Building a better working world

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Auditors' report on consolidated financial statements

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **ICI Pakistan Limited** (the Holding Company) and its subsidiary company (together referred to as Group) as at **30 June 2015** and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the Holding Company and its subsidiary company namely ICI Pakistan PowerGen Limited. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary company as at **30 June 2015** and the results of their operations for the year then ended.

Chartered Accountants

Audit Engagement Partner: Shariq Ali Zaidi

Karachi

ICI Pakistan Limited
Consolidated Balance Sheet
As at June 30, 2015

	Note	June 30, 2015	June 30, 2014
			Amounts in Rs '000
ASSETS			
Non-current assets			
Property, plant and equipment	3	**14,388,924**	11,808,502
Intangible assets	4	**28,318**	64,261
		14,417,242	11,872,763
Long-term investment	5	**774,724**	2,500
Long-term loans	6	**326,515**	256,525
Long-term deposits and prepayments	7	**30,777**	27,843
		1,132,016	286,868
		15,549,258	12,159,631
Current assets			
Stores, spares and consumables	8	**709,198**	617,668
Stock-in-trade	9	**4,943,409**	4,607,216
Trade debts	10	**1,431,094**	883,710
Loans and advances	11	**325,259**	193,000
Trade deposits and short-term prepayments	12	**413,250**	220,018
Other receivables	13	**984,272**	1,488,685
Taxation - net		**2,054,870**	1,765,784
Cash and bank balances	14	**120,447**	858,204
		10,981,799	10,634,285
Total assets		**26,531,057**	22,793,916
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
1,500,000,000 (June 30, 2014: 1,500,000,000) ordinary shares of Rs. 10 each		**15,000,000**	15,000,000
Issued, subscribed and paid-up capital	15	**923,591**	923,591
Capital reserves	16	**309,643**	309,643
Unappropriated profit		**11,755,187**	10,125,694
Total equity		**12,988,421**	11,358,928
Surplus on revaluation of property, plant and equipment	17	**722,369**	784,517
Non-current liabilities			
Provisions for non-management staff gratuity	18	**87,422**	78,081
Long-term loans	19	**1,493,943**	2,314,805
Deferred tax liability - net	20	**1,181,167**	1,093,718
		2,762,532	3,486,604
Current liabilities			
Trade and other payables	21	**7,212,275**	5,792,672
Accrued mark-up		**56,658**	61,606
Short-term borrowings and running finance	22	**1,833,247**	437,368
Current portion of long-term loans		**955,555**	872,221
		10,057,735	7,163,867
Total equity and liabilities		**26,531,057**	22,793,916
Contingencies and commitments	23		

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

Muhammad Sohail Tabba	**Asif Jooma**	**Muhammad Abid Ganatra**
Chairman / Director	*Chief Executive*	*Chief Financial Officer*

ICI Pakistan Limited
Consolidated Profit and Loss Account
For the year ended June 30, 2015

	Note	For the year ended June 30, 2015	For the year ended June 30, 2014
			Amounts in Rs '000
Turnover	25.1	**42,593,948**	42,698,659
Sales tax, commission and discounts	24	**(5,199,117)**	(4,620,382)
Net turnover		**37,394,831**	38,078,277
Cost of sales	25.2	**(31,491,085)**	(33,280,470)
Gross profit		**5,903,746**	4,797,807
Selling and distribution expenses	27	**(1,781,989)**	(1,530,254)
Administration and general expenses	28	**(963,890)**	(896,407)
Operating result		**3,157,867**	2,371,146
Other charges	29	**(244,838)**	(191,033)
Finance costs	30	**(403,568)**	(388,024)
		(648,406)	(579,057)
Other income	31	**142,415**	321,776
Share of profit from an associate	5	**202,224**	-
Profit before taxation		**2,854,100**	2,113,865
Taxation	32	**(577,786)**	(278,748)
Profit after taxation		**2,276,314**	1,835,117
Basic and diluted earnings per share (Rupees)	33	**24.65**	19.87

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

Muhammad Sohail Tabba	Asif Jooma	Muhammad Abid Ganatra
Chairman / Director	*Chief Executive*	*Chief Financial Officer*

ICI Pakistan Limited
Consolidated 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
Profit for the year	**2,276,314**	1,835,117
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
Total comprehensive income for the year	**2,393,947**	1,870,569

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

Muhammad Sohail Tabba	**Asif Jooma**	**Muhammad Abid Ganatra**
Chairman / Director	*Chief Executive*	*Chief Financial Officer*

ICI Pakistan Limited

Consolidated 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
Cash flows from operating activities		
Profit before taxation	**2,854,100**	2,113,865
Adjustments for:		
Depreciation and amortisation - note 3.5 and 4.1	**1,710,131**	1,381,219
(Gain) / loss on disposal of operating fixed assets - note 29 and 31	**(5,532)**	14,081
Write offs	**-**	27,404
Provision for staff retirement benefit plan - note 18.1.1	**38,423**	52,740
Provisions for non-management staff gratuity and eligible retired employees' medical scheme	**11,675**	4,800
Interest on bank deposits and loan to the Subsidiary	**(649)**	(368)
Dividend from investment in equity shares	**(40,000)**	
Share of profit from associate	**(202,224)**	
Interest expense	**354,854**	381,878
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 stores and spares - note 8.2	**15,044**	154
Provisions and accruals no longer required written back	**(9,936)**	(138,552)
	4,788,081	3,851,166
Movement in:		
Working capital	**268,948**	963,515
Long-term loans	**(69,990)**	(54,455)
Long-term deposits and prepayments	**(2,935)**	5,495
Cash generated from operations	**4,984,104**	4,765,721
Payments for :		
Staff retirement benefit plans - note 18.1.2	**(60,787)**	(63,178)
Non-management staff gratuity and eligible retired employees' medical scheme	**(24,419)**	(23,695)
Taxation	**(824,476)**	(574,280)
Interest	**(357,904)**	(351,889)
Net cash generated from operating activities	**3,716,518**	3,752,679
Cash flows from investing activities		
Capital expenditure	**(3,778,146)**	(2,454,705)
Proceeds from disposal of operating fixed assets	**11,995**	7,626
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**	-
Net cash used in investing activities	**(4,295,502)**	(2,446,711)

ICI Pakistan Limited
Consolidated 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
Cash flows from financing activities		
Long-term loans (repaid) / obtained	**(737,529)**	1,300,000
Dividends paid	**(817,123)**	(366,726)
Net cash (used in) / generated from financing activities	**(1,554,652)**	933,274
Net (decrease) / increase in cash and cash equivalents	**(2,133,636)**	2,239,242
Cash and cash equivalents at the beginning of the year	**420,836**	(1,818,406)
Cash and cash equivalents at the end of the year	**(1,712,800)**	420,836
Movement in working capital		
(Increase) / decrease in current assets		
Stores, spares and consumables	**(106,574)**	(2,040)
Stock-in-trade	**(372,191)**	(17,838)
Trade debts	**(573,579)**	8,420
Loans and advances	**(122,280)**	(11,360)
Trade deposits and short-term prepayments	**(12)**	10,824
Other receivables	**504,413**	(300,473)
	(670,223)	(312,467)
Increase in current liabilities		
Trade and other payables	**939,171**	1,275,982
	268,948	963,515
Cash and cash equivalents at the end of the year comprise of:		
Cash and bank balances - note 14	**120,447**	858,204
Short-term borrowings and running finance - note 22	**(1,833,247)**	(437,368)
	(1,712,800)	420,836

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

Muhammad Sohail Tabba	**Asif Jooma**	**Muhammad Abid Ganatra**
Chairman / Director	*Chief Executive*	*Chief Financial Officer*

