



ICI Pakistan Limited is now part of the AkzoNobel Group

Grounds for excitement

ICI Pakistan Limited Annual Report 2010



AkzoNobel

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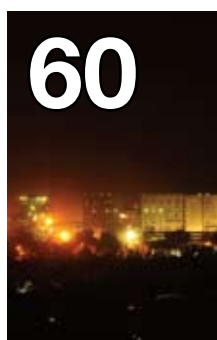
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Adding color to people's lives;
Harnessing the power of our palette



Going green; Achieving more by consuming less through innovative technology



Decades of development; Bringing about change through sustainable involvement



A vital part of everyday life; Providing a spectrum of products that are trusted by customers



Putting down roots; Breaking new ground with local seed production technology

Grounds for excitement

What excites us is asking the unasked question. And what drives us is knowing that what is good for our customers today is not necessarily good enough for them tomorrow. Our focus is to become bigger and better than ever, and to continue to touch the lives of our customers as we have for the past sixty-seven years.

2010 has been an eventful year, a year of many firsts, and also of unexpected challenges. We thrive on tackling these challenges every day, and finding new answers to questions before they are even asked. These are the reasons we come to work every day. These are our 'Grounds for excitement'.

Key Performance Indicators

Statement of income

NSI

in Rs. million

2009	28,430	+24%
2010	35,130	

Operating result

in Rs. million

2009	3,028	+23%
2010	3,713	

Profit before tax

in Rs. million

2009	3,073	+21%
2010	3,732	

Profit after tax

in Rs. million

2009	2,045	+19%
2010	2,429	

EBITDA

in Rs. million

2009	3,899	+19%
2010	4,657	

EBITDA margin

% of NSI

2009	13.7	-3%
2010	13.3	

Dividend and earnings per share

Earnings per share

in Rs.

2009	14.73	+19%
2010	17.50	

Dividend per share (proposed)

in Rs.

2009	8.00	+119%
2010	17.50	

* Based on year end market value

Ratios

Equity

in Rs. million

2009	13,483	+8%
2010	14,548	

Operating working capital turnover

2009	121	-71%
2010	35	

Return on capital employed

in %

2009	19.4	+16%
2010	22.4	

Return on fixed assets

% of revenue

2009	32.8	+25%
2010	40.9	

Dividend yield*

in %

2009	4.8	+152%
2010	12.1	

Operating result per employee

in Rs. million

2009	2.3	+22%
2010	2.8	

Cash flows

Net cash from operating activities

in Rs. million

2009	4,476	-48%
2010	2,334	

Capital expenditures

in Rs. million

2009	826	+3%
2010	854	

Operating result and EBITDA

Rs. Million

2008	3,052	3,858	21.8
2009	3,028	3,899	19.4
2010	3,713	4,657	22.4

Operating result EBITDA

ROCE

Shareholders' equity and EBITDA

In Rs.

2008	89.68	27.8
2009	97.14	28.1
2010	104.81	33.6

Shareholders' equity per ordinary share

EBITDA per ordinary share

Operating cash flows

Rs. Million

2009	(826)	4,476
2010	(854)	2,334

Capital expenditure

Operating cash flows

Net debt and equity

Rs. Million

2008	12,448	0
2009	13,483	0
2010	14,548	0

Equity Debt



Our Vision

Tomorrow's Answers Today

Often people achieve only incremental progress, because their view of tomorrow is determined by what they see today.

We believe the future belongs to those smart enough to challenge it. We believe that real progress belongs to those who not only think with courage, but also have the courage to deliver on the thought.

Tomorrow's answers, delivered today.

What drives us is knowing that what is good for our customers today is not necessarily good enough for them tomorrow. What excites us is asking the unasked question. What inspires us is seeing the opportunity others cannot. What unites us is the intelligence to deliver where others have not.

This benefits our customers because we sustain their future competitiveness and meet the consumers' unspoken needs. This ambition defines us. This is the way we work. This is why we come to work.

Our Mission

To be the partner of first choice for customers and suppliers, ensuring sustained leadership positions in the markets where we compete, delivering long-term business value through a high performance culture, innovation, ethics and responsible care.

Strategic Thrust

To achieve our mission we will:

- Give highest priority to health, safety, environment and ethical matters
- Ensure our products deliver maximum value to customers by maintaining dependable supply, consistent quality, and reliability
- Uphold excellent service levels to foster long-term relationships with customers and suppliers
- Achieve the highest possible operating efficiencies and lowest costs, and expand the business through selective capacity increase and new product launches
- Develop and retain a team of highly capable people dedicated to delivering the mission

Statement from our Chief Executive

Our rigorous efforts to maintain our competitiveness were underpinned by a strict focus on operational effectiveness, specifically concentrated on “Customers, Costs and Cash”. We can look ahead to 2011 with confidence, hope and resilience. We know that there are challenges ahead, but we also know that we have the right resources to meet those challenges.



Dear Stakeholders,

With the close of 2010, we complete 67 years of existence as a company. Starting as a soda ash manufacturing concern tucked in the salt ranges of Punjab in 1944, ICI Pakistan is now a leading manufacturing company of Pakistan with a range of products that practically touch all lives in the country everyday. The journey has been long and the road tough but what has held us together is a consistent focus on delivering customer value and a solid commitment from our people in doing so. 2010 was a tough year with continuation of the energy crisis and a heightened security situation. However, the toughest challenge came in the form of floods that hit the country in the second half of the year turning into one of the worst national disasters in the history of our nation. Over 20 million people lost their homes and livelihoods, crops and cattle were destroyed while infrastructural damages were colossal.

The magnitude of the disaster demanded a swift and effective response. I am proud to say that the company and its employees took the task to heart and immediately responded to the challenge, organizing a countrywide flood relief program that provided over 1 million meals and urgent medical assistance to affectees across the country.

Business conditions were difficult throughout the year particularly after the floods. However, our ability to quickly adapt to the changing circumstances was crucial and we carefully rebounded as the year came to an end. Our financial performance and top line growth is an evidence of the resilience of our footing and solidity of our portfolio.

This was a year of many firsts with our Polyester Business hitting new production records, Soda Ash exploring new export markets and establishing itself as a regional player, Paints securing the first top coat order, Chemicals introducing Dissolvine and Life Sciences launching its own products in various segments.

We also realize that there are areas where we need to focus more. Creating an engaged workforce is a key focus area for us and we have stepped up our employee engagement programs to create a culture of cooperation and co-creation. Our safety records have been excellent over the years, and we shall continue to vigorously focus on behavior based safety programs.

In 2010, we progressed further on our journey of sustainability and established a sustainability integration paradigm for the company. We conducted a comprehensive stakeholder engagement program, feedback from which became the stepping stone for our way forward. We set Key Performance Indicators and have now aligned business and functional priorities accordingly. In 2011, we shall stride forward to further integrate sustainability within the organization. More details of our sustainability strategy and performance are given in the Sustainability section of this report.

