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working world

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## **DRAFT**

### **Auditors' report to the members**

We have audited the annexed unconsolidated balance sheet of **ICI Pakistan Limited** (the Company) as at **30 June 2015** 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 year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - i) the unconsolidated balance sheet and unconsolidated 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 44 to the accompanying unconsolidated financial statements with which we concur;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the 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 2015** and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

**Chartered Accountants** *Ernst & Young*

**Audit Engagement Partner:** Shariq Ali Zaidi

**Karachi**

# ICI Pakistan Limited

## Unconsolidated Balance Sheet

As at June 30, 2015

		Amounts in Rs '000	
	Note	June 30, 2015	June 30, 2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	14,236,363	11,652,057
Intangible assets	4	28,318	64,261
		<u>14,264,681</u>	<u>11,716,318</u>
Long-term investments	5	1,222,976	502,976
Long-term loans	6	324,610	253,477
Long-term deposits and prepayments	7	30,777	27,843
		<u>1,578,363</u>	<u>784,296</u>
		<u>15,843,044</u>	<u>12,500,614</u>
<b>Current assets</b>			
Stores, spares and consumables	8	653,582	559,256
Stock-in-trade	9	4,921,766	4,582,632
Trade debts	10	1,431,370	858,347
Loans and advances	11	323,696	191,121
Trade deposits and short-term prepayments	12	412,133	206,775
Other receivables	13	909,710	1,420,794
Taxation - net		2,054,870	1,765,784
Cash and bank balances	14	119,612	852,095
		<u>10,826,739</u>	<u>10,436,804</u>
<b>Total assets</b>		<u><u>26,669,783</u></u>	<u><u>22,937,418</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised capital			
1,500,000,000 (June 30, 2014: 1,500,000,000) ordinary shares of Rs. 10 each		<u>15,000,000</u>	<u>15,000,000</u>
Issued, subscribed and paid-up capital	15	923,591	923,591
Capital reserves	16	309,643	309,643
Unappropriated profit		<u>11,483,846</u>	<u>10,004,193</u>
<b>Total equity</b>		<u>12,717,080</u>	<u>11,237,427</u>
<b>Surplus on revaluation of property, plant and equipment</b>	17	576,458	639,372
<b>Non-current liabilities</b>			
Provisions for non-management staff gratuity	18	87,422	77,842
Long-term loans	19	1,493,943	2,314,805
Deferred tax liability - net	20	1,181,167	1,093,718
		<u>2,762,532</u>	<u>3,486,365</u>
<b>Current liabilities</b>			
Trade and other payables	21	7,717,908	6,203,059
Accrued mark-up		56,658	61,606
Short-term borrowings and running finance	22	1,883,592	437,368
Current portion of long-term loans		<u>955,555</u>	<u>872,221</u>
		<u>10,613,713</u>	<u>7,574,254</u>
<b>Total equity and liabilities</b>		<u><u>26,669,783</u></u>	<u><u>22,937,418</u></u>
<b>Contingencies and commitments</b>	23		

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

Muhammad Sohail Tabba  
Chairman / Director

Asif Jooma  
Chief Executive

Muhammad Abid Ganatra  
Chief Financial Officer

# ICI Pakistan Limited

## Unconsolidated Profit and Loss Account

For the year ended June 30, 2015

		Amounts in Rs '000	
		For the year ended June 30, 2015	For the year ended June 30, 2014
	Note		
<b>Turnover</b>	25.1	<b>42,593,948</b>	42,698,659
Sales tax, commission and discounts	24	(5,078,620)	(4,465,182)
Net turnover		<b>37,515,328</b>	38,233,477
Cost of sales	25.2	(31,725,574)	(33,581,636)
<b>Gross profit</b>		<b>5,789,754</b>	4,651,841
Selling and distribution expenses	27	(1,781,989)	(1,530,254)
Administration and general expenses	28	(963,658)	(895,653)
<b>Operating result</b>		<b>3,044,107</b>	2,225,934
Other charges	29	(231,373)	(181,058)
Finance costs	30	(402,787)	(387,042)
		(634,160)	(568,100)
Other income	31	293,547	323,130
<b>Profit before taxation</b>		<b>2,703,494</b>	1,980,964
Taxation	32	(577,786)	(278,748)
<b>Profit after taxation</b>		<b>2,125,708</b>	1,702,216
<b>Basic and diluted earnings per share (Rupees)</b>	33	<b>23.02</b>	18.43

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



**Muhammad Sohail Tabba**  
Chairman / Director

**Asif Jooma**  
Chief Executive

**Muhammad Abid Ganatra**  
Chief Financial Officer

# ICI Pakistan Limited

## Unconsolidated Statement of Comprehensive Income

For the year ended June 30, 2015

	Amounts in Rs '000	
	For the year ended June 30, 2015	For the year ended June 30, 2014
<b>Profit after taxation</b>	<b>2,125,708</b>	1,702,216
Items to be reclassified to profit or loss in subsequent periods:		
Loss on hedge during the year	(461)	-
Income tax relating to hedging reserve	128	-
	(333)	-
Adjustments for amounts transferred to initial carrying amounts of hedged item - capital work-in-progress	333	-
	-	-
Items not to be reclassified to profit or loss in subsequent periods:		
Actuarial gains on defined benefit plans	167,444	52,914
Tax effect	(49,811)	(17,462)
	117,633	35,452
<b>Total comprehensive income for the year</b>	<b>2,243,341</b>	1,737,668

The annexed notes 1 to 47 form an integral part of these unconsolidated financial statements. *ETP/2015*

**Muhammad Sohail Tabba**  
Chairman / Director

**Asif Jooma**  
Chief Executive

**Muhammad Abid Ganatra**  
Chief Financial Officer

# ICI Pakistan Limited

## Unconsolidated Cash Flow Statement

For the year ended June 30, 2015

Amounts in Rs '000

	For the year ended June 30, 2015	For the year ended June 30, 2014
<b>Cash flows from operating activities</b>		
Profit before taxation	2,703,494	1,980,964
Adjustments for:		
Depreciation and amortisation - note 3.5 and 4.1	1,657,278	1,338,740
(Gain) / loss on disposal of operating fixed assets - note 29 and 31	(5,532)	14,084
Write offs	-	27,322
Provision for staff retirement benefit plan - note 18.1.1	38,071	52,360
Provision for non-management staff gratuity and eligible retired employees' medical scheme	11,583	4,801
Interest on bank deposits	(649)	(368)
Dividend from investment in equity shares	(40,000)	-
Dividend from associate	(150,000)	-
Interest expense	354,795	381,528
Provision for doubtful debts - note 40.6	26,195	1,556
Provision for slow moving and obsolete stock-in-trade - note 9.1	36,000	12,389
Provision for slow moving and obsolete stores and spares - note 8.2	15,044	154
Provisions and accruals no longer required written back - note 31	(9,936)	(138,552)
	<u>4,636,343</u>	<u>3,674,978</u>
Movement in:		
Working capital	453,029	1,192,838
Long-term loans	(71,133)	(54,414)
Long-term deposits and prepayments	(2,935)	5,495
Cash generated from operations	<u>5,015,304</u>	<u>4,818,897</u>
Payments for :		
Staff retirement benefit plans - note 18.1.2	(60,477)	(62,798)
Non-management staff gratuity and eligible retired employees' medical scheme	(24,088)	(23,695)
Taxation	(824,476)	(574,280)
Interest	(357,846)	(351,539)
<b>Net cash generated from operating activities</b>	<u>3,748,417</u>	<u>3,806,585</u>
<b>Cash flows from investing activities</b>		
Capital expenditure	(3,855,116)	(2,408,806)
Proceeds from disposal of operating fixed assets	11,995	7,506
Interest received on bank deposits	649	368
Investment in associate	(720,000)	-
Dividend from investment in equity shares	40,000	-
Dividend from associate	150,000	-
<b>Net cash used in investing activities</b>	<u>(4,372,472)</u>	<u>(2,400,932)</u>

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# ICI Pakistan Limited

## Unconsolidated Cash Flow Statement

For the year ended June 30, 2015

Amounts in Rs '000

	For the year ended June 30, 2015	For the year ended June 30, 2014
<b>Cash flows from financing activities</b>		
Long-term loans (repaid) / obtained	(737,529)	1,300,000
Dividends paid	(817,123)	(366,726)
<b>Net cash (used in) / generated from financing activities</b>	<b>(1,554,652)</b>	<b>933,274</b>
Net (decrease) / increase in cash and cash equivalents	(2,178,707)	2,338,927
<b>Cash and cash equivalents at the beginning of the year</b>	<b>414,727</b>	<b>(1,924,200)</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>(1,763,980)</b>	<b>414,727</b>
<b>Movement in working capital</b>		
<b>(Increase) / decrease in current assets</b>		
Stores, spares and consumables	(109,370)	(674)
Stock-in-trade	(375,130)	(14,858)
Trade debts	(599,216)	8,287
Loans and advances	(122,639)	(11,406)
Trade deposits and short-term prepayments	(12,062)	18,691
Other receivables	511,085	(286,895)
	(707,332)	(286,855)
<b>Increase in current liabilities</b>		
Trade and other payables	1,160,361	1,479,693
	<b>453,029</b>	<b>1,192,838</b>
<b>Cash and cash equivalents at the end of the year comprise of:</b>		
Cash and bank balances - note 14	119,612	852,095
Short-term borrowings and running finance - note 22	(1,883,592)	(437,368)
	<b>(1,763,980)</b>	<b>414,727</b>

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

*ET/2015*

**Muhammad Sohail Tabba**  
Chairman / Director

**Asif Jooma**  
Chief Executive

**Muhammad Abid Ganatra**  
Chief Financial Officer

# ICI Pakistan Limited

## Unconsolidated Statement of Changes in Equity

For the year ended June 30, 2015

Amounts in Rs '000

	Issued, subscribed and paid-up capital	Capital reserves	Unappropriated profit	Total
<b>As at July 01, 2013</b>	<b>923,591</b>	<b>309,643</b>	<b>8,555,755</b>	<b>9,788,989</b>
Interim dividend for the year ended June 30, 2014 @ Rs. 4.00 per share	-	-	(369,436)	(369,436)
	-	-	<b>(369,436)</b>	<b>(369,436)</b>
Profit for the year	-	-	1,702,216	1,702,216
Other comprehensive income for the year, net of tax	-	-	35,452	35,452
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>1,737,668</b>	<b>1,737,668</b>
Transfer from surplus on revaluation of property, plant and equipment - incremental depreciation for the year - net of deferred tax - note 17	-	-	80,206	80,206
	-	-	<b>80,206</b>	<b>80,206</b>
<b>As at June 30, 2014</b>	<b>923,591</b>	<b>309,643</b>	<b>10,004,193</b>	<b>11,237,427</b>
Final dividend for the year ended June 30, 2014 @ Rs. 4.00 per share	-	-	(369,436)	(369,436)
Interim dividend for the year ended June 30, 2015 @ Rs. 5.00 per share	-	-	(461,796)	(461,796)
	-	-	<b>(831,232)</b>	<b>(831,232)</b>
Profit for the year	-	-	2,125,708	2,125,708
Other comprehensive income for the year, net of tax	-	-	117,633	117,633
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>2,243,341</b>	<b>2,243,341</b>
Transfer from surplus on revaluation of property, plant and equipment - incremental depreciation for the year - net of deferred tax - note 17	-	-	67,544	67,544
	-	-	<b>67,544</b>	<b>67,544</b>
<b>As at June 30, 2015</b>	<b>923,591</b>	<b>309,643</b>	<b>11,483,846</b>	<b>12,717,080</b>

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

**Muhammad Sohail Tabba**  
Chairman / Director

**Asif Jooma**  
Chief Executive

**Muhammad Abid Ganatra**  
Chief Financial Officer

# ICI Pakistan Limited

## Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2015

### 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 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.

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

### 2 Summary of Significant Accounting Policies

#### 2.1 Statement of compliance

These unconsolidated 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) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

#### 2.2 Basis of preparation

These unconsolidated 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 measured at revalued amounts; and
- b) Provision for management staff gratuity, non-management staff gratuity, and eligible retired employees' medical scheme are stated at present value.