ICI Pakistan Limited
Consolidated 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
As at July 01, 2013	**923,591**	**309,643**	**8,544,999**	**9,778,233**
Interim dividend for the year ended June 30, 2014 @ Rs. 4.00 per share	-	-	(369,436)	(369,436)
	-	**-**	**(369,436)**	**(369,436)**
Profit for the year	-	-	1,835,117	1,835,117
Other comprehensive income for the year, net of tax	-	-	35,452	35,452
Total comprehensive income	**-**	**-**	**1,870,569**	**1,870,569**
Transfer from surplus on revaluation of property, plant and equipment - incremental depreciation for the period - net of deferred tax - note 17	-	-	79,562	79,562
	-	-	**79,562**	**79,562**
As at June 30, 2014	**923,591**	**309,643**	**10,125,694**	**11,358,928**
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)
	-	**-**	**(831,232)**	**(831,232)**
Profit for the year	-	-	2,276,314	2,276,314
Other comprehensive income for the year, net of tax			117,633	117,633
Total comprehensive income			**2,393,947**	**2,393,947**
Transfer from surplus on revaluation of property, plant and equipment - incremental depreciation for the year - net of deferred tax - note 17	-	-	66,778	66,778
	-	-	**66,778**	**66,778**
As at June 30, 2015	**923,591**	**309,643**	**11,755,187**	**12,988,421**

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

Muhammad Sohail Tabba	**Asif Jooma**	**Muhammad Abid Ganatra**
Chairman / Director	*Chief Executive*	*Chief Financial Officer*

1 Status and Nature of Business

The Group consists of:

- ICI Pakistan Limited; and
- ICI Pakistan PowerGen Limited.

ICI Pakistan Limited ("the Company") is incorporated in Pakistan and is listed on the Karachi, Lahore and Islamabad Stock Exchanges.

ICI Pakistan PowerGen Limited ("the Subsidiary") is incorporated in Pakistan as an unlisted public company and is a wholly owned subsidiary company of ICI Pakistan Limited.

The Company is engaged in the manufacture of polyester staple fibre, POY chips, soda ash, specialty chemicals, sodium bicarbonate and polyurethanes; marketing of seeds, toll manufactured and imported pharmaceuticals and animal health products; and merchanting of general chemicals. It also acts as an indenting agent and toll manufacturer.

The Subsidiary is engaged in generating, selling and supplying electricity to the Company.

The Group's registered office is situated at 5 West Wharf, Karachi.

2 Summary of Significant Accounting Policies

Following are the details of significant accounting policies.

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (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 consolidated financial statements have been prepared under the historical cost convention, except:

a) certain classes of property, plant and equipment (i.e. freehold land, buildings on freehold and leasehold land and plant and machinery) have been 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 consolidated financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

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

2.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies, here-in-after referred to as "the Group".

A company is a subsidiary, if an entity (the Holding Company) directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Holding Company, using consistent accounting policies.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the subsidiary companies' shareholders' equity in the consolidated financial statements.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. The financial statements of the associate are prepared for the same reporting period as the Group.

2.4 Property, plant and equipment and depreciation

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

Depreciation charge is based on the straight-line method whereby the cost or revalued amount of an asset is written off to profit and loss account over its estimated useful life after taking into account residual value, if material. The cost of leasehold land is depreciated in equal installments over the lease period. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month of disposal.

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

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

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

2.5 Intangible assets and amortisation

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

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

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

2.6 Investments

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.

2.7 Stores, spares and consumables

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

2.8 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

Items in transit are valued at cost comprising invoice value plus other charges incurred thereon up to the balance sheet date.

2.9 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 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.

2.10 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.

The Subsidiary's profits and gains derived from power generation are exempt from tax under clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 and are also exempt from turnover tax under clause 11A of Part IV of the Second Schedule of the Income Tax Ordinance, 2001.

Deferred

Deferred tax is recognised using balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation. In this regard the effects on deferred taxation on the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirements of Accounting Technical Release – 27 of the Institute of Chartered Accountants of Pakistan.

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

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

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

2.11 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 Group, which are payable on demand and form an integral part of the Group's cash management are included as part of cash and cash equivalents for the purpose of statement of cash flows.

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

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

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

2.13 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

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 unappropriated profit / loss through Statement of Changes in Equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

2.14 Staff retirement benefits

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

Defined benefit plans

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

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

All past service costs are recognized at the earlier of when the amendment or curtailment occurs and when the Group has recognized related restructuring or termination benefits.

Defined contribution plans

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

Compensated absences

The Group recognizes the accrual for compensated absences in respect of employees for which these are earned up to the balance sheet date. The accrual has been recognized on the basis of actuarial valuation.

2.15 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.

2.16 Trade and other payables

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

2.17 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.

2.18 Provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

2.19 Financial liabilities

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

2.20 Foreign currency translation

Transactions denominated in foreign currencies are translated to Pak Rupees, at the foreign exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are 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.

2.21 Functional and presentation currency

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

2.22 Revenue recognition

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

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

Commission income is recognised on date of shipment from suppliers.

Profit on short-term deposits is accounted for on a time-apportioned basis using the effective interest rate method.

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

Toll manufacturing income is recognised when services are rendered.

2.23 Financial expense and financial income

Financial expenses are recognised using the effective interest rate method and comprise foreign currency losses and 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.

2.24 Dividend

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

2.25 Segment reporting

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

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

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

2.26 Derivative financial instruments

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

2.27 Off-setting

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

Amounts in Rs '000

		As at June 30, 2015	As at June 30, 2014
3	**Property, plant and equipment**		
3.1	The following is a statement of property, plant and equipment:		
	Operating fixed assets - note 3.2	**12,713,226**	10,908,546
	Capital work-in-progress - note 3.7	**1,675,698**	899,956
		14,388,924	11,808,502

3.2 The following is a statement of operating fixed assets:

	Land - Freehold (Note 3.3)	Land - Leasehold	Lime beds on freehold land	Buildings - On freehold land (Note 3.3)	Buildings - On leasehold land (Note 3.3)	Plant and machinery (Note 3.3 and 3.4)	Railway sidings	Rolling stock and vehicles	Furniture and equipment	Total
	As at June 30, 2015									
Net carrying value basis										
Opening net book value (NBV)	**438,021**	**-**	**133,860**	**276,361**	**1,080,087**	**8,806,800**	**-**	**26,402**	**147,015**	**10,908,546**
Addition / transfer - note 3.2.1	**30,287**	**-**	**923**	**518,661**	**168,800**	**2,638,808**	**-**	**9,435**	**108,792**	**3,475,706**
Disposal (at NBV)	**-**	**-**	**-**	**-**	**(387)**	**(5,731)**	**-**	**-**	**(345)**	**(6,463)**
Depreciation charge - note 3.5	**-**	**-**	**(11,667)**	**(58,330)**	**(104,277)**	**(1,419,811)**	**-**	**(13,011)**	**(57,467)**	**(1,664,563)**
Closing Net book value	**468,308**	**-**	**123,116**	**736,692**	**1,144,223**	**10,020,066**	**-**	**22,826**	**197,995**	**12,713,226**
Gross carrying value basis										
Cost / Revaluation	**468,308**	**562,166**	**251,479**	**2,980,324**	**2,167,867**	**25,391,316**	**297**	**126,369**	**656,433**	**32,604,559**
Accumulated depreciation	**-**	**(562,166)**	**(128,363)**	**(2,243,632)**	**(1,023,644)**	**(15,371,250)**	**(297)**	**(103,543)**	**(458,438)**	**(19,891,333)**
Net book value	**468,308**	**-**	**123,116**	**736,692**	**1,144,223**	**10,020,066**	**-**	**22,826**	**197,995**	**12,713,226**
Depreciation rate % per annum	**-**	**2 to 4**	**5 to 25**	**5 to 50**	**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	321,322	655,011	6,497,300	-	12,965	184,251	8,147,259
Addition / transfer - note 3.2.1	96,137	-	10,899	92,816	443,596	3,446,311	-	6,090	63,603	4,159,452
Disposal (at NBV)	-	-	-	(30)	(260)	(16,162)	-	(4,700)	(555)	(21,707)
Adjustments (at NBV)	(1)	(29)	(15)	(87,351)	86,751	(25,043)	-	26,777	(43,085)	(41,996)
Depreciation charge - note 3.5	-	29	(11,549)	(50,396)	(105,011)	(1,095,606)	-	(14,730)	(57,199)	(1,334,462)
Closing Net book value	438,021	-	133,860	276,361	1,080,087	8,806,800	-	26,402	147,015	10,908,546
Gross carrying value basis										
Cost / Revaluation	438,021	562,166	250,556	2,462,313	1,968,029	23,281,028	297	118,610	491,723	29,572,743
Accumulated depreciation	-	(562,166)	(116,696)	(2,185,952)	(887,942)	(14,474,228)	(297)	(92,208)	(344,708)	(18,664,197)
Net book value	438,021	-	133,860	276,361	1,080,087	8,806,800	-	26,402	147,015	10,908,546
Depreciation rate % per annum	-	2 to 4	5 to 25	5 to 50	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	**387,758**	366,575
	Net book value	**182,247**	195,797