At ICI Pakistan, we have a history of serving the nation's needs and I am proud to be leading this great company at such an exciting period where despite tremendous challenges we continue to grow and serve better. I would like to express gratitude to all stakeholders who have helped us, and continue to do so, on this wonderful journey. I would particularly like to thank all my colleagues who are helping lead us into a future of many possibilities.

I wish you the very best.

Warm regards,

A handwritten signature in black ink that reads "Waqar A Malik".

Waqar A Malik

Code of Conduct & values

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

A brief overview of the code:

Business principles

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

Business integrity

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

Company responsibilities

The Code encourages us to:

- adopt the spirit of open communication
- provide equal opportunities and a healthy, safe and secure environment
- ensure the rights of employees to join unions/ associations
- protect personal data of employees
- engage in an active performance and development dialog

Employee responsibilities

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

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



Our values

- Focusing on our customer's future first
- Embracing entrepreneurial thinking
- Developing the talents of our people
- The courage and curiosity to question
- Integrity and responsibility in our actions

Company information

Board of Directors

M J Jaffer	Chairman Non-Executive	James R Rees	Non-Executive
Waqar A Malik	Chief Executive	Feroz Rizvi	Executive
Mueen Afzal *	Non-Executive	Rogier M G Roelen	Non-Executive
Ali A Aga	Executive	M Nawaz Tiwana	Non-Executive
Bart Kaster	Non-Executive	Derek W Welch	Non-Executive

Audit & Remuneration Sub Committees of the Board

Audit sub committee

M J Jaffer	Chairman Non-Executive
Mueen Afzal	Non-Executive
Bart Kaster	Non-Executive

Remuneration sub committee

M Nawaz Tiwana	Chairman Non-Executive
James R Rees	Non-Executive

Chief Financial Officer

Feroz Rizvi

Company Secretary

Saira Nishtar

Executive Management Team

Waqar A Malik	Chief Executive	Suhail Aslam Khan	Vice President, Polyester Business
Ali A Aga *	Vice President, Soda Ash Business	M Asif Malik	Vice President, Corporate HR & Life Sciences
Khalid Alvi	Vice President, Chemicals Business	Feroz Rizvi	Chief Financial Officer
Jehanzeb Khan	Vice President, Paints Business		

Bankers

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

Auditors

Internal auditors

Ernst & Young Ford Rhodes Sidat Hyder,
Chartered Accountants

External auditors

KPMG Taseer Hadi & Co., Chartered Accountants

Registered office

ICI House, 5 West Wharf, Karachi-74000
Tel # 111-100-200, (021) 32313717-22
Fax # 32311739
Website: www.akzonobel.com/pk
Email: ccpakistan@akzonobel.com

Shares Registrar

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

* names in alphabetical order

About AkzoNobel

Looking closer, seeing further

Look around you and chances are you'll see AkzoNobel's influence. The company's products can be found everywhere from the Beijing Olympic arenas and Sydney Harbor Bridge to, quite possibly, the house next door to you.

AkzoNobel is the largest global paints and coatings company and a major producer of specialty chemicals. Headquartered in Amsterdam, the Netherlands, AkzoNobel is a Global Fortune 500 company consistently ranked as one of the leaders on the Dow Jones Sustainability Index. With operations in

more than 80 countries, it has 55,000 people around the world committed to excellence and delivering 'Tomorrow's Answers Today™'.

AkzoNobel supplies industries and consumers worldwide with innovative products, and is passionate about developing sustainable

answers for its customers. Its portfolio includes well known brands such as Dulux®, Sikkens®, International® and Eka®.

ICI Pakistan was acquired by AkzoNobel on January 2, 2008. We are proud to be part of a group that is committed to innovation,

AkzoNobel at a glance in 2010

Our geo-mix and employees

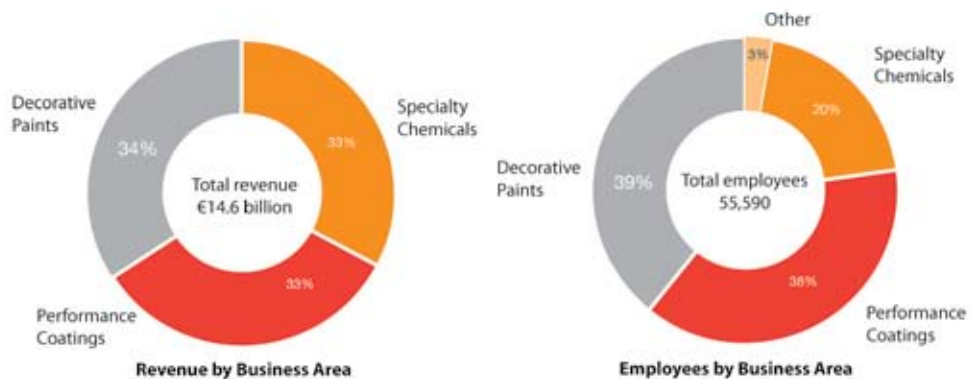


€14.6

Revenue (in € billions)

55,590

Employees





Walmart selects AkzoNobel as primary paint supplier for US stores



AkzoNobel, making the FIFA World Cup 2010 the most colorful world cup ever



AkzoNobel's Stickerfix now being offered by Toyota

introducing new ideas and developing sustainable answers for our customers every day. We look forward to a bright and exciting future as one strong company with the drive to deliver 'Tomorrow's Answers Today'™.

Specialty Chemicals

Why do some of the world's biggest manufacturers rely on us?

As a major producer of specialty chemicals with leadership positions in many markets, we make sure that industries worldwide are supplied with quality ingredients for life's essentials.

The operational performance of our Specialty Chemicals division is among the best in the industry. As a result, our products appear in a remarkable variety of items we all use every day. There are over 2,000 items in our specialty chemical portfolio.

Decorative Paints

From brilliant ideas to brilliant paints

AkzoNobel is the world's leading decorative paint company, home to famous names like Sikkens, Dulux and Hammerite. Our Decorative Paints business has a huge range of quality products for every situation and surface. As well as paints, lacquers and varnishes, we make adhesives and floor leveling compounds. We also offer a range of mixing machines, color concepts and training courses for the building and renovation industry. And our specialty coatings for metal, concrete and other critical building materials lead the market.

Performance Coatings

Coatings that help businesses do better

We're world leaders when it comes to performance coatings. Over the years we've earned a rock-solid reputation based on our innovative technologies, first-class service and flexible distribution. Our coating brands include famous names like International®, Sikkens® and Interpon®.

Performance coatings have hundreds of uses. We've divided them into five businesses; together they supply businesses ranging from construction to consumer electronics and shipping to sports equipment.

AkzoNobel becomes primary paint supplier to Walmart

AkzoNobel has been selected by the world's largest retailer Walmart to be the primary paint supplier for the retailer's US stores. A portfolio of interior and exterior paints will be offered to more than 3,500 Walmart stores.

New MP4-26 Formula 1 car

AkzoNobel has become a full technology partner to the McLaren Group after expanding and extending the current relationship with Vodafone McLaren Mercedes. The two companies have been working together since 2008, when AkzoNobel – through its Sikkens brand – became the official supplier of paint solutions to the Vodafone McLaren.