The preparation of unconsolidated 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 unconsolidated 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 profit.



## **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 capitalised 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 subsidiary and associates are stated at cost less provision for impairment, if any.

Other investments that are stated at available for sale are measured at fair value plus directly attributable transaction costs. For investments traded in active market, fair value is determined by reference to quoted market price and the investments for which a quoted market price is not available, or the fair value cannot be reasonably calculated, are measured at cost, subject to impairment review at each balance sheet date.

## **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 up to the balance sheet date.

## **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 up to the balance sheet date.

## **2.8 Trade debts and other receivables**

Trade debts and other receivables are recognised at original invoice amount less provision for doubtful debts and other receivables, if any. A provision for doubtful debts 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). Bad Debts are written off when identified.

## **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. Short term 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**

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 property, plant and equipment" 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 property, plant and equipment" account to accumulated profit / loss through Statement of Changes in Equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

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## **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 except eligible retired employees' medical scheme 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 termination 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 accrual for compensated absences in respect of employees for which these are earned up to the balance sheet date. The accrual has been recognised on the basis of actuarial valuation.

## **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) and Ijarah contracts are charged to the profit and loss account on a straight-line basis over the period 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.

## **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 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 re-translated into Pak Rupees at the foreign exchange rates at the balance sheet date. Exchange differences are taken to the profit and loss account.

## **2.20 Functional and presentation currency**

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

## **2.21 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 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.

## **2.22 Financial expense and financial income**

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

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

## **2.23 Dividend**

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

## **2.24 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.

## **2.25 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.

## **2.26 Off-setting**

Financial assets and liabilities are offset and the net amount is reported in the unconsolidated 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.

*CPH*

## 3 Property, plant and equipment

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

Operating fixed assets - note 3.2	12,573,587	10,756,006
Capital work-in-progress - note 3.7	1,662,776	896,051
	<u>14,236,363</u>	<u>11,652,057</u>

## 3.2 The following is a statement of operating fixed assets:

	Land		Lime beds	Buildings		Plant and machinery	Railway sidings	Rolling stock and vehicles	Furniture and equipment	Total
	Freehold	Leasehold	on freehold land	On freehold land	On leasehold land					
	Note 3.3			Note 3.3		Note 3.3 and 3.4				
	As at June 30, 2015									
Net carrying value basis										
Opening net book value (NBV)	438,021	-	133,860	265,384	1,080,087	8,665,237	-	26,402	147,015	10,756,006
Addition / transfer - note 3.2.1	30,287	-	923	518,133	168,800	2,599,384	-	9,435	108,792	3,435,754
Disposal (at NBV)	-	-	-	-	(387)	(5,731)	-	-	(345)	(6,463)
Depreciation charge - note 3.5	-	-	(11,667)	(56,373)	(104,277)	(1,368,917)	-	(13,011)	(57,465)	(1,611,710)
Closing Net book value	468,308	-	123,116	727,144	1,144,223	9,889,973	-	22,826	197,997	12,573,587
Gross carrying value basis										
Cost / revaluation	468,308	562,166	251,479	2,915,687	2,167,867	24,532,344	297	126,369	656,419	31,680,936
Accumulated depreciation	-	(562,166)	(128,363)	(2,188,543)	(1,023,644)	(14,642,371)	(297)	(103,543)	(458,422)	(19,107,349)
Net book value	468,308	-	123,116	727,144	1,144,223	9,889,973	-	22,826	197,997	12,573,587
Depreciation rate % per annum	-	2 to 4	5 to 25	5 to 25	3 to 33.33	3.33 to 50	3.33	10 to 33.33	10 to 50	
	As at June 30, 2014									
Net carrying value basis										
Opening net book value	341,885	-	134,525	310,465	655,011	6,361,578	-	12,964	184,256	8,000,684
Addition / transfer - note 3.2.1	96,137	-	10,899	92,172	443,596	3,398,311	-	6,090	63,604	4,110,809
Adjustments (at NBV)	-	-	-	(30)	(260)	(16,045)	-	(4,700)	(555)	(21,590)
Disposal (at NBV)	(1)	(29)	(15)	(88,751)	86,752	(23,557)	-	26,778	(43,091)	(41,914)
Depreciation charge / Reversal - note 3.5	-	29	(11,549)	(48,472)	(105,012)	(1,055,050)	-	(14,730)	(57,199)	(1,291,983)
Closing Net book value	438,021	-	133,860	265,384	1,080,087	8,665,237	-	26,402	147,015	10,756,006
Gross carrying value basis										
Cost / revaluation	438,021	562,166	250,556	2,398,205	1,968,029	22,461,480	297	118,610	491,709	28,689,073
Accumulated depreciation	-	(562,166)	(116,696)	(2,132,821)	(887,942)	(13,796,243)	(297)	(92,208)	(344,694)	(17,933,067)
Net book value	438,021	-	133,860	265,384	1,080,087	8,665,237	-	26,402	147,015	10,756,006
Depreciation rate % per annum	-	2 to 4	5 to 25	5 to 25	3 to 33.33	3.33 to 50	3.33	10 to 33.33	10 to 50	

3.2.1 Additions to plant and machinery include borrowing cost for various projects amounting to Rs. 109.705 million (June 30, 2014: Rs. 95.406 million) and transfer from capital work-in-progress (Note 3.7.1). The rate used to determine the amount of borrowing cost eligible for capitalization is 9.20% (June 30 2014: 9.76%).

	As at June 30, 2015	As at June 30, 2014
3.2.2 Operating fixed assets include the following major spare parts and stand by equipment:		

Cost	384,087	362,904
Net book value	<u>181,539</u>	<u>194,844</u>

3.3 Subsequent to revaluations 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, respectively. 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 equipment held with Searle Pakistan Limited, Breeze Pharmaceutical Limited and Maple Pharmaceutical (Private) Limited (toll manufacturers), are as follows:

Cost	8,111	8,369
Net book value	<u>4,900</u>	<u>5,638</u>

For the year ended  
June 30, 2015

For the year ended  
June 30, 2014

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

Cost of sales	1,553,688	1,229,818
Selling and distribution expenses	15,015	13,821
Administration and general expenses	43,007	48,344
	<u>1,611,710</u>	<u>1,291,983</u>

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, 2015	As at June 30, 2014
<b>Net book value</b>		
Freehold land	169,028	138,741
Buildings	1,743,972	1,218,076
Plant and machinery	9,471,538	8,246,802
	<u>11,384,538</u>	<u>9,603,619</u>

3.7 Capital work-in-progress comprises of:

Civil works and buildings	327,797	270,916
Plant and machinery	844,743	549,576
Miscellaneous equipment	88,840	44,606
Advances to suppliers / contractors	353,678	19,013
Designing, consultancy and engineering fee	47,718	11,940
	<u>1,662,776</u>	<u>896,051</u>

This includes interest charged during the period ended June 30, 2015 in respect of long-term loan obtained for various projects amounting to Rs. 30.873 million (June 30, 2014: Rs. Nil). The rate used to determine the amount of borrowing cost eligible for capitalization is 8.83% (June 30 2014: Nil).

3.7.1 The following is the movement in capital work-in-progress during the year:

Balance at the beginning of the year	896,051	2,549,354
Addition during the year	<u>4,167,569</u>	<u>2,409,836</u>
	5,063,620	4,959,190
Transferred to operating fixed assets during the year	<u>(3,400,844)</u>	<u>(4,063,139)</u>
Balance at the end of the year	<u>1,662,776</u>	<u>896,051</u>

3.8 Details of operating fixed assets disposals having net book value in excess of Rs. 50,000 are as follows:

As at June 30, 2015						
	Mode of sale	Cost	Accumulated depreciation	Net book value	Sale Proceeds	Particulars of buyers
<b>Plant and machinery</b>						
Boiler, Deaerator and other assets	Scrap	48,370	44,614	3,756	2,124	Hanif Ghouri Malakwal Distt Mandi Bahauddin
<b>Building on leasehold land</b>						
Old quarter's doors and windows	Bidding	499	288	211	89	Anjum Wood Craft Khewra
<b>Furniture and Equipments</b>						
Dell Laptops	Insurance Claim	250	107	143	155	PICIC Insurance
As at June 30, 2014						
<b>Plant and machinery</b>						
Refractory, Panelmate and various other assets	Scrap	30,470	14,125	16,345	1,301	Shahbaz and Company, Malakwal District Mandi Bahauddin
<b>Rolling stock and vehicles</b>						
Audi and Fork lift trucks	Auction	6,440	1,739	4,701	5,343	Mr. Azfar Abbas Ashary, Karachi
<b>Building</b>						
Civil Work Lime Stone Storage	Scrap	2,877	2,648	229	20	Shahbaz and Company, Malakwal District Mandi

ET/AN

**4 Intangible assets****Net carrying value basis**

Opening net book value (NBV)  
Addition / transfer  
Amortisation charge - note 4.1  
Closing net book value

As at June 30, 2015		
Software	Licenses	Total
10,368	53,893	64,261
1,124	8,501	9,625
(9,512)	(36,056)	(45,568)
1,980	26,338	28,318

**Gross carrying amount**

Cost  
Accumulated amortisation  
Net book value  
Rate of amortisation % per annum

173,311	197,046	370,357
(171,331)	(170,708)	(342,039)
1,980	26,338	28,318
20	20 to 50	

**Net carrying value basis**

Opening net book value (NBV)  
Additions / transfer  
Adjustments (at NBV)  
Amortisation charge - note 4.1  
Closing net book value