3.3 Subsequent to revaluation on October 1, 1959, September 30, 2000 and December 15, 2006 which had resulted in a surplus of Rs. 14.207 million, Rs. 1,569.869 million and Rs. 704.752 million, respectively, the land, buildings on freehold and leasehold land and plant and machinery were revalued again on December 31, 2011 resulting in a net surplus of Rs. 848.191 million, 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	**4,900**	5,638

		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	**1,606,541**	1,272,297
	Selling and distribution expenses	**15,015**	13,821
	Administration and general expenses	**43,007**	48,344
		1,664,563	1,334,462

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

		As at June 30, 2015	As at June 30, 2014
3.6	Had there been no revaluation, the net book value of specific classes of operating property, plant and equipment would have amounted to:		
	Net book value		
	Freehold land	**169,028**	138,741
	Buildings	**1,744,387**	1,219,920
	Plant and machinery	**9,607,359**	8,394,093
		11,520,774	9,752,754

Amounts in Rs '000

		As at June 30, 2015	As at June 30, 2014
3.7	Capital work-in-progress comprises of:		
	Civil works and buildings	**327,797**	270,916
	Plant and machinery	**857,665**	553,481
	Miscellaneous equipment	**88,840**	44,606
	Advances to suppliers / contractors	**353,678**	19,013
	Designing, consultancy and engineering fee	**47,718**	11,940
		1,675,698	899,956

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	**899,956**	2,580,208
Addition during the year	**4,216,538**	2,431,531
	5,116,494	5,011,739
Transferred to operating fixed assets during the year	**3,440,796**	4,111,783
Balance at the end of the year	**1,675,698**	899,956

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

	Mode of sale	Cost	Accumulated depreciation	Net book value	Sale proceeds	Particulars of buyers
As at June 30, 2015						
Plant and machinery						
Boiler, Deaerator and other assets	Scrap	48,370	44,614	3,756	2,124	Hanif Ghouri Malakwal Distt Mandi
Building on leasehold land						
Old quarter's doors and windows	Bidding	499	288	211	89	Anjum Wood Craft Khewra
Furniture and Equipments						
Dell Laptops	Insurance Claim	250	107	143	155	PICIC Insurance
As at June 30, 2014						
Plant and machinery						
Refractory, Panelmate and various other assets	Scrap	31,040	14,608	16,434	1,301	Shahbaz and Company, Malakwal District Mandi Bahauddin
Rolling stock and vehicles						
Audi and Fork lift trucks	Auction	6,440	1,739	4,701	5,343	Mr. Azfar Abbas Ashary, Karachi
Building on leasehold land						
Civil Work Lime Stone Storage	Scrap	2,877	2,648	229	20	Shahbaz and Company, Malakwal District

Amounts in Rs '000

4 Intangible assets

Net carrying value basis	Software	Licenses	Total
	As at June 30, 2015		
Opening net book value (NBV)	**10,368**	**53,893**	**64,261**
Addition / transfer	**1,124**	**8,501**	**9,625**
Amortisation charge - note 4.1	**(9,512)**	**(36,056)**	**(45,568)**
Net book value	**1,980**	**26,338**	**28,318**
Gross carrying amount			
Cost	**173,311**	**197,046**	**370,357**
Accumulated amortisation	**(171,331)**	**(170,708)**	**(342,039)**
Net book value	**1,980**	**26,338**	**28,318**
Amortisation rate % per annum	**20**	**20 to 50**	

	As at June 30, 2014		
Net carrying value basis			
Opening net book value (NBV)	11,754	33,369	45,123
Addition / transfer	-	51,303	51,303
Adjustments (at NBV)	10,900	3,692	14,592
Amortisation charge - note 4.1	(12,286)	(34,471)	(46,757)
Net book value	10,368	53,893	64,261
Gross carrying amount			
Cost	172,187	188,546	360,733
Accumulated amortisation	(161,819)	(134,653)	(296,472)
Net book value	10,368	53,893	64,261
Amortisation rate % per annum	20	20 to 50	

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

	For the year ended June 30, 2015	For the year ended June 30, 2014
Cost of sales	**14,219**	13,614
Selling and distribution expenses	**4,649**	1,948
Administration and general expenses	**26,700**	31,195
	45,568	46,757

5 Long-term investments

	As at June 30, 2015	**As at June 30, 2014**
Unquoted at cost		
Associate - NutriCo Pakistan (Private) Limited - note 5.1 125,000 ordinary shares (June 30, 2014: Nil shares) of Rs. 1,000 each and premium of Rs. 4,760 per share	**720,000**	-
Add: post acquisition share of profit	**202,224**	-
Less: Dividend Received	**(150,000)**	
Carrying Value of Associate	**772,224**	-
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
Total long-term investments	**774,724**	2,500

5.1 The Group has a 30% interest in NutriCo Pakistan (Private) Limited (the associate), which is involved in marketing and distribution of infant milk and nutritional products.

Amounts in Rs '000

	As at June 30, 2015 (Unaudited)
5.2 The summary of financial information of associate as at the balance sheet date is as follows:	
Total assets	**3,796,843**
Total liabilities	**1,362,569**
Total equity and reserves	**2,434,274**
Total revenue	**4,921,867**
Profit for the year	**1,040,724**

	As at June 30, 2015	As at June 30, 2014
6 Long-term loans		
Considered good		
Due from executives and employees - note 6.1	**326,515**	256,525

6.1 Due from executives and employees

	Motor car	**House building**	**Total**	Total
Due from executives - note 6.2, 6.3 and 6.4	186,802	58,739	**245,541**	205,011
Less: Receivable within one year	29,419	23,993	**53,412**	53,967
	157,383	34,746	**192,129**	151,044
Due from employees - note 6.3			**166,687**	128,345
Less: Receivable within one year			**32,301**	22,864
			134,386	105,481
			326,515	256,525
Outstanding for period:				
- less than three years but over one year			**126,193**	163,005
- more than three years			**200,322**	93,520
			326,515	256,525

6.2 Reconciliation of the carrying amount of loans to executives:

Balance at the beginning of the year	**205,011**	186,930
Disbursements during the year	**108,154**	123,988
Repayments during the year	**(67,624)**	(105,907)
Balance at the end of the year	**245,541**	205,011

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 Group, 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. 245.541 million (June 30, 2014: Rs. 205.011 million).