The striking new MP4-26, which features a sophisticated, high gloss Sikkens system, will be driven by former champions Jenson Button and Lewis Hamilton in the Grand Prix.

The most colorful World Cup ever

AkzoNobel supplied paint for five of the main stadiums of the 2010 Football World Cup in South Africa.

The stadiums were coated with AkzoNobel International protective coatings, Interpon powder coatings and Dulux decorative paint.

Toyota Motor Europe becomes first global automotive manufacturer to offer Stickerfix™

Stickerfix™ is an adhesive system which uses patented AkzoNobel paint technology in combination with a specially developed vinyl sticker. It has an ultra-thin high-tech adhesive film coated with a perfect match of the original vehicle color, using professional high-quality automotive refinish paint. Every color on offer is matched to Toyota's master plates to ensure the best possible match, and covers the most common colors of Toyota vehicles in Europe.

A new Toyota Stickerfix™ solution will be available with every new color introduced to the range. Branded as Toyota Stickerfix™, the product will be available in Toyota showrooms as part of a protection pack for new and used Toyota vehicles, and also from Toyota After Sales facilities throughout the EMEA region.



Financial highlights

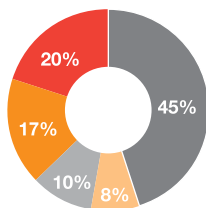
Our results at a glance

- 2010 turnover growth at 22 percent
- 2010 gross profit growth at 18 percent
- 2010 profit after tax growth at 19 percent
- 2010 earnings per share: Rs 17.50 (2009: Rs 14.73)
- Total dividend per share for 2010: Rs 17.50 (2009: Rs 8.00) proposed

Turnover by business

Total Turnover Rs. 39.9 Billion

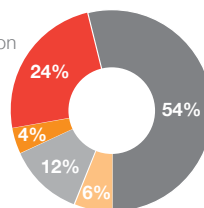
	%
Polyester	45
Soda Ash	20
Paints	17
Life Sciences	10
Chemicals	8



Operating result by business

Total operating result Rs. 3.7 Billion

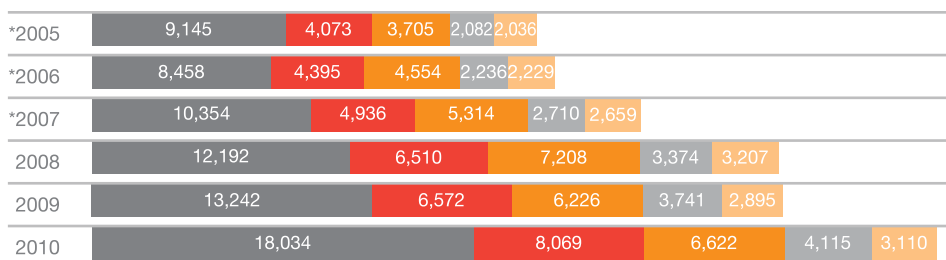
	%
Polyester	54
Soda Ash	24
Paints	4
Life Sciences	12
Chemicals	6



■ Polyester ■ Soda Ash ■ Paints ■ Life Sciences ■ Chemicals

Turnover

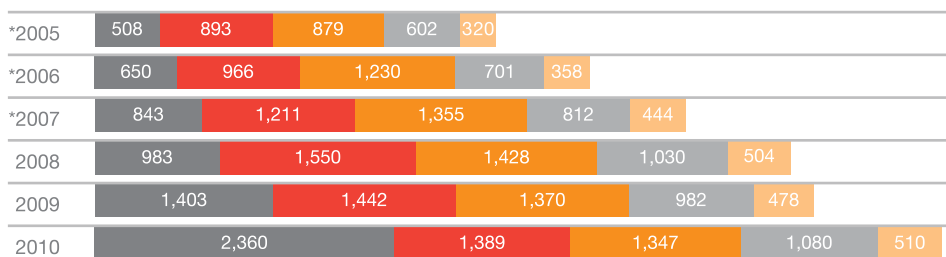
Rs. Million



■ Polyester ■ Soda Ash ■ Paints ■ Life Sciences ■ Chemicals

Gross profit

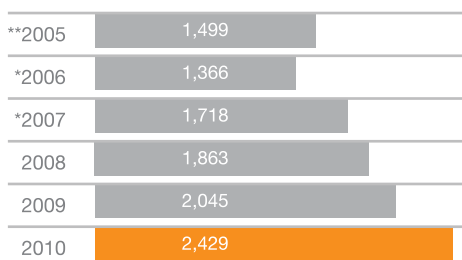
Rs. Million



■ Polyester ■ Soda Ash ■ Paints ■ Life Sciences ■ Chemicals

Profit after tax

Rs. Million



* Excluding discontinued Kansai business

** Excluding one-off recognition of deferred tax credit and discontinued Kansai business

In my two years with the company, both my routine tasks and exciting challenges have contributed towards enriching my experience.

Omar Farooq
Financial Analyst



We are a company with five business streams, each having its own dynamics and intricate financial structure. Merging the synergies and consolidating this diversity to a single corporate portfolio is what makes my work exciting!

Nasir Jamal
Corporate Finance Manager
& Treasurer



Revenue development (Business-wise)

Rs. Million

2009	32,676
Volume	1,527
Price	5,747
2010	39,950

Revenue development (Business-wise)

Rs. Million

2009	32,676
Polyester	4,792
Soda Ash	1,497
Paints	396
Life Sciences	374
Chemicals	215
2010	39,950

Operating result development (Business-wise)

Rs. Million

2009	3,028
Polyester	933
Soda Ash	(143)
Paints	(130)
Life Sciences	18
Chemicals	7
2010	3,713

Operating cash flows

Rs. Million

2009	(826)	4,476	1,041
2010	(854)	2,334	1,388

Capital expenditure Operating cash flow
Dividend paid



I love how every day at work, I get to interact with different people, take up challenging tasks, explore new areas of work and overall develop my individual as well as professional capabilities.

Asma Jamil Sheikh
Financial Trainee Officer

Profitability ratios

Gross margin (%)

2005	18.14
2006	20.85
2007	20.93
2008	19.77
2009	19.96
2010	19.03

Operating margin (%)

2005	9.97
2006	12.66
2007	12.96
2008	10.98
2009	10.65
2010	10.57

Profit before tax margin (%)

2005	8.73
2006	10.82
2007	12.02
2008	10.12
2009	10.81
2010	10.62

Profit after margin (%)

2005	8.51
2006	7.44
2007	7.75
2008	6.70
2009	7.19
2010	6.91

Return on assets (%)

2005	9.85
2006	8.60
2007	9.51
2008	10.08
2009	9.54
2010	11.02

Return on equity (%)

2005	16.56
2006	14.18
2007	15.70
2008	14.96
2009	15.17
2010	16.70

Return on capital employed (%)

2005	18.28
2006	21.57
2007	23.87
2008	21.77
2009	19.38
2010	22.43

Revenue per employee (Rs. Million)

2005	14.14
2006	15.30
2007	17.95
2008	21.04
2009	21.85
2010	26.88

Net income per employee (Rs. Million)

2005	1.20
2006	1.14
2007	1.39
2008	1.41
2009	1.57
2010	1.86

Excluding one-off recognition of deferred tax credit in 2005 and discontinued Kansai business from 2005 - 2007

Liquidity & other ratios

Efficiency ratios

Price earning ratio (Rs.)