As at June 30, 2014		
11,754	33,369	45,123
-	51,303	51,303
10,900	3,692	14,592
(12,286)	(34,471)	(46,757)
10,368	53,893	64,261

**Gross carrying amount**

Cost  
Accumulated amortisation  
Net book value  
Rate of amortisation % per annum

172,187	188,546	360,733
(161,819)	(134,653)	(296,472)
10,368	53,893	64,261
20	20 to 50	

For the year ended  
June 30, 2015

For the year ended  
June 30, 2014

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

Cost of sales  
Selling and distribution expenses  
Administration and general expenses

14,219	13,614
4,649	1,948
26,700	31,195
45,568	46,757

As at  
June 30,  
2015

As at  
June 30,  
2014

**5. Long-term investments****Unquoted - at cost**

Subsidiary - ICI Pakistan PowerGen Limited (wholly owned)

7,100,000 ordinary shares (June 30, 2014: 7,100,000) of  
Rs. 100 each - note 5.1

Less: Provision for impairment loss - note 5.2

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

Associate - NutriCo Pakistan (Private) Limited (30% ownership)  
125,000 ordinary shares (June 30, 2014: Nil shares) of Rs. 1,000  
each and premium of Rs. 4,760 per share

720,000

-

**Others**

Equity security available-for-sale

Arabian Sea Country Club Limited

250,000 ordinary shares (June 30, 2014: 250,000) of Rs. 10 each

2,500	2,500
1,222,976	502,976

*Signature*

- 5.1 As of the balance sheet date, the value of the Company's investment on the basis of net assets of ICI Pakistan PowerGen Limited (the Subsidiary) as disclosed in its audited financial statements for the year ended June 30, 2015 amounted to Rs. 871.533 million (June 30, 2014: Rs. 773.149 million).
- 5.2 The Company has reassessed the recoverable amount of the Subsidiary as at the balance sheet date and based on its assessment no material adjustment is required to the carrying amount stated in the financial statement.

		As at June 30, 2015	As at June 30, 2014		
6.	Long-term loans				
	Considered good				
	Due from executives and employees - note 6.1	324,610	253,477		
6.1	Due from executives and employees				
		Motor car	House building	Total	Total
	Due from executives - note 6.2, 6.3 and 6.4	186,276	58,730	245,006	202,734
	Less: Receivable within one year	29,359	23,993	53,352	53,011
		156,917	34,737	191,654	149,723
	Due from employees - note 6.3			164,926	126,390
	Less: Receivable within one year			31,970	22,636
				132,956	103,754
				324,610	253,477
	Outstanding for period:				
	- less than three years but over one year			125,397	161,338
	- more than three years			199,213	92,139
				324,610	253,477
6.2	Reconciliation of the carrying amount of loans to executives:				
	Balance at the beginning of the year			202,734	184,494
	Disbursements during the year			108,155	123,414
	Repayments during the year			(65,883)	(105,174)
	Balance at the end of the year			245,006	202,734
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 year was Rs. 245.006 million (June 30, 2014: Rs. 202.734 million).				
7.	Long-term deposits and prepayments				
	Deposits			27,323	25,679
	Prepayments			3,454	2,164
				30,777	27,843
8.	Stores, spares and consumables				
	Stores - note 8.1			55,811	34,912
	Spares - note 8.1			663,018	608,509
	Consumables			103,300	100,570
				822,129	743,991
	Less: Provision for slow moving and obsolete stores and spares - note 8.2			168,547	184,735
				653,582	559,256
8.1	The above amounts include stores and spares in transit of Rs. 27.516 million (June 30, 2014: Rs. 15.625 million)				
8.2	Movement of provision for slow moving and obsolete stores and spares is as follows:				
	Balance at the beginning of the year			184,735	184,683
	Charge for the year - note 28			15,044	154
	Write-off during the year			(31,232)	(102)
	Balance at the end of the year			168,547	184,735



Amounts in Rs '000

	As at June 30, 2015	As at June 30, 2014
<b>9. Stock-in-trade</b>		
Raw and packing material (include in-transit Rs. 430.910 million June 30, 2014: Rs. 791.619 million) - note 9.3	2,070,383	2,348,115
Work-in-process	96,034	165,341
Finished goods (include in-transit Rs. 348.217 million June 30, 2014: Rs. 137.44 million)	2,882,416	2,166,884
	<b>5,048,833</b>	<b>4,680,340</b>
Less: Provision for slow moving and obsolete stock-in-trade - note 9.1		
- Raw material	13,659	8,771
- Finished goods	113,408	88,937
	<b>127,067</b>	<b>97,708</b>
	<b>4,921,766</b>	<b>4,582,632</b>
<b>9.1 Movement of Provision for slow moving and obsolete stock-in-trade is as follows:</b>		
Balance at the beginning of the year	97,708	93,142
Charge for the year - note 28	36,000	12,389
Reversal during the year	-	(6,890)
Write-off during the year	(6,641)	(933)
Balance at the end of the year	<b>127,067</b>	<b>97,708</b>
<b>9.2</b> Stock amounting to Rs. 498.295 million (June 30, 2014: Rs. 28.801 million) is measured at net realisable value and expense amounting to Rs. 9.465 million (June 30, 2014: write back of Rs. 20.529 million) has been charged to cost of sales.		
<b>9.3</b> Raw and packing materials held with various toll manufacturers amount to Rs. 556.110 million (June 30, 2014: Rs. 423.255 million)		
<b>10. Trade debts</b>		
<i>Considered good</i>		
- Secured	168,723	135,393
- Unsecured	1,474,293	892,385
	<b>1,643,016</b>	<b>1,027,778</b>
<i>Considered doubtful</i>	40,987	93,664
	<b>1,684,003</b>	<b>1,121,442</b>
Less: Provision for:		
- Doubtful debts - note 40.4 and 40.6	40,987	93,664
- Discounts payable on sales	211,646	169,431
	<b>252,633</b>	<b>263,095</b>
	<b>1,431,370</b>	<b>858,347</b>
<b>10.1</b> The above balances include amounts due from the following associated undertakings which are neither past due nor impaired:		
<i>Secured</i>		
ICI Pakistan PowerGen Limited	1,273	371
<i>Unsecured</i>		
Yunus Textile Mills Limited	15,190	26,397
Lucky Textile Mills Limited	4,231	1,162
Lucky Knits (Private) Limited	499	3,340
NutriCo Pakistan (Private) Limited	11,095	-
Feroze Mills Limited	377	-
	<b>32,665</b>	<b>31,270</b>

EP/2011

		Amounts in Rs '000	
		As at June 30, 2015	As at June 30, 2014
<b>11. Loans and advances</b>			
<i>Considered good</i>			
Loans due from:			
Director and Executives - note 11.1		59,667	53,011
Employees		31,970	22,636
		<u>91,637</u>	<u>75,647</u>
Advances to:			
Executives		8,118	14,241
Employees		319	276
Contractors and suppliers		219,513	95,368
Others		4,109	5,589
		<u>232,059</u>	<u>115,474</u>
		323,696	191,121
<i>Considered doubtful</i>		-	7,292
		323,696	198,413
Less: Provision for doubtful loans and advances - note 40.4 and 40.6		-	7,292
		<u>323,696</u>	<u>191,121</u>
<b>11.1</b>	The maximum aggregate amount of loans due from the directors and executives at the end of any month during the year was Rs. 9.315 million and Rs. 12.401 million (June 30, 2014: Rs. 3.221 million and Rs. 14.037 million) respectively.		
<b>12. Trade deposits and short-term prepayments</b>			
Trade deposits		28,194	25,803
Short-term prepayments		383,939	180,972
		<u>412,133</u>	<u>206,775</u>
<b>13. Other receivables</b>			
<i>Considered good</i>			
Duties, sales tax and octroi refunds due		328,126	243,107
Commission and discounts receivable		25,002	22,612
Receivable from principal - note 13.1		483,504	1,068,427
Others		73,078	86,648
		<u>909,710</u>	<u>1,420,794</u>
<i>Considered doubtful</i>		1,622	20,237
		911,332	1,441,031
Less: Provision for doubtful receivables - note 13.2		1,622	20,237
		<u>909,710</u>	<u>1,420,794</u>
<b>13.1</b>	This includes receivable amounting to Rs. 401.706 million (June 30, 2014: Rs. 1,019.800 million) from a foreign vendor in relation to margin support guarantee.		
<b>13.2 Movement of provision for doubtful receivables</b>			
Balance at the beginning of the year		20,237	57,312
Write-off during the year		(18,615)	-
Reversal during the year		-	(37,075)
Balance at the end of the year		<u>1,622</u>	<u>20,237</u>
<b>14. Cash and bank balances</b>			
Cash at banks:			
- Short-term deposits - note 14.1		106,000	103,000
- Current accounts		9,047	741,738
Cash in hand		4,565	7,357
		<u>119,612</u>	<u>852,095</u>
<b>14.1</b>	Represent security deposits from customer that are placed with various banks at pre-agreed rate maturing at various dates. The mark-up on these deposits is 10% (June 30, 2014: 8.00% to 9.00%) and these term deposits are readily encashable without any penalty.		

		Amounts in Rs '000		
	As at June 30, 2015	As at June 30, 2014	As at June 30, 2015	As at June 30, 2014
15	Issued, subscribed and paid-up capital			
	(Numbers)			
	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
	<u>92,359,050</u>	<u>92,359,050</u>	<u>923,591</u>	<u>923,591</u>
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 01, 1987.			
15.2	With effect from October 01, 2000 the Pure Terephthalic Acid (PTA) Business of the Company was demerged under a scheme of arrangement 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 parent 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 together with the group companies held 86.72% (June 30, 2014: 87.33%) shareholding.			
16	Capital reserves			
	Share premium - note 16.1		309,057	309,057
	Capital receipts - note 16.2		586	586
			<u>309,643</u>	<u>309,643</u>
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.			
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.			
17.	Surplus on revaluation of property, plant and equipment			
	Balance at the beginning of the year		639,372	698,536
	Adjustment due to change in tax rate - note 20.1		4,630	21,042
	Transferred to unappropriated profit in respect of incremental depreciation during the year - net of deferred tax		(67,544)	(80,206)
	Balance at the end of the year		<u>576,458</u>	<u>639,372</u>

*EX-11/15*

Amounts in Rs '000

		As at June 30, 2015	As at June 30, 2014
18	Provisions for non-management staff gratuity	87,422	77,842

18.1 Staff retirement benefits

	2015				2014			
	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	16,808	37,326	54,134	3,158	17,153	32,322	49,475	3,291
Interest cost	113,592	69,378	182,970	9,455	102,896	54,286	157,182	8,118
Expected return on plan assets	(152,025)	(48,038)	(200,063)	-	(127,167)	(37,245)	(164,412)	-
Past service cost	-	1,030	1,030	(1,030)	-	10,115	10,115	(10,115)
Net (reversal) / charge for the year	(21,625)	59,696	38,071	11,583	(7,118)	59,478	52,360	1,294