7 Long-term deposits and prepayments

Deposits	**27,323**	25,679
Prepayments	**3,454**	2,164
	30,777	27,843

		Amounts in Rs '000
	As at June 30, 2015	As at June 30, 2014

8 Stores, spares and consumables

Stores - note 8.1	**60,745**	36,803
Spares - note 8.1	**728,722**	680,133
Consumables	**108,978**	106,167
	898,445	823,103
Less: Provision for slow moving and obsolete stores and spares - note 8.2	**189,247**	205,435
	709,198	617,668

8.1 The above amounts include stores and spares in transit of Rs. 32.440 million (June 30, 2014: Rs. 17.506 million).

8.2 Movement of provision for slow moving and obsolete stores and spares is as follows:

Balance at the beginning of the year	**205,435**	205,383
Charge for the year - note 28	**15,044**	154
Write off during the year	**(31,232)**	(102)
Balance at the end of the year	**189,247**	205,435

9 Stock-in-trade

Raw and packing material (include in-transit Rs. 433.803 million, June 30,2014: Rs. 791.850 million) - note 9.3	**2,092,026**	2,372,699
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
	5,070,476	4,704,924
Less: Provision for slow moving and obsolete stock-in-trade - note 9.1		
- Raw materials	**13,659**	8,771
- Finished goods	**113,408**	88,937
	127,067	97,708
	4,943,409	4,607,216

9.1 Movement of provision for slow moving and obsolete stock-in-trade is as follows:

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 for the year	**(6,641)**	(933)
Balance at the end of the year	**127,067**	97,708

9.2 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.

9.3 Raw and packing materials held with various toll manufacturers amounts to Rs. 556.110 million (June 30, 2014: Rs. 423.255 million).

10 Trade debts

Considered good		
- Secured	**168,723**	161,166
- Unsecured	**1,474,018**	891,976
	1,642,741	1,053,142
Considered doubtful	**40,987**	93,664
	1,683,728	1,146,806
Less: Provision for:		
- Doubtful debts - note 40.4 and 40.6	**40,987**	93,664
- Discounts payable on sales	**211,647**	169,432
	252,634	263,096
	1,431,094	883,710

10.1 The above balances include amounts due from the following associated undertakings which are neither past due nor impaired:

Unsecured		
Yunus Textile Mills Limited	**15,190**	26,397
Lucky Textile Mills Limited	**4,231**	1,162
Lucky Knits (Private) Limited	**499**	-
NutriCo Pakistan (Private) Limited	**11,095**	-
Feroze Mills Limited	**377**	3,340
	31,392	30,899

Amounts in Rs '000

		As at June 30, 2015	As at June 30, 2014
11	**Loans and advances**		
	Considered good		
	Loans due from:		
	Director and Executives - note 11.1	**59,729**	53,967
	Employees	**32,301**	22,864
		92,030	76,831
	Advances to:		
	Executives	**8,283**	14,538
	Employees	**319**	219
	Contractors and suppliers	**219,979**	95,921
	Others	**4,648**	5,491
		233,229	116,169
		325,259	193,000
	Considered doubtful	**-**	7,292
		325,259	200,292
	Less: Provision for doubtful loans and advances - note 40.4 and 40.6	**-**	7,292
		325,259	193,000

11.1 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. 12.565 million (June 30, 2014: Rs. 3.221 million and Rs. 14.333 million) respectively.

12	**Trade deposits and short-term prepayments**		
	Trade deposits	**28,399**	26,008
	Short-term prepayments	**384,851**	194,010
		413,250	220,018
13	**Other receivables**		
	Considered good		
	Duties, sales tax and octroi refunds due	**373,717**	287,020
	Commission receivable	**25,002**	22,612
	Receivable from principal - note 13.1	**483,504**	1,068,427
	Others	**102,049**	110,626
		984,272	1,488,685
	Considered doubtful	**1,622**	20,237
		985,894	1,508,922
	Less: Provision for doubtful receivables - note 13.2	**1,622**	20,237
		984,272	1,488,685

13.1 This includes receivable amounting to Rs. 401.706 million (June 30, 2014: Rs. 1,019.800 million) from foreign vendor in relation to margin support guarantee.

13.2	**Movement of provision for doubtful receivables**		
	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	**1,622**	20,237
14	**Cash and bank balances**		
	Cash at bank:		
	- Short-term deposits - note 14.1	**106,000**	103,000
	- Current accounts	**9,046**	747,210
	Cash in hand	**5,401**	7,994
		120,447	858,204

14.1 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
	92,359,050	**92,359,050**		**923,591**	**923,591**

15.1 The process for amalgamation of three companies namely Paintex Limited, ICI Pakistan Manufacturers Limited and Imperial Chemical Industries Limited resulted in a new company as ICI Pakistan Limited on April 01, 1987.

15.2 With effect from October 1, 2000 the Pure Terephthalic Acid (PTA) Business of the Company was demerged under a scheme of arrangement 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 and 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

	2015	2014
Share premium - note 16.1	**309,057**	309,057
Capital receipts - note 16.2	**586**	586
	309,643	309,643

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

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

	2015	2014
Balance at the beginning of the year	**784,517**	843,037
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	**(66,778)**	(79,562)
Balance at the end of the year	**722,369**	784,517

Amounts in Rs '000

		As at June 30, 2015	As at June 30, 2014
18	Provisions for non-management staff gratuity	87,422	78,081

18.1 Staff retirement benefits

The amount recognised in the profit and loss account against defined benefit scheme for the year is as follows:

	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	37,678	54,486	3,250	17,153	32,702	49,855	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)	60,048	38,423	11,675	(7,118)	59,858	52,740	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	(78,081)	225,777	(190,112)	35,665	(79,917)
Net reversal / (charge) - note 18.1.1	21,625	(60,048)	(38,423)	(11,675)	7,118	(59,858)	(52,740)	(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	-	60,787	60,787	5,782	-	63,178	63,178	8,807
Closing balance	410,328	(112,378)	297,950	(87,422)	301,428	(196,734)	104,694	(78,081)
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	471,628	1,837,607	-	1,274,962	379,571	1,654,533	-
Present value of defined benefit obligation - note 18.1.4	(955,651)	(584,006)	(1,539,657)	(87,422)	(973,534)	(576,305)	(1,549,839)	(78,081)
Surplus / (deficit)	410,328	(112,378)	297,950	(87,422)	301,428	(196,734)	104,694	(78,081)

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

	2015 Pension	2015 Gratuity	2015 Total	2015 Unfunded	2014 Pension	2014 Gratuity	2014 Total	2014 Unfunded
18.1.4 Movement in the present value of defined benefit obligation:								
Opening balance	973,534	576,305	1,549,839	78,081	1,067,969	552,340	1,620,309	79,917
Current service cost	16,808	37,678	54,486	3,250	17,153	32,702	49,855	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)	(5,782)	(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	584,006	1,539,657	87,422	973,534	576,305	1,549,839	78,081
18.1.5 Movement in the fair value of plan assets:								
Opening balance	1,274,962	379,571	1,654,533	-	1,293,746	362,228	1,655,974	-
Expected return	152,025	48,038	200,063	-	127,167	37,245	164,412	-
Contributions	-	60,787	60,787	-	-	63,178	63,178	-
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	471,628	1,837,607	-	1,274,962	379,571	1,654,533	-

18.1.6 Historical information

	June 30			December 31	
	2015	2014	2013	2012	2011
Present value of defined benefit obligation	1,627,079	1,627,920	1,700,226	2,264,010	2,337,261
Fair value of plan assets	(1,837,607)	(1,654,533)	(1,655,974)	(1,509,900)	(1,581,574)
(Surplus) / deficit	(210,528)	(26,613)	44,252	754,110	755,687

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%	28.70%
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	283,446
Corporate bonds	-	5,777	-	6,936
Shares	285,632	143,569	406,635	67,586
Cash	4,807	1,454	19,267	21,603
Total	1,365,979	471,628	1,274,962	379,571

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:**

Amounts in Rs '000

	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%

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 Group contributed Rs. 68.582 million (June 30, 2014: Rs. 62.543 million) and Rs. 47.707 million (June 30, 2014: Rs. 45.349 million) to the provident fund and the defined contribution superannuation fund respectively during the year.