2005	12.40
2006	11.01
2007	15.29
2008	5.12
2009	11.44
2010	8.24

Current ratio

2005	1.10
2006	1.29
2007	1.44
2008	1.81
2009	1.92
2010	2.17

Inventory days

2005	81.77
2006	73.67
2007	59.85
2008	52.43
2009	58.00
2010	51.19

Cost ratios

Administration costs as % of sales

2005	3.75
2006	3.71
2007	3.30
2008	4.05
2009	4.14
2010	3.70

Stockholders' equity per common share (Rs.)

2005	68.39
2006	73.95
2007	81.91
2008	89.68
2009	97.14
2010	104.81

Debtor days

2005	14.44
2006	12.84
2007	13.65
2008	11.81
2009	11.08
2010	8.90

Operating cost as a % of net sales*

2005	90.03
2006	87.34
2007	87.04
2008	89.02
2009	89.35
2010	89.43

Market value per share (Rs.)

2005	140.50
2006	115.50
2007	196.65
2008	68.71
2009	168.49
2010	144.24

Creditor days

2005	78.70
2006	75.90
2007	78.24
2008	50.52
2009	41.00
2010	40.06

*Operating cost includes cost of sales, selling & distribution and administration & general expenses

Operating & Financial Highlights

Ratios		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Profitability Ratios											
Gross margin	%	23.33	19.04	14.70	15.62	18.14	20.85	20.93	19.77	19.96	19.03
Gross profit turnover	%	19.24	15.44	15.16	13.21	15.92	18.60	18.54	17.22	17.52	16.91
Operating margin	%	13.23	8.82	6.00	7.64	9.97	12.66	12.96	10.98	10.65	10.57
Net profit margin	%	5.36	15.18	4.23	6.00	8.51	7.44	7.75	6.70	7.19	6.91
Profit markup	%	30.42	23.53	17.23	18.51	22.16	26.34	26.47	24.64	24.94	23.51
Profit before tax margin	%	5.86	5.92	4.45	6.30	8.73	10.82	12.02	10.12	10.81	10.62
Return on equity	%	24.05	40.40	14.03	13.13	16.56	14.18	15.70	14.96	15.17	16.70
Return on capital employed	%	25.66	15.71	17.50	15.44	18.28	21.57	23.87	21.77	19.38	22.43
Return on assets	%	4.23	13.45	5.42	7.59	9.85	8.60	9.51	10.08	9.54	11.02
Return on fixed assets	%	23.53	18.76	19.68	25.01	25.18	29.46	34.92	32.61	32.82	40.91
Growth Ratios											
Net sales	%	8.03	15.60	48.35	(2.69)	4.74	5.94	17.63	20.74	2.27	23.57
Operating results	%	(9.29)	(23.00)	0.98	23.82	36.81	34.54	20.37	2.29	(0.81)	22.62
EBITDA	%	(41.64)	(15.42)	1.61	16.80	25.34	25.95	20.58	0.00	1.04	19.45
Profit after tax	%	(52.88)	227.33	(58.69)	38.06	48.63	(7.42)	22.61	4.37	9.77	18.78
Operating working capital	%	(31.08)	(11.43)	53.16	(104.67)	(324.95)	(199.82)	(118.86)	218.10	(82.19)	320.64
Efficiency Ratios											
Asset turnover	Times	0.79	0.89	1.28	1.27	1.16	1.16	1.23	1.51	1.33	1.59
Fixed asset turnover	Times	1.78	2.13	3.28	3.28	2.52	2.33	2.69	2.97	3.08	3.87
Inventory turnover	Times	3.16	4.14	5.73	4.16	4.73	5.07	6.24	6.39	6.08	6.71
Current asset turnover	Times	2.24	2.65	3.42	2.45	2.84	2.79	2.55	3.46	2.56	2.96
Capital employed turnover	Times	2.35	2.20	2.83	2.39	2.09	1.91	2.08	2.28	2.07	2.39
Operating working capital turnover	Times	16.74	21.85	21.16	(440.62)	(108.61)	(38.38)	(20.62)	21.09	121.06	35.56
Inventory turnover ratio	Days	104.41	91.37	60.06	76.94	81.77	73.67	59.85	52.43	58.00	51.19
Debtor turnover ratio	Days	17.66	19.07	13.25	15.09	14.44	12.84	13.65	11.81	11.08	8.90
Creditor turnover ratio	Days	58.03	79.58	56.35	75.62	78.70	75.90	78.24	50.52	41.00	40.06
Operating cycle	Days	64.03	30.86	16.96	16.41	17.52	10.62	(4.74)	13.72	28.08	20.03
Revenue per employee	Rs'000	7,438	9,264	13,568	13,434	14,137	15,304	17,946	21,044	21,852	26,878
Net income per employee	Rs'000	399	1,406	574	806	1,203	1,138	1,391	1,410	1,572	1,858
Capex to sales	%	8.01	4.09	2.53	3.12	7.77	5.53	4.65	5.45	2.91	2.43
Cost Ratios											
Operating costs (%of sales)	%	86.77	91.18	94.00	92.36	90.03	87.34	87.04	89.02	89.35	89.43
Administration costs (%of sales)	%	4.14	4.20	3.26	3.77	3.75	3.71	3.30	4.05	4.14	3.70
Selling costs (% of sales)	%	5.95	6.03	5.43	4.22	4.41	4.48	4.67	4.74	5.17	4.77
Interest cost (%of sales)	%	5.99	3.44	2.11	1.44	1.50	1.45	0.44	0.32	–	–
Equity Ratios											
Price earnings ratio	Rs	8.25	4.04	15.40	11.76	12.40	11.01	15.29	5.12	11.44	8.24
Earnings per share	Rs	4.28	13.36	5.52	7.62	11.33	10.49	12.86	13.42	14.73	17.50
Dividend per share	Rs	2.00	2.25	2.50	4.00	5.00	5.50	6.00	6.50	8.00	17.50
Dividend cover	Times	2.14	5.94	2.21	1.91	2.27	1.91	2.14	2.06	1.84	1.00
Dividend (declared for the year) yield	%	5.67	4.17	2.94	4.46	3.56	4.76	3.05	9.46	4.75	12.13
Dividend (declared for the year) payout	%	48.99	16.84	45.29	52.48	44.14	52.45	46.66	48.43	54.31	100.01
Market value per share	Rs	35.30	53.95	85.00	89.65	140.50	115.50	196.65	68.71	168.49	144.24
Break-up value per share with surplus on revaluation	Rs	40.64	48.81	44.25	62.25	71.95	82.05	89.20	96.62	103.85	111.35
Break-up value per share excluding surplus on revaluation	Rs	17.78	33.08	39.35	58.02	68.39	73.95	81.91	89.68	97.14	104.81
Liquidity Ratios											
Current ratio	Ratio	0.59:1	0.67:1	0.67:1	1.38:1	1.10:1	1.29:1	1.44:1	1.81:1	1.92:1	2.17:1
Quick/Acid test ratio	Ratio	0.27:1	0.32:1	0.33:1	0.69:1	0.56:1	0.73:1	0.97:1	1.02:1	1.27:1	1.39:1
Cash ratio	Ratio	0.06:1	0.07:1	0.13:1	0.33:1	0.29:1	0.33:1	0.58:1	0.44:1	0.77:1	0.85:1
Leverage Ratios											
Debt to equity	%	25.43	7.44	–	1.39	–	0.04	–	–	–	–
Total debt to capital ratio	Ratio	44:56	33:67	40:60	1:99	0:100	0:100	0:100	0:100	0:100	0:100
Interest cover	Times	1.98	2.72	3.11	5.36	6.82	8.44	28.42	32.29	–	–
Summary of Cash Flows											
Cash generated from operations	Rs. million	2,142.4	1,819.2	2,139.6	1,916.5	2,666.9	3,554.0	4,312.4	1,188.4	4,938.3	3,716.2
Net cash generated from operating activities	Rs. million	980.8	1,026.5	1,933.1	1,823.9	2,522.0	3,477.1	4,093.5	969.8	4,476.2	2,334.4
Net cash used in investing activities	Rs. million	(789.0)	(32.5)	(103.2)	3,379.2	(1,420.8)	(1,040.2)	(1,397.4)	(1,781.0)	(938.0)	(752.9)
Net cash used in financing activities	Rs. million	70.7	(965.8)	(1,261.7)	(4,542.4)	(1,118.2)	(2,337.1)	(868.5)	(832.8)	(1,041.0)	(1,388.0)
Cash and cash equivalents at December 31	Rs. million	447.5	475.8	1,044.0	1,704.7	1,687.7	1,787.5	3,615.1	1,971.1	4,468.3	4,661.8

