma  
Chief Executive



Muhammad Abid Ganatra  
Chief Financial Officer

# Condensed Interim Consolidated Cash Flow Statement (Unaudited)

For the Quarter Ended September 30, 2013

Amounts in Rs '000

	September 30 2013	September 30 2012
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	482,750	485,401
Adjustments for:		
Depreciation and amortisation	291,827	288,354
(Gain) / Loss on disposal of property, plant and equipment	(170)	(6,410)
Provision for non-management staff gratuity and eligible retired employees' medical scheme	4,920	17,234
Mark-up on bank deposits	-	(6,330)
Interest / mark-up expense	83,644	37,779
	862,971	816,028
Movement in:		
Working capital	276,937	(3,539,544)
Long-term loans	(9,987)	(8,801)
Long-term deposits and prepayments	2,243	(6,039)
Cash generated from / (used in) operations	1,132,164	(2,738,356)
Payments for :		
Non-management staff gratuity and eligible retired employees' medical scheme	(11,628)	(4,906)
Taxation	(94,457)	(199,434)
Interest / mark-up	(61,921)	(37,779)
Profit / mark-up received on bank deposit	-	17,218
Net cash generated from / (used in) operating activities	964,158	(2,963,257)
<b>Cash Flows from Investing Activities</b>		
Payments for capital expenditure	(594,466)	(713,613)
Proceeds from disposal of property, plant and equipment	609	6,761
Net cash used in investing activities	(593,857)	(706,852)
<b>Cash Flows from Financing Activities</b>		
Long term financing	1,500,000	-
Dividend paid	(291)	-
Net cash generated from financing activities	1,499,709	-
Net increase / (decrease) in cash and cash equivalents	1,870,010	(3,670,109)
Cash and cash equivalents at July 1	(1,818,406)	2,260,820
<b>Cash and cash equivalents at September 30</b>	<b>51,604</b>	<b>(1,409,289)</b>
<b>Movement in Working Capital</b> <b>(Increase) / Decrease in current assets</b>		
Stores, spares and consumables	(49,408)	(31,045)
Stock-in-trade	(283,503)	(353,403)
Trade debts	(265,440)	(99,459)
Loans and advances	(70,146)	(18,505)
Trade deposits and short-term prepayments	34,837	64,724
Other receivables	(3,362)	(152,035)
	(637,022)	(589,723)
<b>(Decrease) / Increase in current liabilities</b>		
Trade and other payables	913,959	(2,949,821)
	276,937	(3,539,544)
<b>Cash and cash equivalents at September 30 comprise of:</b>		
Cash and bank balances	898,800	725,885
Short-term borrowing and running finance	(847,196)	(2,135,174)
<b>Cash and bank balances</b>	<b>51,604</b>	<b>(1,409,289)</b>

The annexed notes 1 to 18 form an integral part of the condensed interim consolidated financial information.

Muhammad Yunus Tabba  
Chairman / Director

Asif Jooma  
Chief Executive

Muhammad Abid Ganatra  
Chief Financial Officer

# Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)

For the Quarter Ended September 30, 2013

Amounts in Rs '000

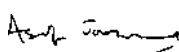
	Issued, subscribed and paid-up share capital	Capital reserves	Unappropriated profit	Total
<b>Balance as on July 1, 2012 - restated</b>	<b>923,591</b>	<b>309,643</b>	<b>7,285,863</b>	<b>8,519,097</b>
Interim dividend for the year 2012 @ Rs. 3.50 per share *	-	-	(323,257)	(323,257)
Profit for the quarter ended September 30, 2012	-	-	326,721	326,721
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax	-	-	37,811	37,811
	-	-	41,275	41,275
<b>Balance as on September 30, 2012 - restated</b>	<b>923,591</b>	<b>309,643</b>	<b>7,327,138</b>	<b>8,560,372</b>
Profit for the quarter ended December 31, 2012	-	-	373,640	373,640
Other comprehensive income for the period - net off taxation	-	-	(12,375)	(12,375)
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax	-	-	21,687	21,687
	-	-	382,952	382,952
<b>Balance as on December 31, 2012 - restated</b>	<b>923,591</b>	<b>309,643</b>	<b>7,710,090</b>	<b>8,943,324</b>
Final dividend for the year ended December 31, 2012 @ Rs 2.00 per share	-	-	(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
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax	-	-	41,830	41,830
	-	-	834,909	834,909
<b>Balance as on June 30, 2013</b>	<b>923,591</b>	<b>309,643</b>	<b>8,544,999</b>	<b>9,778,233</b>
Profit for the quarter ended September 30, 2013	-	-	343,951	343,951
Other comprehensive income for the quarter ended September 30, 2013	-	-	-	-
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax	-	-	19,296	19,296
	-	-	363,247	363,247
<b>Balance as on September 30, 2013</b>	<b>923,591</b>	<b>309,643</b>	<b>8,908,246</b>	<b>10,141,480</b>