18.2 **Provident fund**

	As at June 30, 2015 (Unaudited)	As at June 30, 2014 (Audited)
Size of the fund	**1,018,560**	1,269,506
Cost of investments made	**969,253**	1,127,747
Percentage of investments made	**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:

	As at June 30, 2015 (Unaudited)		As at June 30, 2014 (Audited)	
On fair value	**Investments**	**% of investment as size of the fund**	Investments	% of investments as size of the fund
Pakistan Investment Bonds	**581,239**	**58%**	854,999	72%
Treasury Bill	**8,552**	**1%**	49,604	4%
Regular Income Certificates	**18,000**	**2%**	-	0%
Mutual Funds	**97,346**	**10%**	81,682	7%
Shares	**289,561**	**29%**	196,142	16%
Term Finance Certificates	**-**	**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 the section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

	As at June 30, 2015	As at June 30, 2014
19 **Long-term loans**	**1,493,943**	2,314,805

19.1 From banking companies / financial institutions:

	2015	2014
- Faysal Bank Limited	-	343,591
- Less: Current portion of Long-Term Finance	-	-
	-	343,591
- Habib Bank Limited	-	543,435
- Less: Current portion of Long-Term Finance	-	-
	-	543,435
- United Bank Limited	**221,719**	-
- Less: Current portion of Long-Term Finance	-	-
	221,719	-

The Group 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 years 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 Group's Soda Ash Business located. The loan have been refinanced by the State Bank of Pakistan under LTFF for Export Oriented Projects. The group repaid its previous LTFF's from HBL and FBL in the last quarter of financial year 2015.

19.2 **Islamic term finance**

From banking companies / financial institutions:

	2015	2014
-Standard Chartered Bank (Pakistan) Limited	**400,000**	800,000
-Less: Current portion of long-term finance	**400,000**	400,000
	-	400,000

The Group 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 months grace period). Repayments of Rs. 400 million were made during the current year. 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 Group's Polyester Business located at Sheikhupura.

	2015	2014
-Meezan Bank Limited	**277,778**	500,000
-Less: Current portion of Long-Term Finance	**222,222**	222,222
	55,556	277,778

The Group has obtained long-term finance of Rs 500 million from Meezan Bank Limited 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 Group's Soda Ash Business located at Khewra.

19.3 **Other Long Term Loan**

	2015	2014
-Allied Bank Limited	**750,001**	1,000,000
-Less: Current portion of long-term loan	**333,333**	249,999
	416,668	750,001

The Group has obtained long-term loan for Rs 1,000 million from Allied Bank Limited 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 Group's Soda Ash Business located at Khewra.

	2015	2014
United Bank Limited	**800,000**	-
Less: Current portion of Long-Term Loan	-	-
	800,000	-

During the year, the Group 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 quarterly basis. This facility is initially secured by a ranking charge to be subsequently replaced by the first pari passu hypothecation charge on present and future Plant, Machinery and Equipment of the Group's Polyester Business located at Sheikhupura.

Amounts in Rs '000

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

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
21	**Trade and other payables**		
	Trade creditors - note 21.1	**1,224,198**	1,387,666
	Bills payable	**2,964,927**	2,338,350
	Excise and custom duties	**338**	4,486
	Accrued expenses - note 21.3	**1,464,383**	975,458
	Technical service fee / royalty - note 21.2	**21,401**	23,686
	Workers' profit participation fund - note 21.4	**152,453**	114,557
	Workers' welfare fund	**108,089**	51,539
	Distributors' security deposits - payable on termination of distributorship - note 21.5	**104,761**	106,142
	Contractors' earnest / retention money	**10,946**	9,808
	Running account with customers - note 21.6	**155,339**	223,874
	Unclaimed dividends	**62,802**	48,693
	Payable for capital expenditure	**812,437**	329,509
	Provision for compensated absences - note 21.7	**31,249**	31,249
	Others	**98,952**	147,655
		7,212,275	5,792,672

21.1 This amount includes Rs 3.380 million (June 30, 2014: Rs Nil) on account of exchange loss on forward exchange contracts.

21.2 This amount includes Rs. 20.701 million (June 30, 2014: Rs. 23.008 million) on account of royalty payable to Lucky Holdings Limited.

21.3 This amount includes Pensioner Medical Liability of Rs. 9.696 million (June 30, 2014: Rs. 28.334 million).

21.4 **Workers' profit participation fund**

Balance at the beginning of the year	**114,557**	72,447
Allocation for the year - note 29	**147,630**	111,435
	262,187	183,882
Interest on funds utilised in the Group's businesses at 30% (June 30, 2014: 41.25%) per annum - note 30	**2,804**	3,400
Less: Payment to the fund	**112,538**	72,725
Balance at the end of the year	**152,453**	114,557

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

21.6 Included herein are amounts due to the following associated undertakings (related party):

Gadoon Textile Mills	**238**	27,910
Yunus Textile Mills Limited	**267**	197
Fazal Textile Mills	**342**	764
	847	28,871

21.7 This figure is based on actuarial valuation and estimation.

22	**Short-term borrowings and running finance**	**1,833,247**	437,368

Short-term borrowings and running finance facility from various banks aggregated to Rs. 5,196 million (June 30, 2014: Rs. 4,946 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 Group.

		Amounts in Rs '000	
		As at June 30, 2015	As at June 30, 2014
22.1	**Foreign currency loan against import finance**	**-**	267,368

The Group 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.

22.2	**Export refinance**	**241,962**	170,000

The Group has export refinance facility of upto Rs. 800 million (June 30, 2014: Rs. 200 million) available from Faysal Bank Limited as at June 30, 2015 out of which Rs. 242 million was utilized (June 30, 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 rate (currently 5%) + 0.25% per annum (June 30, 2014: SBP rate 8.4% + 0.25% per annum).

22.3	**Short-term running finance - secured**	**1,591,285**	-

23 Contingencies and commitments

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

Local bodies - note 23.1.1	**8,527**	49,972
Others	**28,529**	36,616
	37,056	86,588

23.1.1 Collectorate of Customs - Classification issue in PCT heading

Collectorate of Customs has raised an additional demand of Rs. 71.938 million against the Group on the ground that Group is classifying two of its imported product in wrong PCT Heading. Group 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 Group is confident that there is no merit in the claim and is expecting favorable decision, therefore no provision has been made in this respect.

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

23.3 Commitments in respect of capital expenditure (including various projects of the Soda Ash business and Polyester business) amounted to Rs. 2,629.500 million (June 30, 2014: Rs. 1,172.736 million).