Excluding turnover of discontinued furnace oil and coal businesses in 2003, one-off profit on sale of PPTA shares in 2004, recognition of deferred tax credit in 2005 and discontinued Kansai business in 2005 - 2007.

The comparatives (2002 to 2004) have not been restated due to change in accounting policy on adoption of IFRIC 4.

Vertical and Horizontal Analysis

Vertical Analysis	2005	2005	2006	2006	2007	2007	2008	2008	2009	2009	2010	2010
	Rs. m	%	Rs. m	%	Rs. m	%	Rs. m	%	Rs. m	%	Rs. m	%
Profit and Loss Account												
Net sales, commission & toll income	18,476.5	100.0	19,574.1	100.0	23,024.1	100.0	27,798.9	100.0	28,429.9	100.0	35,130.0	100.0
Cost of Sales	15,124.8	81.9	15,492.6	79.1	18,205.4	79.1	22,303.1	80.2	22,754.0	80.0	28,443.7	81.0
Gross profit	3,351.7	18.1	4,081.5	20.9	4,818.8	20.9	5,495.8	19.8	5,675.9	20.0	6,686.3	19.0
Administration & General Expenses	693.6	3.8	726.4	3.7	760.2	3.3	1,126.2	4.1	1,178.1	4.1	1,299.0	3.7
Selling & Distribution Expenses	815.6	4.4	876.1	4.5	1,074.5	4.7	1,317.3	4.7	1,470.2	5.2	1,674.7	4.8
Operating Result	1,842.5	10.0	2,479.0	12.7	2,984.0	13.0	3,052.4	11.0	3,027.7	10.6	3,712.6	10.6
Financial Charges	287.1	1.6	319.3	1.6	146.4	0.6	219.3	0.8	167.5	0.6	163.9	0.5
Other Operating Charges	108.0	0.6	171.1	0.9	222.3	1.0	233.7	0.8	247.6	0.9	303.4	0.9
Other Operating Income	165.0	0.9	129.2	0.7	153.3	0.7	213.4	0.8	460.0	1.6	486.3	1.4
Profit before taxation	1,612.4	8.7	2,117.8	10.8	2,768.5	12.0	2,812.8	10.1	3,072.5	10.8	3,731.5	10.6
Taxation	40.1	0.2	662.2	3.4	983.7	4.3	950.0	3.4	1,027.8	3.6	1,302.7	3.7
Profit after taxation	1,572.3	8.5	1,455.6	7.4	1,784.8	7.8	1,862.7	6.7	2,044.7	7.2	2,428.8	6.9

Balance Sheet												
Total Equity and Revaluation Reserve	9,987.4	63	11,389.2	67	12,381.0	66	13,410.9	73	14,414.6	67	15,455.4	70
Non Current Liabilities	90.6	1	104.1	1	119.6	1	613.0	3	1,208.1	6	1,093.2	5
Current Liabilities	5,891.9	37	5,436.3	32	6,263.8	33	4,446.8	24	5,799.9	27	5,482.0	25
Total Equity and Liabilities	15,969.9	100	16,929.6	100	18,764.4	100	18,470.7	100	21,422.7	100	22,030.7	100
Non Current Assets	9,469.8	59	9,905.7	59	9,741.6	52	10,435.3	56	10,297.5	48	10,152.4	46
Current Assets	6,500.1	41	7,023.9	41	9,022.8	48	8,035.4	44	11,125.2	52	11,878.3	54
Total Assets	15,969.9	100	16,929.6	100	18,764.4	100	18,470.7	100	21,422.7	100	22,030.7	100

Horizontal Analysis	2005	2005	2006	2006	2007	2007	2008	2008	2009	2009	2010	2010
	Rs. m	%	Rs. m	%	Rs. m	%	Rs. m	%	Rs. m	%	Rs. m	%
Profit and Loss Account												
Net sales, commission & toll income	18,476.5	4.7	19,574.1	5.9	23,024.1	17.6	27,798.9	20.7	28,429.9	2.3	35,130.0	23.6
Cost of Sales	15,124.8	1.6	15,492.6	2.4	18,205.4	17.5	22,303.1	22.5	22,754.0	2.0	28,443.7	25.0
Gross profit	3,351.7	21.6	4,081.5	21.8	4,818.8	18.1	5,495.8	14.0	5,675.9	3.3	6,686.3	17.8
Administration & General Expenses	693.6	4.4	726.4	4.7	760.2	4.7	1,126.2	48.1	1,178.1	4.6	1,299.0	10.3
Selling & Distribution Expenses	815.6	9.6	876.1	7.4	1,074.5	22.7	1,317.3	22.6	1,470.2	11.6	1,674.7	13.9
Operating Result	1,842.5	36.8	2,479.0	34.5	2,984.0	20.4	3,052.4	2.3	3,027.7	-0.8	3,712.6	22.6
Financial Charges	287.1	10.9	319.3	11.2	146.4	-54.1	219.3	49.8	167.5	-23.6	163.9	-2.2
Other Operating Charges	108.0	59.9	171.1	58.5	222.3	29.9	233.7	5.1	247.6	5.9	303.4	22.6
Other Operating Income	165.0	-91.2	129.2	-21.7	153.3	18.6	213.4	39.2	460.0	115.5	486.3	5.7
Profit before taxation	1,612.4	45.2	2,117.8	31.3	2,768.5	30.7	2,812.8	1.6	3,072.5	9.2	3,731.5	21.4
Taxation	40.1	23.7	662.2	1549.5	983.7	48.6	950.0	-3.4	1,027.8	8.2	1,302.7	26.7
Profit after taxation	1,572.3	48.6	1,455.6	-7.4	1,784.8	22.6	1,862.7	4.4	2,044.7	9.8	2,428.8	18.8