Other comprehensive income:

Loss / (Gain) on obligation	16,941	(33,989)	(17,048)	3,448	7,112	21,574	28,686	5,677
(Gain) on plan assets	(104,216)	(49,628)	(153,844)	-	(75,645)	(11,632)	(87,277)	-
Net (gain) / loss	(87,275)	(83,617)	(170,892)	3,448	(68,533)	9,942	(58,591)	5,677

18.1.2 Movement in the net assets / (liability) recognised in the balance sheet are as follows:

Opening balance	301,428	(196,734)	104,694	(77,842)	225,777	(190,112)	35,665	(79,678)
Net reversal / (charge) - note 18.1.1	21,625	(59,696)	(38,071)	(11,583)	7,118	(59,478)	(52,360)	(1,294)
Other comprehensive income	87,275	83,617	170,892	(3,448)	68,533	(9,942)	58,591	(5,677)
Contributions / payments during the year	-	60,477	60,477	5,451	-	62,798	62,798	8,807
Closing balance	410,328	(112,336)	297,992	(87,422)	301,428	(196,734)	104,694	(77,842)

18.1.3 The amounts recognised in the balance sheet are as follows:

Fair value of plan assets - note 18.1.5	1,365,979	470,938	1,836,917	-	1,274,962	379,191	1,654,153	-
Present value of defined benefit obligation - note 18.1.4	(955,651)	(583,274)	(1,538,925)	(87,422)	(973,534)	(575,925)	(1,549,459)	(77,842)
Surplus / (deficit)	410,328	(112,336)	297,992	(87,422)	301,428	(196,734)	104,694	(77,842)

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

18.1.4 Movement in the present value of defined benefit obligation:

Opening balance	973,534	575,925	1,549,459	77,842	1,067,969	552,340	1,620,309	79,678
Current service cost	16,808	37,326	54,134	3,158	17,153	32,322	49,475	3,291
Interest cost	113,592	69,378	182,970	9,455	102,896	54,286	157,182	8,118
Benefits paid	(165,224)	(66,396)	(231,620)	(5,451)	(221,596)	(94,712)	(316,308)	(8,807)
Actuarial loss / (gain)	16,941	(33,989)	(17,048)	3,448	7,112	21,574	28,686	5,677
Past service cost	-	1,030	1,030	(1,030)	-	10,115	10,115	(10,115)
Closing balance	955,651	583,274	1,538,925	87,422	973,534	575,925	1,549,459	77,842

18.1.5 Movement in the fair value of plan assets:

Opening balance	1,274,962	379,191	1,654,153	-	1,293,746	362,228	1,655,974	-
Expected return	152,025	48,038	200,063	-	127,167	37,245	164,412	-
Contributions	-	60,477	60,477	-	-	62,798	62,798	-
Benefits paid	(165,224)	(66,396)	(231,620)	-	(221,596)	(94,712)	(316,308)	-
Actuarial gain	104,216	49,628	153,844	-	75,645	11,632	87,277	-
Closing balance - note 18.1.7	1,365,979	470,938	1,836,917	-	1,274,962	379,191	1,654,153	-

18.1.6 Historical information

	June 30		December 31	
	2015	2014	2012	2011
Present value of defined benefit obligation	1,626,347	1,627,301	1,699,987	2,264,010
Fair value of plan assets	(1,836,917)	(1,654,153)	(1,655,974)	(1,509,900)
(Surplus) / deficit	(210,570)	(26,852)	44,013	754,110

18.1.7 Major categories / composition of plan assets are as follows:

	2015	2014
Debt instruments	77.01%	68.77%
Equity at market value	23.36%	29.70%
Cash	0.34%	2.53%

Fair value of plan asset

Investment

	Pension	Gratuity	Pension	Gratuity
	As at June 30, 2015		As at June 30, 2014	
National savings deposits	262,604	15,580	181,164	-
Government bonds	820,415	310,846	667,896	283,066
Corporate bonds	-	5,777	-	6,936
Shares	285,632	143,569	406,635	67,586
Cash	4,807	764	19,267	21,603
Total	1,365,979	470,938	1,274,962	379,191

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.

Actual return on plan assets during 2015 was Rs. 206.290 million (June 30, 2014: Rs. 251.689 million).

18.1.8 The principal actuarial assumptions at the reporting date were as follows:

	2015	2014
Discount rate	9.33%	12.75%
Future salary increases - Management	7.25%	10.50%
Future salary increases - Non-management	4.67%	8.00%
Future pension increases	4.00%	7.50%

*EP*

## 18.1.9 Impact of changes in assumptions on defined benefit scheme is as follows:

## Assumption

	1% Increase	1% Decrease
Discount rate	(87,370)	97,800
Salary increase	64,833	(59,122)
Pension increase	35,247	(31,709)

## 18.1.10 The Company contributed Rs. 68.222 million (June 30, 2014: Rs. 62.166 million) and Rs. 47.346 million (June 30, 2014: Rs. 44.950 million) to the provident fund and the defined contribution superannuation fund respectively during the year.

As at June 30, 2015 (Unaudited)	As at June 30, 2014 (Audited)
---------------------------------	-------------------------------

## 18.2 Provident fund

Size of the fund (net assets)	1,018,560	1,269,506
Cost of investments made (actual investments made)	969,253	1,127,747
Percentage of investments made (cost of investments)	95%	89%
Fair value of investments	994,698	1,192,093

## 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:

## On fair value

Pakistan Investment Bonds  
Treasury Bill  
Regular Income Certificates  
Mutual Funds  
Shares  
Term Finance Certificates

As at June 30, 2015 (Unaudited)		As at June 30, 2014 (Audited)	
Investments	% of investment as size of the fund	Investments	% of investment as size of the fund
581,239	58%	854,999	72%
8,552	1%	49,604	4%
18,000	2%	-	0%
97,346	10%	81,682	7%
289,561	29%	196,142	16%
-	0%	9,666	1%
994,698	100%	1,192,093	100%

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

## 19 Long-term loans

## 19.1 From banking companies / financial institutions:

- Faysal Bank Limited  
- Less: Current portion of Long-Term Finance

- Habib Bank Limited  
- Less: Current portion of Long-Term Finance

- United Bank Limited  
- Less: Current portion of Long-Term Finance

	As at June 30, 2015	As at June 30, 2014
	1,493,943	2,314,805
	-	343,591
	-	343,591
	-	543,435
	-	-
	-	543,435
	221,719	-
	-	-
	221,719	-

The Company has obtained Long-Term Finance Facility (LTFF) for plant and machinery from United Bank Limited of Rs. 221.719 million (limit: Rs.1,500 million) for a period of 10 years (including 2 year grace period), with the principal payable on quarterly basis. The mark-up is chargeable at fixed rate of 5% payable on quarterly basis. This facility is secured against First Specific charge on the Property, Plant and Equipment of the Company's Soda Ash Business. The loan has been refinanced by the State Bank of Pakistan under LTFF for Export Oriented Projects. The Company prepaid its previous LTFFs from HBL and FBL in the last quarter of FY 2015.

## 19.2 Islamic Term Finance

From banking companies / financial institutions:

-Standard Chartered Bank (Pakistan) Limited  
-Less: Current portion of Long-Term Finance

	400,000	800,000
	400,000	400,000
	-	400,000

The Company had obtained long-term finance of Rs 1,000 million in June 2013 from Standard Chartered Bank (Pakistan) Limited under Islamic Diminishing Musharakah for a period of 3 years (including 6 month grace period). The rental payment is charged at relevant KIBOR plus 0.25% p.a. payable on semi annual basis. This facility is secured by a ranking charge which is to be replaced by a first pari passu hypothecation charge on the present and future fixed assets of the Company's Polyester Business located at Sheikhupura.

	277,778	500,000
	222,222	222,222
	55,556	277,778

The Company had obtained long-term finance of Rs 500 million from Meezan Bank Limited in 2014 under Islamic Diminishing Musharakah for a period of 3 years (including 9 months grace period). The rental payment is charged at relevant KIBOR plus 0.25% p.a. payable on a quarterly basis. This facility is secured by a first pari passu hypothecation charge on the present and future Plant, Machinery and Equipment of the Company's Soda Ash Business located at Khewra.

## 19.3 Other Long Term Loan

From banking companies / financial institutions:

Allied Bank Limited  
Less: Current portion of Long-Term Loan

	750,001	1,000,000
	333,333	249,999
	416,668	750,001

The Company had obtained long-term loan for Rs 1,000 million from Allied Bank Limited in 2014 for a period of 4 years (including 1 year grace period). The rental payment is charged at relevant KIBOR plus 0.25% p.a. payable on a quarterly basis. This facility is secured by a first pari passu hypothecation charge on the present and future Plant, Machinery and Equipment of the Company's Soda Ash Business located at Khewra.

	800,000	-
	-	-
	800,000	-

During the year, the Company has obtained long-term finance of Rs 800 million from United Bank Limited for a period of 5 years (including 2 Years grace period). The Interest payment is charged at relevant KIBOR plus 0.25% p.a. payable on a 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 Plant, Machinery and Equipment of the Company's Polyester Business located at Sheikhupura.

ET/ASH

	As at June 30, 2015			As at June 30, 2014		
	Opening	Charge	Closing	Opening	Charge / (Reversal)	Closing
<b>20 Deferred tax liability - net</b>						
<b>Deductible temporary differences</b>						
Provisions for retirement benefits, doubtful debts and others	(259,368)	29,350	(230,018)	(301,666)	42,298	(259,368)
Retirement fund provisions	(65,232)	49,811	(15,421)	(93,508)	28,276	(65,232)
<b>Taxable temporary differences</b>						
Property, plant and equipment - note 20.1	1,418,318	8,288	1,426,606	1,496,285	(77,967)	1,418,318
	<u>1,093,718</u>	<u>87,449</u>	<u>1,181,167</u>	<u>1,101,111</u>	<u>(7,393)</u>	<u>1,093,718</u>

- 20.1** Charge during the year includes Rs. 4.630 million (June 30, 2014: reversal of Rs. 21.042 million) adjusted in surplus on revaluation of property, plant and equipment on account of change in tax rate.