23.4 During the year, the Group 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.

23.5 Commitments for rentals under operating lease / Ijarah contracts in respect of vehicles amounting to Rs. 134.317 million (June 30, 2014: Rs. 155.610 million) are as follows:

Year		
2014-15	**-**	62,223
2015-16	**57,839**	49,215
2016-17	**45,988**	34,969
2017-18	**23,848**	9,203
2018-19	**6,641**	-
	134,316	155,610
Payable not later than one year	**57,839**	62,223
Payable later than one year but not later than five years	**76,477**	93,387
	134,316	155,610

23.6 Outstanding foreign exchange contracts as at June 30, 2015 entered into by the Group amounted to Rs. 383 million (June 30, 2014: Rs. Nil).

24 Operating segment results

Amounts in Rs '000

	Polyester		Soda Ash		Life Sciences		Chemicals		Others - PowerGen		Group	Group
	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	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
Others	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	821,695	505,250	-	-	4,755	52,768	-	-	826,450	558,018
Inter-segment	-	-	-	-	-	-	14,662	5,857	829,302	1,068,140	843,964	1,073,997
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	829,302	1,068,140	43,386,033	43,711,051
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	829,302	1,068,140	43,437,912	43,772,656
Sales tax	326,967	385,692	1,658,439	1,518,523	125,378	40,978	491,330	479,680	120,497	155,200	2,722,611	2,580,073
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	120,497	155,200	5,199,117	4,620,382
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	708,805	912,940	38,238,795	39,152,274
Cost of sales - note 26	15,792,527	19,066,559	7,288,848	6,622,359	5,614,000	4,792,331	3,044,863	3,106,244	596,551	768,714	32,335,049	34,354,467
Gross profit	81,659	(224,176)	2,845,872	2,367,115	2,119,733	1,811,488	742,488	697,414	112,254	144,226	5,903,746	4,797,807
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	472	994	963,890	896,407
Operating result	(455,553)	(791,556)	2,288,341	1,866,042	878,159	784,590	333,158	366,858	111,782	143,232	3,157,867	2,371,146
24.1 Segment assets - note 24.5	8,726,169	7,643,268	14,144,573	14,930,493	6,261,565	6,335,403	2,644,678	2,809,583	309,488	356,973	23,701,463	21,025,632
24.2 Unallocated assets											2,829,594	1,768,284
											26,531,057	22,793,916
24.3 Segment liabilities - note 24.5	12,038,656	11,008,737	2,193,698	3,997,977	2,355,636	2,429,086	720,757	940,215	37,342	63,328	8,418,062	6,915,778
24.4 Unallocated liabilities											4,402,205	3,734,693
											12,820,267	10,650,471

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

24.6 Depreciation and amortisation charge note 3.5 and 4.1	651,348	528,092	944,005	751,803	26,474	23,750	35,451	35,095	52,853	42,479	1,710,131	1,381,219
24.7 Capital expenditure	1,869,978	1,627,533	2,224,678	803,035	87,956	43,008	29,492	35,233	48,969	21,694	4,261,073	2,530,503

24.8 Inter-segment pricing

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

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

25 Reconciliations of reportable segment revenues, cost of sales, assets and liabilities

	For the year ended June 30, 2015	For the year ended June 30, 2014
25.1 Turnover		
Total turnover for reportable segments - note 24	43,437,912	43,772,656
Elimination of inter-segment turnover - note 24	(14,662)	(5,857)
Elimination of inter-segment turnover from the subsidiary	(829,302)	(1,068,140)
Total turnover	42,593,948	42,698,659
25.2 Cost of sales		
Total cost of sales for reportable segments - note 26	32,335,049	34,354,467
Elimination of inter-segment purchases - note 26	(14,662)	(5,857)
Elimination of inter-segment purchases from the subsidiary	(829,302)	(1,068,140)
Total cost of sales	31,491,085	33,280,470

	As at June 30, 2015	As at June 30, 2014
25.3 Assets		
Total assets for reportable segments	23,701,463	21,025,632
Taxation recoverable	2,054,870	1,765,784
Long-term investments - note 5	774,724	2,500
Total assets	26,531,057	22,793,916
25.4 Liabilities		
Total liabilities for reportable segments	8,418,062	6,915,778
Short-term loan	1,833,247	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	12,820,267	10,650,471

26 Cost of sales

Amounts in Rs '000

	Polyester		Soda Ash		Life Sciences		Chemicals		Others - PowerGen		Group	Group
	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	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	272,821	207,993	24,582	21,602	2,363,928	2,090,929
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	1,802,668	459,629	638,386	18,947,423	21,855,157
	12,811,105	15,162,996	2,140,074	2,198,446	1,869,484	2,058,518	1,681,793	1,802,668	459,629	638,386	18,962,085	21,861,014
	13,689,115	16,060,234	2,692,241	2,708,548	2,505,832	2,512,512	1,954,614	2,010,661	484,211	659,988	21,326,013	23,951,943
Closing stock - note 9	(665,385)	(878,010)	(405,275)	(552,167)	(690,608)	(636,348)	(295,456)	(272,821)	(21,643)	(24,582)	(2,078,367)	(2,363,928)
Raw and packaging material consumed	13,023,730	15,182,224	2,286,966	2,156,381	1,815,224	1,876,164	1,659,158	1,737,840	462,568	635,406	19,247,646	21,588,015
Salaries, wages and benefits - note 26.1	396,114	355,018	742,219	665,445	5,585	4,752	49,005	45,544	18,654	18,725	1,211,577	1,089,484
Stores and spares consumed	169,137	183,251	113,416	104,415	2	-	14,829	7,697	18,789	17,615	316,173	312,978
Conversion fee paid to contract manufacturers	-	-	-	-	399,695	396,884	10,554	10,056	-	-	410,249	406,940
Oil, gas and electricity	1,328,146	1,890,218	2,882,548	2,713,782	-	-	14,434	12,481	33,259	41,948	4,258,387	4,658,429
Rent, rates and taxes	1,008	936	1,185	1,098	4,000	-	18,369	14,321	420	420	24,982	16,775
Insurance	16,772	24,031	25,957	27,989	14	-	1,894	1,110	1,183	1,395	45,820	54,525
Repairs and maintenance	6,587	4,596	856	891	290	608	5,269	4,678	120	120	13,122	10,893
Depreciation and amortisation charge - note 3.5 and 4.1	627,248	500,637	924,969	728,703	487	262	15,203	13,830	52,853	42,479	1,620,760	1,285,911
Write-offs	-	1,708	-	20,706	-	-	-	751	-	82	-	23,247
Excise duty	-	-	-	-	-	-	-	-	7,171	9,321	7,171	9,321
Technical fees	-	-	-	-	1,386	1,020	2,793	2,807	-	-	4,179	3,827
Royalty	-	-	-	-	2,635	1,629	-	-	-	-	2,635	1,629
General expenses	179,196	161,364	169,304	148,485	1,115	967	17,367	16,152	1,534	1,203	366,776	326,431
Opening stock of work-in-process	143,343	170,516	-	-	16,447	59,475	5,551	2,850	-	-	165,341	232,841
Closing stock of work-in-process - note 9	(72,137)	(143,343)	-	-	(13,391)	(16,447)	(10,506)	(5,551)	-	-	(96,034)	(165,341)
Cost of goods manufactured	15,819,144	18,331,156	7,147,420	6,567,895	2,233,489	2,325,314	1,803,920	1,864,566	596,551	768,714	27,598,784	29,855,905
Opening stock of finished goods	395,205	994,304	24,303	78,767	1,291,836	793,560	366,603	404,476	-	-	2,077,947	2,271,107
Finished goods purchased	62,560	136,304	299,155	-	3,780,829	2,977,682	1,320,782	1,203,805	-	-	5,463,326	4,317,791
	16,276,909	19,461,764	7,470,878	6,646,662	7,306,154	6,096,556	3,491,305	3,472,847	596,551	768,714	35,140,057	36,444,803
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 stock-in-trade - 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	3,044,863	3,106,244	596,551	768,714	32,335,049	34,354,467

26.1 Staff retirement benefits

Salaries, wages and benefits include Rs. 30.172 million (June 30, 2014: Rs. 31.585 million) in respect of staff retirement benefits.