Balance Sheet												
Total Equity and Revaluation Reserve	9,987.4	16	11,389.2	14	12,381.0	9	13,410.9	8	14,414.6	7	15,455.4	7
Non Current Liabilities	90.6	10	104.1	15	119.6	15	613.0	413	1,208.1	97	1,093.2	-10
Current Liabilities	5,891.9	13	5,436.3	-8	6,263.8	15	4,446.8	-29	5,799.9	30	5,482.0	-5
Total Equity and Liabilities	15,969.9	15	16,929.6	6	18,764.4	11	18,470.7	-2	21,422.7	16	22,030.7	3
Non Current Assets	9,469.8	41	9,905.7	5	9,741.6	-2	10,435.3	7	10,297.5	-1	10,152.4	-1
Current Assets	6,500.1	-10	7,023.9	8	9,022.8	28	8,035.4	-11	11,125.2	38	11,878.3	7
Total Assets	15,969.9	15	16,929.6	6	18,764.4	11	18,470.7	-2	21,422.7	16	22,030.7	3

For better presentation segment assets in note 23.1 for 2010 are shown with inter business current account. This presentation does not have any effect on balance sheet or profit and loss account



Managing the Treasury function offers dynamic learning opportunities. In 2011 I'm looking forward to leading new automation and process improvement projects.

Shahzaib Khan
Treasury Manager

Our Directors



M J Jaffer
Chairman (Non-Executive)

Appointed to the Board of Directors of ICI Pakistan Limited in October 1973, Mahomed Jaffer is the longest serving member of the Board and is also the Chairman of the Board's Audit Committee. He retired as a senior partner of M/s Orr Dignam & Co., a leading corporate law firm of Pakistan. Specializing in arbitration law, Mahomed Jaffer has represented Pakistan as an alternate member in the International Court of Arbitration of the International Chamber of Commerce Paris since 1997. He is the President of The Aga Khan Hospital and Medical College Foundation and a Director of Pakistan Centre for Philanthropy, Tourism Promotion Services (Pakistan) Limited and Lakson Investment Limited. He is also Chairman of the Advisory Committee of Pakistan of the Center for International Private Enterprise, an affiliate of the US Chamber of Commerce. He is also the member of Advisory Committee for Pakistan of HSBC. He is visiting faculty for Pakistan Institute of Corporate Governance and lectures extensively on Corporate Governance, Conciliation, Arbitration and related subjects.



Waqar A Malik
Chief Executive

Appointed as the Chief Executive of ICI Pakistan Limited on October 1, 2005, Waqar Malik has over 25 years of extensive experience with the Group in senior management positions.

His other engagements outside ICI Pakistan Limited are; Director on the Central Board of the State Bank of Pakistan, Director Pakistan Business Council, non-executive Director on the Boards of Engro Polymer & Chemicals Limited and IGI Insurance Limited. A former President of Overseas Investors Chamber of Commerce & Industry (OICCI), Waqar is also a member of the Board of Governors of LUMS along with being a trustee of Duke of Edinburgh's Award Foundation.

An alumnus of Harvard Business School and INSEAD, Waqar is a Chartered Accountant by profession and a Fellow of the Institute of Chartered Accountants in England & Wales.



M Nawaz Tiwana
Director
(Non-Executive)

Appointed to the Board of Directors of ICI Pakistan Limited in April 1997, Nawaz is also the Chairman of the Board's Remuneration Committee. He has held various positions such as Managing Director, Pakistan International Airlines Corporation, Managing Director PSL and Chairman, Port Qasim Authority as well as Chairman, State Cement Corporation of Pakistan.



Ali A Aga
Director & Vice President
Soda Ash Business

Appointed to the Board of Directors of ICI Pakistan Limited in January 2009, Ali is Vice President Soda Ash Business and has been with ICI Pakistan for the last 22 years. He has diverse experience in commercial, human resources and general management roles. Ali is also a Non-Executive Director on the Board of ICI Pakistan PowerGen Limited.



Feroz Rizvi
Director & CFO

Appointed to the Board of Directors of ICI Pakistan Limited in October 2006, Feroz is the Chief Financial Officer and has been with ICI Pakistan for over 27 years, during which he has held various senior positions. He is also a Non-Executive Director of ICI Pakistan PowerGen Limited and Faysal Asset Management Limited.



Mueen Afzal
Director
(Non-Executive)

Appointed to the Board of Directors of ICI Pakistan Limited in May 2003, he joined the Civil Service of Pakistan in 1964 and held important positions, including Finance Secretary for the Government of Pakistan, Health Secretary, and Secretary General, Finance and Economic Affairs from 1999 to 2002. He was awarded Hilal-e-Imtiaz for distinguished public service in 2002.

Mueen is also the Chairman of Pakistan Tobacco Company Limited and Azgard Nine Limited. He is currently Director of Murree Brewery Co. Limited and the Pakistan Poverty Alleviation Fund, and is on the Board of Governors of Aitchison College, Lahore.



James R Rees
Director
(Non-Executive)

Elected to the Board of Directors of ICI Pakistan Limited in April 2008, James is an experienced executive and is currently the General Manager of AkzoNobel's Car Refinishes Business Unit, a global business headquartered in the Netherlands. He joined AkzoNobel in 2003 and was previously the General Manager of the Americas Sub Business Unit Car Refinishes at AkzoNobel.

James is also a Director of AkzoNobel Comex S.A. de C.V. and Anco Servicios Profesionales S. A. de C.V.



Bart Kaster
Director
(Non-Executive)

Elected to the Board of Directors of ICI Pakistan Limited in April 2008, Bart has been associated with the AkzoNobel Group since 1980, during which he has held senior positions and various assignments in Europe and Asia.

Bart is also a Director of AkzoNobel UK Limited, AkzoNobel Decorative Coatings Limited and ICI Limited.



Derek Walter Welch
Director
(Non-Executive)

Elected to the Board of Directors of ICI Pakistan Limited in June 2009, Derek has been associated with the AkzoNobel Group since 1998 during which he has held senior positions. He is currently Director Business Development at AkzoNobel N.V. and Vice President of AkzoNobel Chang Cheng (Guangdong) Co., Ltd. He also holds directorships in a number of companies of the AkzoNobel Group.