The annexed notes 1 to 18 form an integral part of the condensed interim consolidated financial information.

\* Interim dividend was declared post approval of demerger by High Court of Sindh on 92,359,050 shares.



Muhammad Yunus Tabba  
Chairman / Director



Asif Jooma  
Chief Executive



Muhammad Abid Ganatra  
Chief Financial Officer

# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the Quarter Ended September 30, 2013

Amounts in Rs '000

**1.** 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 merchandising 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.

**1.1** The condensed interim consolidated financial information comprises the consolidated balance sheet of ICI Pakistan Limited and its subsidiary company, ICI Pakistan PowerGen Limited, as at September 30, 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.

**1.2** The condensed interim consolidated financial information has been prepared in condensed form in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting and is being submitted to shareholders in accordance with the requirements of section 245 of Companies Ordinance, 1984. This condensed interim consolidated financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements as at and for the period ended June 30, 2013.

**1.3** The accounting policies and methods of computation adopted for the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the financial statements for the preceding period ended June 30, 2013.

## 2. PROPERTY, PLANT AND EQUIPMENT

	September 30 2013	June 30 2013
Operating assets - at net book value	7,997,053	8,147,259
Capital work-in-progress - at cost		
Civil works and buildings	334,376	290,758
Plant and machinery	2,690,862	2,275,261
Advances to suppliers / contractors	12,083	14,189
Note 2.2	3,037,321	2,580,208
<b>Total property, plant and equipment</b>	<b>11,034,374</b>	<b>10,727,467</b>

**2.1** Following is the cost of operating property, plant and equipment that have been added / disposed off during the quarter ended September 30, 2013:

	Additions/Transfers		Disposals	
	September 30 2013	June 30 2013	September 30 2013	June 30 2013
Freehold Land	58,189	-	-	-
Buildings on freehold land	-	8,993	-	-
Buildings on leasehold land	2,614	14,383	1,085	6,911
Lime beds on freehold land	-	12,534	-	-
Plant and machinery	48,609	357,579	2,277	126,422
Vehicles	-	400	-	2,704
Furniture and equipment	21,123	14,311	526	315
<b>Total</b>	<b>130,535</b>	<b>408,200</b>	<b>3,888</b>	<b>136,352</b>

**2.2** The following is the movement in capital work-in-progress during the period/year

Opening balance	2,580,208	2,006,732
Add: Addition during the period/year	587,648	981,676
	<b>3,167,856</b>	<b>2,988,208</b>
Less: Transferred to operating fixed assets	<b>130,535</b>	<b>408,200</b>
<b>Closing balance</b>	<b>3,037,321</b>	<b>2,580,208</b>

# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the Quarter Ended September 30, 2013

Amounts in Rs '000

September 30 2013	June 30 2013
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## 3. INTANGIBLE ASSETS

Intangible assets - at net book value - note 3.1	35,011	45,123
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3.1 This includes additions of intangible assets of Rs 1.411 million during the period.