27 Selling and distribution expenses

Amounts in Rs '000

	Polyester		Soda Ash		Life Sciences		Chemicals		Others - PowerGen		Group	Group
	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	For the year ended June 30, 2015	For the year ended June 30, 2014
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
Write-offs	-	-	-	-	-	862	-	-	-	-	-	862
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
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

	Polyester		Soda Ash		Life Sciences		Chemicals		Others - PowerGen		Group	Group
	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	For the year ended June 30, 2015	For the year ended June 30, 2014
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
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
Write-offs	-	993	-	1,188	-	667	-	448	-	-	-	3,296
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 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	472	994	169,943	151,487
	298,843	309,150	279,111	264,293	224,288	201,989	161,416	120,221	472	994	963,890	896,407

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.

Amounts in Rs '000

		For the year ended June 30, 2015	For the year ended June 30, 2014
29	**Other charges**		
	Auditors' remuneration - note 29.1	**4,772**	3,937
	Donations - note 29.2	**20,145**	17,452
	Workers' profit participation fund - note 21.4	**147,630**	111,435
	Workers' welfare fund	**57,187**	43,140
	Loss on disposal of operating fixed assets	**-**	15,069
	Others	**15,104**	-
		244,838	191,033
29.1	**Auditors' remuneration**		
	Statutory audit fee	**2,758**	2,300
	Half yearly review and other certifications	**1,120**	950
	Out of pocket expenses	**894**	687
		4,772	3,937

29.2 Represent provision in respect of donation to ICI Pakistan Foundation (Head office, Karachi). Mr. Asif Jooma, Director of the Group, Mr. Suhail Aslam Khan, Mr. Asif Malik, 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.

30	**Finance costs**		
	Mark-up	**292,444**	327,724
	Interest on workers' profit participation fund - note 21.4	**2,804**	3,400
	Discounting charges on receivables	**59,230**	46,292
	Exchange losses	**48,190**	4,775
	Guarantee fee and others	**900**	5,833
		403,568	388,024
31	**Other income**		
	Income from financial assets		
	Profit on short-term and call deposits	**649**	368
	Income from non-financial assets		
	Scrap sales	**69,252**	67,994
	Gain on disposal of operating fixed assets	**5,532**	988
	Provisions and accruals no longer required written back	**9,936**	138,552
	Exchange gain	**-**	104,774
	Dividend from investment in equity shares	**40,000**	-
	Sundries	**17,046**	9,100
		142,415	321,776

Amounts in Rs '000

		For the year ended June 30, 2015	For the year ended June 30, 2014
32	**Taxation**		
	Current	**535,518**	311,133
	Prior	**-**	(102,548)
	Deferred	**42,268**	70,163
	Net tax charged - note 32.1	**577,786**	278,748
32.1	**Tax reconciliation**		
	Profit before tax	**2,854,100**	2,113,865
	Tax @ 33% (2014: 34%)	**941,853**	718,714
	Tax impact on profit of the Subsidiary	**(32,467)**	(45,186)
	Tax impact on share of profit of associate	**(51,734)**	-
	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 balance	**(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%)	**(9,200)**	-
	Tax effect of items not deductible for tax purposes	**5,410**	7,278
	Others	**(17,426)**	(9,344)
		577,786	278,748
	Average effective tax rate	**20%**	13%
33	**Basic and diluted earnings per share (EPS)**		
	Profit after taxation for the year	**2,276,314**	1,835,117
		Number of shares	
	Weighted average number of ordinary shares in issue during the year	**92,359,050**	92,359,050
		Rupees	
	Basic and diluted earnings per share (EPS)	**24.65**	19.87

Amounts in Rs '000

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 Group 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	**729,978**	608,524	**808,069**	696,222
Retirement benefits	**7,754**	7,601	**5,463**	6,058	**156,161**	132,789	**169,378**	146,448
Group insurance	**29**	34	**29**	68	**4,263**	4,401	**4,321**	4,503
Rent and house maintenance	**961**	894	**-**	-	**207,980**	176,263	**208,941**	177,157
Utilities	**656**	783	**-**	-	**52,263**	43,780	**52,919**	44,563
Medical expenses	**59**	71	**45**	178	**36,098**	31,090	**36,202**	31,339
	56,834	55,830	**36,253**	47,555	**1,186,743**	996,847	**1,279,830**	1,100,232
Number of persons as at the balance sheet date	**1**	1	**1**	1	**523**	448	**525**	450

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 cars (obtained on lease by Company) in accordance with their entitlement. The chief executive is provided with free use of the Company car, certain household equipment and maintenance when needed.

34.3 During the year fee 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 remuneration.

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. 29.120 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	**1255**	1153
	Average number of employees during the year	**1218**	1100

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, directors of the Company, companies where directors also hold directorship, key employees (note 34) and staff retirement funds (note 18). Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	For the year ended June 30, 2015	For the year ended June 30, 2014
Holding Company		
Dividend	**625,591**	278,396
Royalty	**260,089**	278,319
Associated companies		
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**	-

36 Plant capacity and annual production

- in metric tonnes except PowerGen which is in thousands of Megawatt hours:

	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
PowerGen - note 36.3	**122,640**	**40,059**	122,640	42,873

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.

36.3 Electricity by PowerGen is produced as per demand of the Polyester division of the Holding Company.

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.

Amount in Rs '000

38 **Financial risk management**

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

38.1 **Risk management framework**

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

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

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

39 **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk currency risk, interest rate 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 Group 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 Group's interest-bearing financial instruments were:

	Carrying Amount	
	As at June 30, 2015	As at June 30, 2014
Fixed rate instruments		
Financial assets - Note 14	**106,000**	103,000
Financial liabilities - Note 19 and 21	**(326,480)**	(993,168)
	(220,480)	(890,168)
Variable rate instruments		
Financial liabilities - note 19 and 22	**(4,061,026)**	(2,737,368)
	(4,061,026)	(2,737,368)

Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at the 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. 40.610 million (June 30, 2014: Rs. 27.370 million).

39.2 **Foreign currency risk**

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

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

	EURO	USD	GBP	JPY
		As at June 30, 2015		
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)**	**(2,092)**
Gross balance sheet exposure	**(120,315)**	**(1,750,756)**	**(1,097,018)**	**(2,092)**
		As at June 30, 2014		
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)	(104)
Gross balance sheet exposure	(59,079)	(1,258,722)	(1,050,235)	(104)

Amount in Rs '000

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
Rupees per	**Rupees**		**Rupees**	
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
JPY	**0.89**	0.98	**0.83**	0.97

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 Group's 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)	Effect on Profit before tax (JPY)
2015					
Pak Rupee	**+1%**	**1,203**	**17,508**	**10,970**	**21**
Pak Rupee	**-1%**	**(1,203)**	**(17,508)**	**(10,970)**	**(21)**
2014					
Pak Rupee	+1%	591	12,587	10,502	1
Pak Rupee	-1%	(591)	(12,587)	(10,502)	(1)

40 Credit risk

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

The Group's gross maximum exposure to credit risk at the balance sheet date is as follows:

	As at June 30, 2015	As at June 30, 2014
40.1 Financial assets		
Long-term investment - note 5	**774,724**	2,500
Long-term loans - note 6	**326,515**	256,525
Long-term deposits - note 7	**27,323**	25,679
Trade debts - note 10	**1,431,094**	883,710
Loans and advances - note 11	**325,259**	193,000
Trade deposits - note 12	**28,399**	26,008
Other receivables - note 13	**610,555**	1,201,665
Bank balances - note 14	**115,046**	850,210
	3,638,915	3,439,297

40.2 The Group has placed its funds with banks which is rated A1+ by PARCA and A-1+ by JCR-VIS.

40.3 Financial assets

- Secured	**570,098**	483,507
- Unsecured	**3,068,817**	2,955,790
	3,638,915	3,439,297

Amount in Rs '000

40.4 The ageing of trade debts and loans and advances at the balance sheet date is as follows:

	As at June 30, 2015	As at June 30, 2014
Not past due	**1,638,221**	922,537
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	**26,850**	138,242
	159,119	255,129
Less: Provision for:		
- Doubtful debts - note 10	**40,987**	93,664
- Doubtful loans and advances - note 11	**-**	7,292
	40,987	100,956
	1,756,353	1,076,710

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

40.5 The maximum exposure to credit risk for past due and impaired at the reporting date by type of counterparty was:

	2015	2014
Wholesale customers	**22,657**	98,054
Retail customers	**111,127**	26,008
End-user customers	**25,335**	131,067
	159,119	255,129
Less: Provision for:		
- Doubtful debts - note 10	**40,987**	93,664
- Doubtful loans and advances - note 11	**-**	7,292
	40,987	100,956
	118,132	154,173

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	**40,987**	**-**	**40,987**	100,956

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 Group-standard for dynamic provisioning:

- Provide an impairment loss for 50% of the outstanding receivable when overdue more than 90 days, and
- Provide impairment loss for 100% when overdue more than 120 days.

40.7 Concentration risk

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

	As at June 30, 2015	As at June 30, 2014
Textile and chemicals	**511,797**	456,956
Glass	**72,237**	132,285
Paper and board	**92,091**	12,057
Pharmaceuticals	**323,162**	77,862
Paints	**18,181**	16,893
Banks	**120,447**	850,210
Loans and advances and others	**774,471**	481,613
	1,912,386	2,027,876
Less: Provision for:		
- Doubtful debts - note 10	**40,987**	93,664
- Doubtful loans and advances - note 11	**-**	7,292
	40,987	100,956
	1,871,399	1,926,920

40.8 Other price risk is the risk that the value of future cash flows of the financial instrument will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investment securities. As at the balance sheet date, the Group is not materially exposed to other price risk.

Amount in Rs '000

41 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. The Group treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the maturity date.

	Carrying amount	Contractual cash flows	Less than one year
	As at June 30, 2015		
Financial liabilities			
Trade creditors - note 21	**1,224,198**	**(1,224,198)**	**(1,224,198)**
Bills payable - note 21	**2,964,927**	**(2,964,927)**	**(2,964,927)**
Accrued mark-up	**56,658**	**(56,658)**	**(56,658)**
Accrued expenses - note 21	**1,464,383**	**(1,464,383)**	**(1,464,383)**
Technical service fee / Royalty - note 21	**21,401**	**(21,401)**	**(21,401)**
Distributors' security deposits - payable on termination of distributorship - note 21 and 21.5	**104,761**	**(115,237)**	**(115,237)**
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	**812,437**	**(812,437)**	**(812,437)**
Others - note 21	**98,952**	**(98,952)**	**(98,952)**
Long-term loan - note 19	**2,449,498**	**(2,449,498)**	**(955,555)**
Short-term borrowings - note 22	**1,833,247**	**(1,833,247)**	**(1,833,247)**
	11,104,210	**(11,114,686)**	**(9,620,743)**

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

	As at June 30, 2014		
Financial liabilities			
Trade creditors - note 21	1,387,666	(1,387,666)	(1,387,666)
Bills payable - note 21	2,338,350	(2,338,350)	(2,338,350)
Accrued mark-up	61,606	(61,606)	(61,606)
Accrued expenses - note 21	975,458	(975,458)	(975,458)
Technical service fee / royalty - note 21	23,686	(23,686)	(23,686)
Distributors' security deposits - payable on termination of distributorship - note 21 and 21.5	106,142	(115,482)	(115,482)
Contractors' earnest / retention money - note 21	9,809	(9,809)	(9,809)
Unclaimed dividends - note 21	48,692	(48,692)	(48,692)
Payable for capital expenditure - note 21	329,509	(329,509)	(329,509)
Others - note 21	147,655	(147,655)	(147,655)
Long-term loan - note 19	3,187,026	(3,187,026)	(872,221)
Short-term borrowings - note 22	437,368	(437,368)	(437,368)
	9,052,967	(9,062,307)	(6,747,502)

42 Capital risk management

Amounts in Rs' 000

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. The Group also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, trade and other payables, less cash and bank balances. Capital signifies equity as shown in the balance sheet plus net debt. The gearing ratio as at June 30, 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	**1,833,247**	437,368
Total debt	**4,282,745**	3,624,394
Cash and bank balances	**(120,447)**	(858,204)
Net debt	**4,162,298**	2,766,190
Share capital	**923,591**	923,591
Capital reserves	**309,643**	309,643
Unappropriated profit	**11,755,187**	10,125,694
Equity	**12,988,421**	11,358,928
Capital	**17,150,719**	14,125,118
Gearing ratio	**24.27%**	19.58%

43 Accounting estimates and judgements

Income and sales taxes

The Group takes into account the current income and sales tax law and decisions taken by appellate authorities. Instances where the Groups's view differs from the view taken by the authorities at the assessment stage and where the Group considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities (unless there is remote possibility of transfer of benefits). The details of the tax matters are as follows:

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 Group. The Group 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 Group 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 Group in the High Court which upheld the Group'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 Group filed an appeal before the Tribunal which decided the case in Group'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 Group'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 Group 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 Group. 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 Group on its sales. On September 12, 2014 the Group received an order in which demand of Rs 952 million was raised. An appeal was filed with CIR(A) which was decided against the Group however directions were given to DCIR to amend the original order if the returns are revised by the Group subject to approval of FBR itself. The application for revision of return filed by the Group is pending with FBR. The Group 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 Group 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 Group, no provision in respect of this has been made in these financial statements.

Amounts in Rs' 000

Pension and Gratuity

Certain actuarial assumptions have been adopted as disclosed in note 18 to the consolidated financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might affect gains and losses in those years.

Property, plant and equipment

The estimates for revalued amounts, if any, of different classes of property, plant and equipment, are based on valuation performed by external professional valuer and recommendation of technical teams of the Group. The said recommendations also include estimates with respect to residual values and depreciable lives. Further, the Group reviews the value of the assets for possible impairment on an annual basis. The future cash flows used in the impairment testing of assets is based on management's best estimates which may change in future periods. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

44 Standards, amendments and interpretation adopted during the year

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year except as follows:

44.1 New, amended and revised standards and interpretations of IFRSs

The Group has adopted the following 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 consolidated 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 Group'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 January 01,2016. The Group expects that such improvements to the standards will not have any impact on the Group'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.

Standard or Interpretation	Effective date (annual periods beginning on or after)
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 consolidated 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 Group, the distributed dividend already meets the minimum dividend requirement as aforesaid. Accordingly, the Group would not be liable to pay tax on its undistributed reserves as of June 30, 2015.

46 Date of authorization

These consolidated 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, whereever 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.

Muhammad Sohail Tabba	**Asif Jooma**	**Muhammad Abid Ganatra**
Chairman / Director	*Chief Executive*	*Chief Financial Officer*