Rogier M. G. Roelen
Director
(Non-Executive)

Elected to the Board of Directors of ICI Pakistan Limited in August 2010, Rogier has been associated with the AkzoNobel Group since 2008 during which he has held senior positions. Before joining AkzoNobel Rogier had worked for various national and international clients.

Report of the Directors

for the year ended December 31, 2010

The Directors are pleased to present their report together with the audited financial statements of the Company for the year ended December 31, 2010.

Overview

Net Sales Income (NSI) of your Company increased by 24 percent over last year on the back of higher sale volumes as well as selling prices. This together with strong margin management and good cost control resulted in operating profit increasing by 23 percent over last year despite a very difficult operating environment. Profit after tax at Rs 2.43 billion was 19 percent higher compared with 2009. Earnings Per Share at Rs 17.50 was also higher by 19 percent. On group basis (including the result of wholly owned subsidiary ICI Pakistan PowerGen Limited) profit after tax for the year at Rs 2.48 billion was 21 percent higher compared with 2009.

Six years financial performance at a glance

Net sales, commission and toll income

(Rs. Million)

2005	18,089
2006	19,102
2007	22,570
2008	27,799
2009	28,430
2010	35,130

Profit before taxation

(Rs. Million)

2005	1,499
2006	1,979
2007	2,666
2008	2,813
2009	3,073
2010	3,732

Dividend

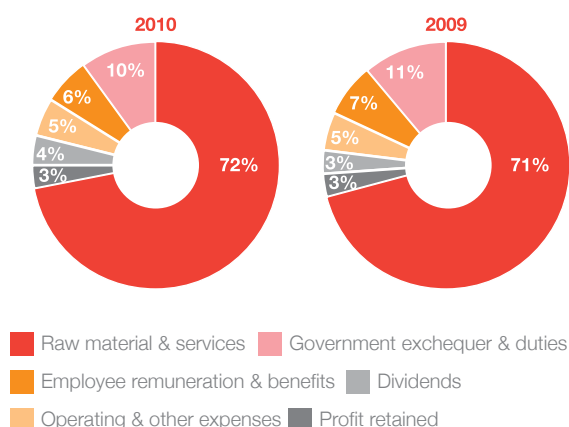
(Rs. per share)

2005	6.0
2006	5.5
2007	5.5
2008	6.0
2009	7.5
2010	10.0

Financial Performance

	2010	2009	Increase Percentage
Rs Million			
Turnover	39,533	32,399	22
Net Sales Income	35,130	28,430	24
Gross Profit	6,686	5,676	18
Operating Result	3,713	3,028	23
Profit Before Tax	3,732	3,073	21
Profit After Tax	2,429	2,045	19
Earnings Per Share (Rs)	17.50	14.73	19

Value of addition and its distribution



Operating Result

(Rs. Million)

2005	1,730
2006	2,340
2007	2,881
2008	3,052
2009	3,028
2010	3,713

Earnings per share - basic and diluted

(Rupees)

2005	10.80
2006	9.84
2007	12.38
2008	13.42
2009	14.73
2010	17.50

Excluding discontinued Kansai business from 2005 - 2007 and recognition of deferred tax credit in 2005



Directors' visit to our Polyester plant



Life Sciences Medical Camp for flood victims



Relief goods being delivered to the Pakistan Navy for dispatch to the flood victims

Dividends

In view of the Company's healthy cash position, the Board has decided to pay out the Profit after Tax for the year 2010 as total dividend for the year 2010. Accordingly, your Directors are pleased to announce a final dividend of 120 percent i.e., Rs 12 per share of Rs. 10 each of the issued and paid up capital of Rs. 1,388,023,000/- subject to the approval of the shareholders at the forthcoming Annual General Meeting. This, including the already paid interim dividend of Rs. 5.50 per share makes a total dividend of Rs. 17.50 per share.

Board changes

Mr Tariq Iqbal Khan resigned from the Board with effect from July 19, 2010. To fill this casual vacancy, the Directors appointed Mr Rogier Roelen, with effect from August 13, 2010 for the remainder of the term to expire on April 28, 2011. The Board places on record its appreciation for the valuable contribution made by the outgoing Director, Mr Tariq Iqbal Khan and welcomes Mr Rogier Roelen as a new Director of the Company.

Health, Safety and Environment (HSE)

There was no reportable occupational illness to our employees or supervised contractors in 2010. During the year, two minor injuries were reported by Paints site involving supervised contractors who resumed their jobs after treatment. The Safety performance at other sites remained well controlled. Soda Ash achieved 23.4 million man hours, Polyester achieved 19.9 million man hours, Specialty Chemicals achieved 5.4 millions man hours and Life Sciences achieved 7.3 million man hours without LTI (lost time injury) to Employees and Supervised Contractors. Implementation of Asset Integrity plans and launch of Behaviour Based Safety during the year further aim to improve our Health and Safety Performance moving forward.

Energy consumption and CO2 emissions were lower by 5.3 percent and 3 percent respectively on like to like basis compared with 2009. Notable energy conservation initiatives included the Reverse Osmosis Water Plant at Soda Ash brought on line in Q4 2010.

A detailed report on HSE performance and development in 2010 is available on page 40 of the annual report.

Corporate social responsibility-CSR

Your Company's community social and other charitable activities are managed through the ICI Pakistan Foundation which is operated by its own Board of Trustees. In addition certain other community activities are carried out directly by your Company. The foundation focuses on community development through investment in education, health, environment and infrastructural development along with

disaster relief. In 2010, a total of Rs 42.5 million was spent on community activities (inclusive of contribution by parent Company, staff and other related concerns for flood relief).

Education:

In the sphere of education the foundation made significant infrastructural investments in the Government Girls School in Barakot Kashmir, Government Primary School in Tibbi Haria Sheikhpura and the Kakapir Government Boys School in Karachi to improve and upgrade them. All these schools are supported by the foundation. We also completed twenty years of continued support to the Institute of Behavioral Psychology (IBP), an institute for children with special needs.

Health:

Since 1991, your Company has conducted Surgical Eye Clinic programs at Khewra in collaboration with the Layton Rahmatulla Benevolent Trust (LRBT). Till end 2010, 116,988 outpatients have been treated and 11,992 major and minor surgeries conducted at the Winnington Hospital, run and managed by your Company.

A similar program was initiated near our Polyester plant in Sheikhpura with the first eye camp being held in November 2010 treating nearly 200 patients.

Environment:

Support for 'Save the Turtle Project' in collaboration with WWF Pakistan continues. This is our sixth year supporting this project. After our engagement, there is a significant increase in hatchling release from 2,204 to over 35,000 every season. Beach cleaning activity is a part of the project and this year along with our volunteers we also involved students of the area.