	As at June 30, 2015	As at June 30, 2014
<b>21 Trade and other payables</b>		
Trade creditors - note 21.1 and 21.2	1,764,655	1,717,081
Bills payable	2,962,835	2,338,246
Excise and custom duties	-	3,959
Accrued expenses - note 21.3	1,448,765	966,337
Technical service fee / royalty - note 21.4	21,401	23,686
Workers' profit participation fund - note 21.5	148,200	107,446
Workers' welfare fund	98,334	43,797
Distributors' security deposits - payable on termination of distributorship - note 21.6	104,761	106,142
Contractors' earnest / retention money	10,946	9,808
Running account with customers - note 21.7	155,339	223,874
Unclaimed dividends	62,802	48,693
Payable for capital expenditure	811,979	328,317
Accrual for compensated absences - note 21.8	31,249	31,249
Payable to ICI Pakistan PowerGen Limited	-	129,519
Others	96,642	124,905
	<u>7,717,908</u>	<u>6,203,059</u>

- 21.1** This includes an amount of Rs. 543.022 million (June 30, 2014: Rs. 344.692 million) payable to ICI Pakistan PowerGen Limited, a related party on account of purchase of electricity.
- 21.2** This amount includes Rs. 3.380 million (June 30, 2014: Rs. Nil) on account of exchange loss on forward exchange contracts.
- 21.3** This amount includes Pensioner Medical Liability of Rs. 9.696 million (June 30, 2014: Rs. 28.334 million).
- 21.4** This amount includes Rs. 20.701 million (June 30, 2014: Rs. 23.008 million) on account of royalty payable to Lucky Holdings Limited, the Holding Company.

**21.5 Workers' profit participation fund**

Balance at the beginning of the year	107,446	61,635
Allocation for the year - note 29	142,434	104,422
	249,880	166,057
Interest on funds utilised in the Company's businesses at 30% (June 30, 2014: 41.25%) per annum - note 30	2,746	3,049
Less: Payment to the fund	104,426	61,660
Balance at the end of the year	<u>148,200</u>	<u>107,446</u>

- 21.6** Interest on security deposits from certain distributors is payable at 10% (June 30, 2014: 8.8%) per annum as specified in the respective agreements.

- 21.7** Included herein are amounts due to the following associated undertakings:

Gadoon Textile Mills	238	27,910
Yunus Textile Mills	267	197
Fazal Textile Mills	342	764
	<u>847</u>	<u>28,871</u>

- 21.8** This figure is based on actuarial valuation and estimation.

## Amounts in Rs '000

	As at June 30, 2015	As at June 30, 2014
<b>22 Short-term borrowings and running finance</b>	<b>1,883,592</b>	<b>437,368</b>
Short-term borrowings and running finance facility from various banks aggregated to Rs. 5,171 million (June 30, 2014: Rs. 4,921 million) and carry mark-up during the year ranging from relevant KIBOR + 0.10% to 1.00% per annum with an average mark-up rate of relevant KIBOR + 0.28% on utilized limits (June 30, 2014: relevant KIBOR + 0.20% to 1.00% per annum with an average mark-up rate of relevant KIBOR + 0.20% on utilized limits). These facilities are secured by hypothecation charge over the present and future stock-in-trade and book debts of the Company.		
<b>22.1 Foreign currency loan against import finance</b>	<b>-</b>	<b>267,368</b>
The Company repaid Rs. 518.368 million out of which Rs. 251 million was obtained during the year. The foreign currency loan carried mark up at relevant LIBOR + bank's spread which is decided at the time of disbursement.		
<b>22.2 Export refinance</b>	<b>241,962</b>	<b>170,000</b>
The Company has export refinance facility of upto Rs. 800 million (2014: Rs. 200 million) available from Faysal Bank Limited as at June 30, 2015 out of which Rs. 242 million was utilized (2014: Rs. 170 million). 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 (SBP) rate (currently 5%) + 0.25% per annum (June 30, 2014: SBP rate 8.4% + 0.25% per annum).		
<b>22.3 Short-term running finance - secured</b>	<b>1,641,630</b>	<b>-</b>
<b>23 Contingencies and Commitments</b>		
<b>23.1 Claims against the Company not acknowledged as debts are as follows:</b>		
Local bodies	8,527	32,261
Others	28,529	36,616
	<b>37,056</b>	<b>68,877</b>
<b>23.1.1 Collectorate of Customs - classification issue in PCT heading</b>		
Collectorate of Customs has raised an additional demand of Rs. 71.938 million against the Company on the ground that Company is classifying two of its imported product in wrong PCT Heading. Company has taken up the matter in high court as well as with Custom authorities considering that the same HS Code is being used globally as per manufacturer's product specification. Further, also on the basis of an independent laboratory report the Company is confident that there is no merit in the claim and is expecting favorable decision, therefore no provision has been made in this respect.		
<b>23.2</b>	Also refer note 43 to these unconsolidated financial statements for income and sales tax contingencies.	
<b>23.3</b>	Commitments in respect of capital expenditure (including various projects of the Soda Ash business and Polyester business) amounted to Rs. 2,627.142 million (June 30, 2014: Rs. 1,168.636 million).	
<b>23.4</b>	During the year, the Company invested Rs. 720 million in the NutriCo Pakistan (Private) Limited (Morinaga business) out of total commitment of Rs. 960 million as reported earlier through signing of shareholders and share subscription agreements with Unibrands. At the Balance sheet date Rs. 240 million remains as a commitment.	
<b>23.5</b>	Commitments for rentals under operating lease / Ijarah contracts in respect of vehicles amounting to Rs. 134.316 million (June 30, 2014: Rs. 153.912 million) are as follows:	
	<b>Year</b>	
	2014-15	-
	2015-16	57,839
	2016-17	45,988
	2017-18	23,848
	2018-19	6,641
		<b>134,316</b>
		<b>153,912</b>
	Payable not later than one year	57,839
	Payable later than one year but not later than five years	76,477
		<b>134,316</b>
		<b>153,912</b>
<b>23.6</b>	Outstanding foreign exchange contracts as at June 30, 2015 entered into by the Company amounted to Rs. 383 Million (June 30, 2014: Rs. Nil).	

	Polyester		Soda Ash		Life Sciences		Chemicals		Company	
	For the year ended June 30, 2015	For the year ended June 30, 2014	For the year ended June 30, 2015	For the year ended June 30, 2014	For the year ended June 30, 2015	For the year ended June 30, 2014	For the year ended June 30, 2015	For the year ended June 30, 2014	For the year ended June 30, 2015	For the year ended June 30, 2014
Sales										
Afghanistan	-	-	3,343	7,750	-	-	4,755	2,358	8,098	10,108
India	-	-	818,352	497,500	-	-	-	-	818,352	497,500
United Arab Emirates	-	-	-	-	-	-	-	50,410	-	50,410
	-	-	821,695	505,250	-	-	4,755	52,768	826,450	558,018
Inter-segment	-	-	-	-	-	-	14,662	5,857	14,662	5,857
Local	16,673,511	19,667,433	11,385,584	10,427,943	9,106,882	7,504,584	4,549,642	4,479,076	41,715,619	42,079,036
	16,673,511	19,667,433	12,207,279	10,933,193	9,106,882	7,504,584	4,569,059	4,537,701	42,556,731	42,642,911
Commission / toll income	-	-	-	-	-	-	51,879	61,605	51,879	61,605
Turnover	16,673,511	19,667,433	12,207,279	10,933,193	9,106,882	7,504,584	4,620,938	4,599,306	42,608,610	42,704,516
Sales tax	326,967	385,692	1,658,439	1,518,523	125,378	40,978	491,330	479,680	2,602,114	2,424,873
Commission and discounts	472,358	439,358	414,120	425,196	1,247,771	859,787	342,257	315,968	2,476,506	2,040,309
	799,325	825,050	2,072,559	1,943,719	1,373,149	900,765	833,587	795,648	5,078,620	4,465,182
Net turnover	15,874,186	18,842,383	10,134,720	8,989,474	7,733,733	6,603,819	3,787,351	3,803,658	37,529,990	38,239,334
Cost of sales - note 26	15,792,527	19,066,559	7,288,848	6,622,359	5,614,000	4,792,331	3,044,861	3,106,244	31,740,236	33,587,493
Gross profit	81,659	(224,176)	2,845,872	2,367,115	2,119,733	1,811,488	742,490	697,414	5,789,754	4,651,841
Selling and distribution expenses - note 27	238,369	258,230	278,420	236,780	1,017,286	824,909	247,914	210,335	1,781,989	1,530,254
Administration and general expenses - note - 28	298,843	309,150	279,111	264,293	224,288	201,989	161,416	120,221	963,658	895,653
Operating result	(455,553)	(791,556)	2,288,341	1,866,042	878,159	784,590	333,160	366,858	3,044,107	2,225,934
24.1 Segment assets - note 24.5 and 25.3	8,726,169	7,643,268	14,144,573	14,930,493	6,261,565	6,335,403	2,644,678	2,809,583	23,391,937	20,668,658
24.2 Unallocated assets									3,277,846	2,268,760
									26,669,783	22,937,418
24.3 Segment liabilities - note 24.5 and 25.4	12,038,656	11,008,737	2,193,698	3,997,977	2,355,636	2,429,086	720,757	940,215	8,923,695	7,325,926
24.4 Unallocated liabilities									4,452,550	3,734,693
									13,376,245	11,060,619
24.5 Inter unit current account balances of respective businesses have been eliminated from the total.										
24.6 Depreciation and amortization - note 3.5 and 4.1	651,348	528,092	944,005	751,803	26,474	23,750	35,451	35,095	1,657,278	1,338,740
24.7 Capital expenditure	1,869,978	1,627,533	2,224,678	803,035	87,956	43,008	29,492	35,233	4,212,104	2,508,809
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.										
									For the year ended June 30, 2015	For the year ended June 30, 2014
25. Reconciliations of reportable segment turnover, cost of sales, assets and liabilities										
25.1 Turnover										
Total turnover for reportable segments - note 24									42,608,610	42,704,516
Elimination of inter-segment turnover - note 24									(14,662)	(5,857)
Total turnover									42,593,948	42,698,659
25.2 Cost of sales										
Total cost of sales for reportable segments - note 26									31,740,236	33,587,493
Elimination of inter-segment purchases - note 26									(14,662)	(5,857)
Total cost of sales									31,725,574	33,581,636
25.3 Assets										
Total assets for reportable segments									23,391,937	20,668,658
Taxation recoverable									2,054,870	1,765,784
Long-term investments - note 5									1,222,976	502,976
Total assets									26,669,783	22,937,418
25.4 Liabilities										
Total liabilities for reportable segments									8,923,695	7,325,926
Short-term loan									1,883,592	437,368
Long-term loan									2,449,498	3,187,026
Accrued mark-up									56,658	61,606
Unclaimed dividends - note 21									62,802	48,693
Total liabilities									13,376,245	11,060,619