## 4. LONG-TERM INVESTMENT

### *Unquoted*

Equity security available for sale - Arabian Sea Country Club Limited	2,500	2,500
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## 5. LONG-TERM LOANS - Considered Good

Due from Directors, Executives and Employees - note 5.1	282,826	272,953
Less: Current portion shown under current assets		
Due from Directors, Executives and Employees - note 5.1	70,768	70,882
<b>Total long-term loans</b>	<b>212,058</b>	<b>202,071</b>

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

## 6. STOCK-IN-TRADE

Reversal of impairment of inventory is booked in current period by Rs. 17.444 million to bring inventory at its net realisable value of Rs. 101.616 million

<b>7. LONG-TERM LOAN</b>	<b>3,387,026</b>	<b>1,887,026</b>
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### 7.1 Long-Term Financing Facilities

From banking companies / financial institutions:		
Faysal Bank Limited	343,591	343,591
Habib Bank Limited	543,435	543,435
	<b>887,026</b>	<b>887,026</b>

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 Long-Term Finance Facility (LTFF) for Export Oriented Projects.

### 7.2 Islamic Term Finance

From banking companies / financial institutions:		
Standard Chartered Bank (Pakistan) Limited	1,000,000	1,000,000

The Group has obtained long-term finance 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 semi annual basis. This facility is initially secured by a ranking charge to be subsequently replaced by a first pari passu hypothecation charge on the present and future fixed assets of the Group's Polyester Business located at Sheikhpura.

# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the Quarter Ended September 30, 2013

Amounts in Rs '000

	September 30 2013	June 30 2013
Meezan Bank Limited	500,000	-

The Group has obtained long-term loan for Rs 500 million from Meezan Bank Limited under Islamic Diminishing Musharaka upto a limit of Rs. 500 million for a period of 3 years (including 9 month grace period). The rental payment is charged at relevant KIBOR plus 0.25% per annum payable on quarterly basis. This facility is initially secured by a ranking charge to be subsequently replaced by a first pari passu hypothecation charge on the present and future fixed assets of the Group's Soda Ash Business located at Khewra.

## 7.3 Long-Term Loans

Allied Bank Limited	1,000,000	-
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The Group has obtained long term loan for Rs 1,000 million from Allied Bank Limited under Long-Term Loan upto a limit of Rs. 1,000 million for a period of 4 years (including 1 year grace period). The rental payment is charged at relevant KIBOR plus 0.25% per annum payable on quarterly basis. This facility is initially secured by a ranking charge to be subsequently replaced by a first pari passu hypothecation charge on the present and future fixed assets of the Group's Soda Ash Business located at Khewra.

## 8. DEFERRED TAX LIABILITY

This comprises of the following:

### Deferred tax liability

Difference in tax and accounting bases of fixed assets	1,469,163	1,496,289
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### Deferred tax assets

Provisions related to retirement routed through OCI	(93,508)	(93,508)
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Provisions	(299,663)	(301,670)
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	1,075,992	1,101,111
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## 9 SHORT-TERM BORROWINGS & RUNNING FINANCE

- note 9.1, 9.2 & 9.3	847,196	2,654,549
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Short-term borrowings and running finance facility from various banks aggregated to Rs. 4,946 million (June 30, 2013 Rs. 4,740 million) and carry mark-up during the period of KIBOR + 0.40% per annum with an average mark-up rate of relevant KIBOR + 0.40% as at Sep 30, 2013 on utilized limits (June 30, 2013: relevant KIBOR + 0.40% to 0.75% per annum with an average mark-up rate of relevant KIBOR + 0.43% on utilized limits). The facilities are secured by hypothecation charge over the present and future stock-in-trade and book debts of the Group.

9.1 Short-Term Borrowings	422,000	2,126,000
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The above short-term borrowings are secured by first pari passu hypothecation charge as mentioned above and carry mark-up during the period of relevant KIBOR + 0.20% (June 30, 2013: Rs. 2,126 million at relevant KIBOR + 0.20% to 0.40%).

9.2 Export Refinance	170,000	130,000
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The Group has export refinance facility of Rs. 200 million (June 30, 2013: Rs. 200 million) available from Faysal Bank Limited as at September, 2013 out of which Rs. 170 million was utilized (June 30, 2013: Rs. 130 million). The export refinance facility carries mark-up at SBP rate + 0.25% per annum.

The above export refinance facility is secured by first pari passu hypothecation charge

9.3 Short-Term Running Finance - Secured	255,196	398,549
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The above short-term running finance is secured by first pari passu hypothecation charge as mentioned in note 9.

# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the Quarter Ended September 30, 2013

Amounts in Rs '000

September 30 2013	June 30 2013
----------------------	-----------------

## 10. CONTINGENCIES AND COMMITMENTS

10.1 Claims against the Group not acknowledged as debts are as follows:

Local bodies	30,446	30,446
Others	28,288	28,288
<b>Total</b>	<b>58,734</b>	<b>58,734</b>

10.2 Commitments in respect of capital expenditure (including Coal Fired Project of Soda Ash Business)

231,407 567,309

10.3 Guarantee issued by the Company to a bank on behalf of its subsidiary ICI Pakistan PowerGen Limited for availing funded facility.

133,000 133,000

10.4 Commitments for rentals under operating lease / Ijarah agreements in respect of vehicles are as follows:

<b>Year</b>		
2014	66,799	55,030
2015	56,649	43,872
2016	39,772	26,783
2017	19,282	9,581
2018	-	-
	<b>182,502</b>	<b>135,266</b>
Payable not later than one year	66,799	55,030
Payable later than one year but not later than five years	115,703	80,236
	<b>182,502</b>	<b>135,266</b>

10.5 Outstanding foreign exchange contracts as at September 30, 2013 entered into by the Group amounted to hedge the anticipated future transactions amounted to Rs 1,985.516 million (June 30, 2013: Rs 1,166.117 million).

For the 3 months ended September 30 2013	For the 3 months ended September 30 2012
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## 11. TURNOVER

11.1 Inter-segment sales and purchases have been eliminated from the total 291,097 261,582

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

11.3 Turnover includes export sales of Rs. 84.788 million made to various countries during the period.

# Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the Quarter Ended September 30, 2013

Amounts in Rs '000

For the 3 months ended September 30 2013	For the 3 months ended September 30 2012
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## 12. COST OF SALES

Opening stock of raw and packing materials	2,090,929	1,807,238
Purchases	5,398,933	5,381,485
Closing stock of raw and packing materials	7,489,862 (2,126,385)	7,188,723 (2,210,093)
Raw and packing materials consumption	5,363,477	4,978,630
Manufacturing costs	1,698,890	1,760,014
Opening stock of work-in-process	7,062,367 232,841	6,738,644 213,571
Closing stock of work-in-process	7,295,208 (151,361)	6,952,215 (131,465)
Cost of goods manufactured	7,143,847	6,820,750
Opening stock of finished goods	2,271,107	1,849,563
Finished goods purchased	1,170,743	765,481
Closing stock of finished goods	10,585,697 (2,600,633)	9,435,794 (1,882,217)
	7,985,064	7,553,577

## 13. TAXATION

Current	163,917	220,716
Deferred	(25,118)	(62,036)
	138,799	158,680

## 14. 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 and staff retirement funds. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

### Associated Companies

Purchase of goods, materials and services	1,297	5,174
Provision of services and other receipts	-	2,538
Sale of goods and materials	324,566	31,642
Contribution to staff retirement benefit plans	28,136	16,014
Paid to Akzo Nobel Pakistan Limited		
in respect of inter-unit current account	-	3,686,810

### 14.1 Transactions with key management personnel

Key management personnel received an amount of Rs 46.766 million (September 30, 2012: Rs 79.440 million) on account of remuneration out of which Rs 7.531 million (September 30, 2012 : Rs 7.751 million) relates to post employment benefits.



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**Notes to the Condensed Interim Consolidated  
Financial Information (Unaudited)**

For the Quarter Ended September 30, 2013

**15. ESTIMATES**

Judgments and estimates made by the management in the preparation of the condensed interim consolidated financial information were the same as those that were applied to the financial statements as at and for the period ended June 30, 2013.

**16. FINANCIAL RISK MANAGEMENT**

The Group's financial risk management objective and policies are consistent with that disclosed in the financial statements as at and for the period ended June 30, 2013.

**17. DATE OF AUTHORISATION**

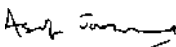
The condensed interim consolidated financial information was authorised for issue in the Board of Directors meeting held on October 24, 2013.

**18. GENERAL**

**18.1** Figures have been rounded off to the nearest thousand rupees except as stated otherwise.



Muhammad Yunus Tabba  
*Chairman / Director*



Asif Jooma  
*Chief Executive*



Muhammad Abid Ganatra  
*Chief Financial Officer*

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