## 26. Cost of Sales

	Polyester		Soda Ash		Life Sciences		Chemicals		Company	Company
	For the year ended June 30, 2015	For the year ended June 30, 2014	For the year ended June 30, 2015	For the year ended June 30, 2014	For the year ended June 30, 2015	For the year ended June 30, 2014	For the year ended June 30, 2015	For the year ended June 30, 2014	For the year ended June 30, 2015	For the year ended June 30, 2014
Raw and packing materials consumed										
Opening stock	878,010	897,238	552,167	510,102	636,348	453,994	272,819	207,993	2,339,344	2,069,327
Purchases										
Inter-segment	14,662	5,857	-	-	-	-	-	-	14,662	5,857
Others	12,796,443	15,157,139	2,140,074	2,198,446	1,869,484	2,058,518	1,681,793	1,802,666	18,487,794	21,216,769
	12,811,105	15,162,996	2,140,074	2,198,446	1,869,484	2,058,518	1,681,793	1,802,666	18,502,456	21,222,626
	13,689,115	16,060,234	2,692,241	2,708,548	2,505,832	2,512,512	1,954,612	2,010,659	20,841,800	23,291,953
	(665,385)	(878,010)	(405,275)	(552,167)	(690,608)	(636,348)	(295,456)	(272,819)	(2,056,724)	(2,339,344)
Closing stock - note 9	13,023,730	15,182,224	2,286,966	2,156,381	1,815,224	1,876,164	1,659,156	1,737,840	18,785,076	20,952,609
Raw material consumed	396,114	355,018	742,219	665,445	5,585	4,752	49,005	45,544	1,192,923	1,070,759
Salaries, wages and benefits - note 26.1	169,137	183,251	113,416	104,415	2	-	14,829	7,697	297,384	295,363
Stores and spares consumed	-	-	-	-	399,695	396,884	10,554	10,056	410,249	406,940
Conversion fee paid to contract manufacturers	1,328,146	1,890,218	2,882,548	2,713,782	-	-	14,434	12,481	4,225,128	4,616,481
Oil, gas and electricity	1,008	936	1,185	1,098	4,000	-	18,369	14,321	24,562	16,355
Rent, rates and taxes	16,772	24,031	25,957	27,989	14	-	1,894	1,110	44,637	53,130
Insurance	6,587	4,596	856	891	290	608	5,269	4,678	13,002	10,773
Repairs and maintenance	627,248	500,637	924,969	728,703	487	262	15,203	13,830	1,567,907	1,243,432
Depreciation and amortisation charge - note 3.5 and 4.1	-	1,708	-	20,706	-	-	-	751	-	23,165
Write-offs	-	-	-	-	1,386	1,020	2,793	2,807	4,179	3,827
Technical fees	-	-	-	-	2,635	1,629	-	-	2,635	1,629
Royalty	179,196	161,364	169,304	148,485	1,115	967	17,367	16,152	366,982	326,968
General expenses	143,343	170,516	-	-	16,447	59,475	5,551	2,850	165,341	232,841
Opening stock of work-in-process	(72,137)	(143,343)	-	-	(13,391)	(16,447)	(10,506)	(5,551)	(96,034)	(165,341)
Closing stock of work-in-process - note 9	15,819,144	18,331,156	7,147,420	6,567,895	2,233,489	2,325,314	1,803,918	1,864,566	27,003,971	29,088,931
Cost of goods manufactured	395,205	994,304	24,303	78,767	1,291,836	793,560	366,603	404,476	2,077,947	2,271,107
Opening stock of finished goods	62,560	136,304	299,155	-	3,780,829	2,977,682	1,320,782	1,203,805	5,463,326	4,317,791
Finished goods purchased	16,276,909	19,461,764	7,470,878	6,646,662	7,306,154	6,096,556	3,491,303	3,472,847	34,545,244	35,677,829
Closing stock of finished goods - note 9	(484,382)	(395,205)	(182,030)	(24,303)	(1,668,871)	(1,291,836)	(433,725)	(366,603)	(2,769,008)	(2,077,947)
Provision for slow moving and obsolete stocks - note 28	-	-	-	-	(23,283)	(12,389)	(12,717)	-	(36,000)	(12,389)
	15,792,527	19,066,559	7,288,848	6,622,359	5,614,000	4,792,331	3,044,861	3,106,244	31,740,236	33,587,493

## 26.1 Staff retirement benefits

Salaries, wages and benefits include Rs. 29.710 million (June 30, 2014: Rs. 31.205 million) in respect of staff retirement benefits.

## 27. Selling and distribution expenses

Salaries and benefits - note 27.1	51,474	48,465	36,762	31,318	490,878	405,101	95,828	82,227	674,942	567,111
Repairs and maintenance	97	155	2,087	1,810	4,740	2,828	2,545	2,491	9,469	7,284
Advertising and publicity expenses	2,544	1,103	6,473	15,409	143,544	118,980	7,331	5,347	159,892	140,839
Rent, rates and taxes	416	400	2,294	3,015	8,546	7,936	1,227	1,225	12,483	12,576
Insurance	-	-	317	370	9,767	7,238	2,695	2,264	12,779	9,872
Lighting, heating and cooling	118	107	2,227	1,862	3,709	3,336	7,780	6,292	13,834	11,597
Depreciation and amortisation charge - note 3.5 and 4.1	-	-	92	97	13,972	10,416	5,600	5,256	19,664	15,769
Outward freight and handling	7,405	2,751	116,473	81,359	89,805	61,650	74,544	66,133	288,227	211,893
Travelling expenses	9,621	7,415	3,249	3,138	144,124	116,545	21,200	16,408	178,194	143,506
Postage, telegram, telephone and telex	1,166	1,155	1,388	1,191	19,917	17,982	3,577	3,425	26,048	23,753
Royalty	158,742	188,424	101,347	89,895	-	-	-	-	260,089	278,319
Write-offs	-	-	-	-	-	862	-	-	-	862
General expenses	6,786	8,255	5,711	7,316	88,284	72,035	25,587	19,267	126,368	106,873
	238,369	258,230	278,420	236,780	1,017,286	824,909	247,914	210,335	1,781,989	1,530,254

## 27.1 Staff retirement benefits

Salaries and benefits include Rs. 11.758 million (June 30, 2014: Rs. 13.776 million) in respect of staff retirement benefits.

## 28. Administration and general expenses

Salaries and benefits - note 28.1	178,663	186,182	165,383	168,080	118,139	113,873	82,952	79,650	545,137	547,785
Repairs and maintenance	3,089	4,235	3,601	3,470	5,970	4,732	1,133	1,185	13,793	13,622
Advertising and publicity expenses	1,781	5,057	1,915	5,778	967	1,915	457	1,249	5,120	13,999
Rent, rates and taxes	9,041	5,645	7,164	2,986	2,731	965	1,548	645	20,484	10,241
Insurance	596	1,310	713	1,567	4,824	2,793	227	426	6,360	6,096
Lighting, heating and cooling	5,625	6,241	3,984	4,905	10,849	9,118	861	1,060	21,319	21,324
Write-offs	-	993	-	1,188	-	667	-	448	-	3,296
Depreciation and amortisation charge - note 3.5 and 4.1	24,100	27,455	18,944	23,003	12,015	13,072	14,648	16,009	69,707	79,539
Provision for doubtful debts - note 40.6	2,956	-	-	-	2,218	1,556	21,021	-	26,195	1,556
Provision for slow moving and obsolete stock-in-trade - note 9.1	-	-	-	-	23,283	12,389	12,717	-	36,000	12,389
Provision for slow moving and obsolete stores and spares - note 8.2	-	-	15,044	52	-	102	-	-	15,044	154
Travelling expenses	7,784	7,872	5,299	4,753	6,759	7,113	4,739	4,109	24,581	23,847
Postage, telegram, telephone and telex	3,179	3,276	2,899	3,154	2,648	2,935	1,481	1,707	10,207	11,072
General expenses	62,029	60,884	54,165	45,357	33,885	30,759	19,632	13,733	169,711	150,733
	298,843	309,150	279,111	264,293	224,288	201,989	161,416	120,221	963,658	895,653

## 28.1 Staff retirement benefits

Salaries and benefits include Rs. 8.650 million (June 30, 2014: Rs. 12.274 million) in respect of staff retirement benefits.

ETDA

		Amounts in Rs '000	
		For the year ended June 30, 2015	For the year ended June 30, 2014
<b>29. Other charges</b>			
Auditors' remuneration - note 29.1		4,439	3,687
Donations - note 29.2		20,145	17,452
Workers' profit participation fund - note 21.5		142,434	104,422
Workers' welfare fund		55,173	40,428
Loss on disposal of operating fixed assets		-	15,069
Others		9,182	-
		<u>231,373</u>	<u>181,058</u>
<b>29.1 Auditors' remuneration</b>			
Statutory audit fee		2,505	2,050
Half yearly review and other certifications		1,120	950
Out of pocket expenses		814	687
		<u>4,439</u>	<u>3,687</u>
<b>29.2</b>	Represents provision in respect of donation to ICI Pakistan Foundation (Head office, Karachi). Mr. Asif Jooma, Director of the Group, Mr. Suhail Aslam Khan, Mr. Arshaduddin Ahmed, Ms. Saima Kamila Khan and Ms. Fathema Zuberi, Executives of the Company are amongst the Trustees of the Foundation. No amount has been paid during the current year and corresponding year.		
<b>30. Finance costs</b>			
Mark-up		292,444	327,724
Interest on workers' profit participation fund - note 21.5		2,746	3,049
Discounting charges on receivables		59,230	46,292
Exchange losses		47,467	4,144
Guarantee fee and others		900	5,833
		<u>402,787</u>	<u>387,042</u>
<b>31. Other income</b>			
<b>Income from financial assets</b>			
<i>Income from related party</i>			
Service fee from related party - note 31.1		1,980	1,980
<i>Income from other financial assets</i>			
Profit on short-term and call deposits		649	368
		<u>2,629</u>	<u>2,348</u>
<b>Income from non-financial assets</b>			
Scrap sales		68,403	67,371
Gain on disposal of operating fixed assets		5,532	985
Provisions and accruals no longer required written back		9,936	138,552
Exchange gain		-	104,774
Dividend from investment in equity shares		40,000	-
Dividend from associate		150,000	-
Sundries		17,047	9,100
		<u>293,547</u>	<u>323,130</u>

*AMSH*

- 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.

	For the year ended June 30, 2015	For the year ended June 30, 2014
<b>32. Taxation</b>		
Current	535,518	311,133
Prior	-	(102,548)
Deferred	42,268	70,163
Net tax charged - note 32.1	<u>577,786</u>	<u>278,748</u>
<b>32.1 Tax reconciliation</b>		
Profit before taxation	<u>2,703,494</u>	<u>1,980,964</u>
Tax @ 33% (2014: 34%)	892,153	673,528
Effect of prior year charge	-	(102,548)
Effect of credit under section 65B	(245,834)	(316,690)
Effect of change in tax rate on beginning deferred tax	(36,922)	(62,510)
Tax impact due to change of FTR ratio	(51,183)	89,034
Super Tax	75,289	-
Tax effect of dividend (taxed at 10% instead of 33%)	(43,700)	-
Tax effect of items not deductible for tax purposes	5,410	7,278
Others	(17,427)	(9,344)
Net tax charged	<u>577,786</u>	<u>278,748</u>
<b>Average effective tax rate</b>	<u>21.37%</u>	<u>14.07%</u>
<b>33. Basic and diluted earning per share (EPS)</b>		
Profit after taxation for the year	<u>2,125,708</u>	<u>1,702,216</u>
	<b>Number of shares</b>	
Weighted average number of ordinary shares in issue during the year	<u>92,359,050</u>	<u>92,359,050</u>
	<b>Rupees</b>	
Basic and diluted earning per share (EPS)	<u>23.02</u>	<u>18.43</u>

**34. Remuneration of chief executive, directors and executives**

The amounts charged in the financial statements for the remuneration, including all benefits, to the chief executive, directors and executives of the Company were as follows:

	Chief Executive		Directors		Executives		Total	
	For the year ended June 30, 2015	For the year ended June 30, 2014	For the year ended June 30, 2015	For the year ended June 30, 2014	For the year ended June 30, 2015	For the year ended June 30, 2014	For the year ended June 30, 2015	For the year ended June 30, 2014
Managerial remuneration	47,375	46,447	30,716	41,251	726,562	605,490	804,653	693,188
Retirement benefits	7,754	7,601	5,463	6,058	155,569	131,977	168,786	145,636
Group insurance	29	34	29	68	4,242	4,377	4,300	4,479
Rent and house maintenance	961	894	-	-	207,184	175,134	208,145	176,028
Utilities	656	783	-	-	52,059	43,503	52,715	44,286
Medical expenses	59	71	45	178	36,098	30,880	36,202	31,129
	<u>56,834</u>	<u>55,830</u>	<u>36,253</u>	<u>47,555</u>	<u>1,181,714</u>	<u>991,361</u>	<u>1,274,801</u>	<u>1,094,746</u>
Number of persons as at the balance sheet date	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>521</u>	<u>446</u>	<u>523</u>	<u>449</u>

34.1 Remuneration paid to Chairman during the year was Rs. Nil (June 30, 2014 Rs. Nil).

34.2 The directors and certain executives are provided with free use of the Company leased cars in accordance with their entitlement. The chief executive is provided with free use of Company car, certain household equipment and maintenance when needed.

34.3 During the year fees paid to non-executive directors amount to Rs. 4.375 million (June 30, 2014: Rs. 1.863 million) for attending board and other meetings, which is not part of

34.4 The above amounts include an amount of Rs. 186.860 million (June 30, 2014: Rs. 189.010 million) on account of remuneration of key management personnel out of which Rs. 29.210 million (June 30, 2014: Rs. 29.310 million) relates to post employment benefits.

	As at and for the year ended June 30, 2015	As at and for the year ended June 30, 2014
34.5 Total number of employees as at the balance sheet date	<u>1242</u>	<u>1138</u>
Average number of employees during the year	<u>1204</u>	<u>1086</u>

**35. Transactions with related parties**

The related parties comprise the holding company (Lucky Holdings Limited), the ultimate parent company (Lucky Cement Limited) and 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 unconsolidated financial statements are as follows:

	For the year ended June 30, 2015	For the year ended June 30, 2014
<b>Holding Company</b>		
Dividend	625,591	278,396
Royalty	260,089	278,319
<b>Subsidiary Company</b>		
Purchase of electricity	829,302	1,068,140
Sale of goods and material	5,320	2,440
<b>Associated companies</b>		
Purchase of goods, materials and services	44,459	17,167
Sale of goods and materials	1,457,755	1,646,191
Dividend	99,523	44,233
Reimbursement of expenses	43,197	-
Dividend received from associate	150,000	-

**36. Plant capacity and annual production**

- in metric tonnes :

	For the year ended June 30, 2015		For the year ended June 30, 2014	
	Annual Name Plate Capacity	Production	Annual Name Plate Capacity	Production
Polyester	122,250	115,711	122,000	109,810
Soda Ash	350,000	308,499	350,000	287,445
Chemicals - note 36.2	-	13,299	-	15,643
Sodium Bicarbonate	26,000	27,840	26,000	27,000

**36.1** Production of Soda Ash as compared to last year was greater as coal fired boilers operated during the year at full capacity. Overall production of Soda Ash and Polyester is lower due to market demand as compared to capacity.

**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 as at the balance sheet date approximate their fair values.

**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 minimize 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. The Company mitigates its risk against the exposure by focusing on short-term investment and maintaining adequate bank balances. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments were:

	Carrying Amount	
	As at June 30, 2015	As at June 30, 2014
<b>Fixed rate instruments</b>		
Financial assets - note 14	106,000	103,000
Financial liabilities - note 19 and 21	(326,480)	(993,168)
	<u>(220,480)</u>	<u>(890,168)</u>
<b>Variable rate instruments</b>		
Financial liabilities - note 19 and 22	(4,111,371)	(2,737,368)
	<u>(4,111,371)</u>	<u>(2,737,368)</u>

**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 balance sheet 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 year would have been Rs 41.114 million (June 30, 2014: Rs 27.374 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 Company is exposed to foreign currency risk on sales and purchases which are entered in a currency other than Pak Rupees. When the management expects future depreciation of Pak Rupee, the Company enters 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 separate foreign currencies:

	EURO	USD	GBP
<b>As at June 30, 2015</b>			
Other receivables	3,103	14,432	-
Cash and bank balances	-	7,525	-
	3,103	21,957	-
Trade and other payables	(123,418)	(1,772,713)	(1,097,018)
Gross balance sheet exposure	<u>(120,315)</u>	<u>(1,750,756)</u>	<u>(1,097,018)</u>
<b>As at June 30, 2014</b>			
Other receivables	4,092	11,280	-
Cash and bank balances	-	6,897	-
	4,092	18,177	-
Trade and other payables	(63,171)	(1,276,899)	(1,050,235)
Gross balance sheet exposure	<u>(59,079)</u>	<u>(1,258,722)</u>	<u>(1,050,235)</u>

Significant exchange rates applied during the year were as follows:

	Average rate		Spot rate	
	For the year ended June 30, 2015	For the year ended June 30, 2014	As at June 30, 2015	As at June 30, 2014
<b>Rupees per</b>	<b>Rupees</b>		<b>Rupees</b>	
EURO	121.72	134.97	112.95	134.94
USD	101.46	98.90	101.80	98.80
GBP	159.58	168.43	159.90	168.15

**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 year by Rs. 29.681 million (June 30, 2014: Rs. 23.680 million). The following table demonstrates the sensitivity to the change in exchange rates. As at June 30, 2015, if Pak Rupee (PKR) had weakened / strengthened by 1% against other currencies, with all other variables held constant, the effect on the Company profit before tax at June 30, 2015 and June 30, 2014 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)
<b>2015</b>				
Pak Rupee	+1%	1,203	17,508	10,970
Pak Rupee	-1%	(1,203)	(17,508)	(10,970)
<b>2014</b>				
Pak Rupee	+1%	591	12,587	10,502
Pak Rupee	-1%	(591)	(12,587)	(10,502)

**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 balance sheet date is as follows:

		As at June 30, 2015	As at June 30, 2014		
40.1	Financial assets				
	Long-term investments - note 5	722,500	2,500		
	Long-term loans - note 6	324,610	253,477		
	Long-term deposits - note 7	27,323	25,679		
	Trade debts - note 10	1,431,370	858,347		
	Loans and advances - note 11	323,696	191,121		
	Trade deposits - note 12	28,194	25,803		
	Other receivables - note 13	581,584	1,177,687		
	Bank balances - note 14	115,047	844,738		
		<u>3,554,324</u>	<u>3,379,352</u>		
40.2	The Company has placed its funds with banks which are rated A1+ by PARCA and A-1+ by JCR-VIS				
40.3	Financial assets				
	- Secured	593,407	479,034		
	- Unsecured	2,960,917	2,900,318		
		<u>3,554,324</u>	<u>3,379,352</u>		
40.4	The ageing of trade debts and loans and advances at the balance sheet date is as follows:				
	Not past due	1,636,936	921,068		
	Past due but not impaired:				
	Not more than three months	120,055	106,392		
	Past due and impaired:				
	More than three months and not more than six months	3,709	3,726		
	More than six months and not more than nine months	177	4,448		
	More than nine months and not more than one year	8,328	2,321		
	More than one year	26,848	112,469		
		159,117	229,356		
	Less: Provision for:				
	- Doubtful debts - note 10	40,987	93,664		
	- Doubtful loans and advances - note 11	-	7,292		
		<u>40,987</u>	<u>100,956</u>		
		<u>1,755,066</u>	<u>1,049,468</u>		
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 balance sheet date by type of counterparty was:				
	Wholesale customers	22,657	72,282		
	Retail customers	111,125	26,008		
	End-user customers	25,335	131,066		
		<u>159,117</u>	<u>229,356</u>		
	Less: Provision for:				
	- Doubtful debts - note 10	40,987	93,664		
	- Doubtful loans and advances - note 11	-	7,292		
		<u>40,987</u>	<u>100,956</u>		
		<u>118,130</u>	<u>128,400</u>		
40.6	Movement of provision for doubtful debts, loans and advances				
		Trade debts	Loans and advances	Total	Total
	Balance at the beginning of the year	93,664	7,292	100,956	102,094
	Additional provision - note 28	26,195	-	26,195	1,556
	Written off during the year	(78,872)	(7,292)	(86,164)	(194)
	Provision no longer required	-	-	-	(2,500)
	Balance at the end of the year	<u>40,987</u>	<u>-</u>	<u>40,987</u>	<u>100,956</u>
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.				

*EXPLAN*

## 40.7 Concentration risk

The sector wise analysis of receivables, comprising trade debts, loans and advances and bank balances are given below:

	As at June 30, 2015	As at June 30, 2014
Textile and Chemicals	511,797	457,365
Glass	72,237	106,513
Paper and Board	92,091	12,056
Pharmaceuticals	323,162	77,861
Paints	18,181	16,893
Banks	119,612	844,738
Loans, advances and others	778,585	479,736
	<u>1,915,665</u>	<u>1,995,162</u>
Less: Provision for:		
- Doubtful debts - note 10	40,987	93,664
- Doubtful loans and advances - note 11	-	7,292
	<u>40,987</u>	<u>100,956</u>
	<u>1,874,678</u>	<u>1,894,206</u>

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 except investment in subsidiary which is carried at cost against which provision for impairment has been provided in these unconsolidated financial statements.

## 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
<b>As at June 30, 2015</b>			
<b>Financial liabilities</b>			
Trade creditors - note 21	1,764,655	(1,764,655)	(1,764,655)
Bills payable - note 21	2,962,835	(2,962,835)	(2,962,835)
Accrued mark-up	56,658	(56,658)	(56,658)
Accrued expenses - note 21	1,448,765	(1,448,765)	(1,448,765)
Technical service fee / royalty - note 21	21,401	(21,401)	(21,401)
Distributors' security deposits - payable on termination of distributorship - note 21 & 21.5	104,761	(114,189)	(114,189)
Contractors' earnest / retention money - note 21	10,946	(10,946)	(10,946)
Unclaimed dividends - note 21	62,802	(62,802)	(62,802)
Payable for capital expenditure - note 21	811,979	(811,979)	(811,979)
Others - note 21	96,642	(96,642)	(96,642)
Long-term loan	2,449,498	(2,449,498)	(955,555)
Short-term borrowings - note 22	1,883,592	(1,883,592)	(1,883,592)
	<u>11,674,534</u>	<u>(11,683,962)</u>	<u>(10,190,019)</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

	<b>As at June 30, 2014</b>		
<b>Financial liabilities</b>			
Trade creditors - note 21	1,717,081	(1,717,081)	(1,717,081)
Bills payable - note 21	2,338,246	(2,338,246)	(2,338,246)
Accrued mark-up	61,606	(61,606)	(61,606)
Accrued expenses - note 21	966,337	(966,337)	(966,337)
Technical service fee / royalty - note 21	23,686	(23,686)	(23,686)
Distributors' security deposits - payable on termination of distributorship - note 21 & 21.5	106,142	(115,482)	(115,482)
Contractors' earnest / retention money - note 21	9,808	(9,808)	(9,808)
Unclaimed dividends - note 21	48,693	(48,693)	(48,693)
Payable for capital expenditure - note 21	328,317	(328,317)	(328,317)
Payable to ICI Pakistan PowerGen Limited - note 21	129,519	(129,519)	(129,519)
Others - note 21	124,905	(124,905)	(124,905)
Long-term loan	3,187,026	(3,187,026)	(872,221)
Short-term borrowings - note 22	437,368	(437,368)	437,368
	<u>9,478,734</u>	<u>(9,488,074)</u>	<u>(6,298,533)</u>



## 42. Capital risk management

Amounts in Rs' 000

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, less cash and bank balances. Capital signifies equity as shown in the balance sheet plus net debt. The gearing ratio as at June 30, 2015 and June 30, 2014 is as follows:

	As at June 30, 2015	As at June 30, 2014
Long-term loans	2,449,498	3,187,026
Short-term borrowings and running finance	1,883,592	437,368
<b>Total debt</b>	<b>4,333,090</b>	<b>3,624,394</b>
Cash and bank balances	(119,612)	(852,095)
<b>Net debt</b>	<b>4,213,478</b>	<b>2,772,299</b>
Share capital	923,591	923,591
Capital reserves	309,643	309,643
Unappropriated profit	11,483,846	10,004,193
<b>Equity</b>	<b>12,717,080</b>	<b>11,237,427</b>
<b>Capital</b>	<b>16,930,558</b>	<b>14,009,726</b>
<b>Gearing ratio</b>	<b>24.89%</b>	<b>19.79%</b>

## 43. Accounting estimates and judgements

### Income and sales tax

The Company takes into account the current income and sales tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the authorities 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:

In the case of assessment year 1998-99, the Appellate Tribunal Inland Revenue (The Tribunal) on September 19, 2008 had set aside the assessments made by FBR. The re-assessment was finalized by the department on June 29, 2010 in which the issues pertaining to date of commissioning of PTA's plant & the tax depreciation claimed thereon, restriction of cost of capitalization of PTA plant and addition to income in respect of trial production stocks were decided against the Company. The Company had filed an appeal against the said order before the CIR (Appeals) which is pending for hearing.

In the case of assessment year 2001-2002, FBR had made an assessment on May 29, 2002 while deciding the issues related to claim and carry forward of depreciation pertaining to PTA's assets in our favor. The depreciation related to PTA's assets was claimed by the Company in assessment year 2001-02 and the unabsorbed part was carried forward and adjusted till tax year 2010. FBR reopened the income tax assessment for the assessment year 2001-02 under section 122(5A) of the Income Tax Ordinance, 2001 on the ground that demerger of PTA business from ICI Pakistan was effective from the completion date i.e. August 6, 2001 which falls in assessment year 2002-03. This was challenged by the Company in the High Court which upheld the Company's contention that FBR did not have the right to reopen this finalized assessment of assessment year 2001-02 under the Income Tax Ordinance, 2001 since assessment year 2001-02 pertained to the period in which Income Tax Ordinance, 1979 was effective. FBR filed an appeal in the Supreme Court against the High Court's order which also maintained the decision of High Court that the cases finalized under the old law of 1979 cannot be reopened under the new law of 2001. After the Supreme Court's decision, FBR issued an order under section 66A of the old law i.e. Income Tax Ordinance, 1979. In response, the Company filed an appeal before the Tribunal which decided the case in Company's favor on the basis that order issued on May 7, 2012 was barred by time. FBR filed an appeal in the High Court in 2013 against the decision of the Tribunal which is pending for hearing. In the meanwhile, FBR also issued an order through which Tribunal's order has been given effect and Company's position has been accepted.

In the case of assessment year 2002-2003, on receipt of notice under section 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 FBR's notice which stated that the effective date of PTA's demerger was August 6, 2001 (falling in assessment year 2002-03) rather than the effective date given in the Scheme of Arrangement as October 1, 2000 (which falls in assessment year 2001-02). The notice had raised certain issues relating to vesting of PTA assets by the Company. On March 18, 2015, the Supreme Court has passed an interim order stating that this case has nexus with the case of assessment year 2001-02 and hearing will take place once the High Court decides the case in assessment year 2001-02.

In the case of Tax Years 2003, 2004, 2005, 2006, 2007, 2008, 2009 and 2010, FBR had made disallowances on the matters related to provisions charged under various heads, financial charges, gain on disposal of fixed assets, exchange loss, proration of expenses against capital gains and interest free loans offered to employees. The CIR (Appeals) has allowed all the issues in Tax Years 2003 to 2010 in our favor (except 2 issues in tax year 2003 and 2010) against which appeals have been filed by FBR in the Tribunal. On the 2 issues pertaining to tax year 2003 and 2010 decided against us, we have filed an appeal in the Tribunal against CIR (Appeals)'s decision. No hearings have yet taken place.

In course of conducting a sales tax audit for the period July 2012 to June 2013, DCIR of FBR raised certain issues with respect to exemption and zero-rating / reduced rate benefit available to the company on its sales. On September 12, 2014 the company received an order in which demand of Rs 952 million was raised. An appeal was filed with CIR(A) which was decided against the Company however directions were given to DCIR to amend the original order if the returns are revised by the Company subject to approval of FBR itself. The application for revision of return filed by the Company is pending with FBR. The Company being aggrieved has filed a suit in the Sindh High Court for relief in which the Court has granted ad-interim relief till the next date of hearing which is yet to take place. The Company is confident that there is no merit in this claim of FBR regarding revenue loss and hence, considering no probability that the case would be decided against the Company, no provision in respect of this has been made in these financial statements.

*Signature*

**Pension and Gratuity**

Certain actuarial assumptions have been adopted as disclosed in note 18 to the unconsolidated 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 equipment with a corresponding effect on the depreciation charge and impairment.

**44. Standards, amendments and interpretations adopted during the year**

The accounting policies adopted in the preparation of these unconsolidated 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 standard, amendments and interpretation of IFRSs which became effective for the current year:

IAS 19 - Employee Benefits - (Amendment) - Defined Benefit Plans: Employee Contributions  
 IAS 32 - Financial Instruments: Presentation - (Amendment) - Offsetting Financial Assets and Financial Liabilities  
 IAS 36 - Impairment of Assets - (Amendment) - Recoverable amount Disclosures for Non - Financial Assets  
 IAS 39 - Financial Instruments: Recognition and Measurement - (Amendment) - Novation of Derivatives and Continuation of Hedge Accounting  
 IFRIC 21 - Levies

**Improvements to Accounting Standards issued by the IASB**

IFRS 2 - Share Based Payment - Definitions of vesting conditions  
 IFRS 3 - Business Combinations - Accounting for contingent consideration in a business combination  
 IFRS 3 - Business Combinations - Scope exceptions for joint ventures  
 IFRS 8 - Operating Segments - Aggregation of operating segments  
 IFRS 8 - Operating Segments - Reconciliation of the total of the reportable segments assets to the entity's assets  
 IFRS 13 - Fair Value Measurement - Scope of paragraph 52 (portfolio exception)  
 IAS16 - Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method – proportionate restatement of accumulated depreciation / amortisation  
 IAS 24 - Related Party Disclosures - Key management personnel  
 IAS 40 - Investment Property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)

The adoption of the above revision, amendments and interpretation of the standards did not have any effect on the financial statements.

**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:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 10 - Consolidated Financial Statements	January 01, 2015
IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interest in Other Entities and IAS 27 Separate Financial Statements - Investments Entities (Amendment)	January 01, 2015
IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interest in Other Entities and IAS 27 Separate Financial Statements - Investments Entities: Applying the Consolidation Exception (Amendment)	January 01, 2016
IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment).	January 01, 2016
IFRS 11 - Joint Arrangements	January 01, 2015
IFRS 11 - Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment).	January 01, 2016
IFRS 12 - Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 - Fair Value Measurement	January 01, 2015
IAS 1 - Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 01, 2016
IAS 16 - Property, Plant and Equipment and IAS 38 Intangible Assets - Clarification of Acceptable Method of Depreciation and Ammortization (Amendment)	January 01, 2016
IAS 16 - Property, Plant and Equipment and IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	January 01, 2016
IAS 27 - Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment).	January 01, 2016

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January, 2016. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2018

**45. Post balance sheet events - dividends**

The Directors in their meeting held on August 26, 2015 have recommended a final dividend of Rs. 6.5 per share (2014: Rs. 4 per share) in respect of year ended June 30, 2015. This dividend is in addition to interim dividend paid of Rs. 5 per share during the current year. The unconsolidated financial statements for the year ended June 30, 2015 do not include the effect of the final dividend which will be accounted for in the year in which it is approved.

The Finance Act, 2015 introduced a tax on every public company at the rate of 10% of such undistributed reserves which exceeds the amount of its paid up capital. However, this tax shall not applied in case of a public company which distribute cash dividend equal to at least either 40% of its after tax profits or 50% of its paid up capital, within the prescribed time after the end of the relevant tax year.

Based on the pattern of distribution of dividend by the Company, the distributed dividend already meets the minimum dividend requirement as aforesaid. Accordingly, the Company would not be liable to pay tax on its undistributed reserves as of June 30, 2015.

**46. Date of authorisation**

These financial statements were authorised for issue in the Board of Directors meeting held on August 26, 2015.

**47. General**

**47.1** Corresponding figures have also been rearranged and reclassified, wherever necessary, for better presentation. However, there has been no material reclassification to report.

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

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**Muhammad Sohail Tabba**  
*Chairman / Director*

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**Asif Jooma**  
*Chief Executive*

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**Muhammad Abid Ganatra**  
*Chief Financial Officer*