Disaster relief:

In 2010 the country faced its worst natural disaster which left over 20 million people robbed of their homes and livelihood. To assist the affectees, ICI Pakistan Foundation launched a pan-Pakistan Flood Relief Campaign 2010. One million meals in the form of essential rations along with 10,000 care packs containing immediate sustenance items and clean drinking water packed and prepared by the employees were also distributed in the flood affected areas. Other than this, free medical and veterinary camps were set up across the country by the Life Sciences business. The foundation is now actively involved in the rehabilitation efforts and is helping build homes for flood affectees.

The total contribution towards flood relief activities was over Rs 36 million (inclusive of funds contributed by parent Company directly to the ICI Pakistan Foundation, contributions by staff and other stakeholders).

Volunteering:

Your Company greatly encourages its employees to participate in community activities. In 2010 a total of nearly 4500 man hours were spent volunteering.

A detailed report on CSR performance in 2010 is available on page 36 of the annual report.

Human Resource

In line with our ambition to be recognized as a Company which offers opportunity to its people for ongoing learning, development and growth, talent movement across businesses and functions remained a strategic priority for your Company. In addition, your Company imparted 27,982 man hours of training in 2010 compared to 20,980 hours in 2009, focusing on improving managerial, personal and functional effectiveness. Learning opportunities for managers was also provided through AkzoNobel's global strategic assignments and leadership development programs. In 2010 your Company conducted the Gallup Viewpoint engagement survey with the aim of benchmarking and providing managers a high performance work environment fostering talent engagement and development.

The Performance and Development Dialog mid and year end assessment processes was concluded as per timeline and company guidelines ensuring the employees continue to benefit from clear and credible systems.

A detailed report on human resource performance and development in 2010 is available on page 42 of the annual report.

Risk Management Framework

The Board has an overall responsibility for ensuring that an effective risk management process is in place. This encompasses identification and prioritization of strategic, financial, operational, legal & external risks and ensuring appropriate controls to mitigate these risks.

A detailed report on risk management philosophy, key risks and tools used by the Company is available on page 31 of the annual report.

Polyester Staple Fiber (PSF)

Prices for PTA and MEG continued to rise throughout the year due to higher crude oil prices, speculative trading and concerns over supplies in the regional market.

A significantly lower cotton crop in China, Pakistan and to some extent in the USA along with pick-up in global economic activity has substantially influenced the demand for polyester. Higher usage of polyester resulted in unprecedented increase in PSF demand and prices. The global cotton prices rose to an all time high of 159 cents/lb. The domestic cotton prices followed the international lead and rose to a record high of Rs 10,500 per maund. Earlier in the year, the decision of National Tariff Commission (NTC)

Net sales, commission and toll income (Rs. Million)

2009	13,198
2010	17,981

Operating result (Rs. Million)

2009	1,089
2010	2,022

Sales volume (tonnes)

2009	123,381
2010	129,736

Production volume (tonnes)

2009	123,642
2010	129,445

imposing anti-dumping duty on PSF from regional players had been set aside by the High Court on technical grounds. NTC has moved to remove these technical issues, however APTMA has challenged the methodology utilised by the NTC and secured a stay from the High Court which is being challenged by the NTC.



Long Service Award ceremonies were celebrated across the company



Advanced Management Program for senior managers



An aerial view of our Polyester plant



Our Soda Ash plant at night

Sales volume for the year was 5 percent higher compared to last year at a record 129,736 tonnes on the back of a buoyant market. To cater for the high demand the plant was run at full capacity throughout the year. Higher volumes and better gross profit margins resulted in the highest ever operating result of Rs 2,022.1 million, 86 percent higher compared to 2009.

Going forward, in the short term, regional feedstock prices are forecast to remain firm due to tightness in PTA and MEG supplies. Domestic fiber demand is expected to stay stable in the near term, though later in the year an expected good global cotton harvest will put pressure on PSF prices and margins.

Soda Ash

Global soda ash demand witnessed some recovery in 2010 based on higher consumption in the emerging markets of China, India and Brazil during the first three quarters of the year. Resultantly, the full year market growth remained at about 4-5 percent.

Net sales, commission and toll income

(Rs. Million)

2009	5,339
2010	6,463

Operating result

(Rs. Million)

2009	1,038
2010	895

Sales volume

(tonnes)

2009	260,411
2010	291,864

Production volume

(tonnes)

2009	271,759
2010	281,019

Domestic soda ash market remained subdued as downstream industrial activity was severely affected by the unprecedented gas curtailments in 2010 which persisted throughout the year, unlike previous years when curtailment was restricted to winter months only. The overall gas supply was at an average 25 percent lower than last year causing major disruptions across all industries. The domestic soda ash market thus continues to remain in an over supply situation due to lower off take by the downstream industry. This is further aggravated by dumping of soda ash into Pakistan, which is adversely affecting the domestic industry.

All major industrial consumers of soda ash, specially Glass, Silicate and Paper industries were affected, leading to a decline in their consumption of soda ash. However, the negative impact of lower consumption by industrial segment was somewhat mitigated by growth in the bazaar segment, which benefitted from growth in the unorganized detergent sector.

Overall, sales volume during the year was higher by 12 percent compared to 2009, primarily on the back of exports to various countries in the region as the business successfully established itself in the export market. Business operations remained severely affected as the full time equivalent gas outages increased from 60 days in 2009 to 143 days in 2010. Business had to incur an additional cost of over Rs 500 million on alternate fuels compared to 2009. The focus throughout the year was on optimizing operational efficiencies and strict cost control in all areas. Operating result at Rs 895.0 million was 14 percent lower than 2009 as the impact of higher revenue was dragged down by the higher usage of more expensive furnace oil during gas outages.

Ministry of Commerce and Industry, Government of India has initiated anti-dumping investigations against exporters of soda ash from USA, EU, China, Kenya, Ukraine, Iran and Pakistan. Your Company was also served a notice along with other exporters under investigation and has given a written response to the Indian authority.

Going forward, gas curtailments are expected to increase and will keep the industrial activity depressed, impacting soda ash demand in the country. Dumping of soda ash into Pakistan from certain countries also remains a key concern and your Company has filed an anti-dumping application with the National Tariff Commission, seeking an investigation into this practice and initiation of investigation is expected in the near future.

Paints

Sales volume was up by 4 percent over last year in the Decorative segment despite difficult market conditions due to the extended monsoon season and severe floods in Q3. The domestic construction sector which is the primary driver for growth, is yet to return to its high levels of 2006-2007. The burden of high inflation and lower disposable income has also adversely effected the painting maintenance cycle, extending it from a historical average of 3 years to 5 years. Some down-trading has also been observed, with consumers moving away from the premium paints segment and buying lower priced paints.

Net sales, commission and toll income (Rs. Million)

2009	4,357
2010	4,681

Operating result (Rs. Million)

2009	263
2010	133

Sales volume (Kilo litres)

2009	33,223
2010	34,566

Production volume (Kilo litres)

2009	33,741
2010	34,748

In the industrial segment, business successfully established itself in the OEM top coats segment with breakthroughs at major car manufacturers. Significant progress was made in establishing AkzoNobel's product portfolio in the Marine and Protective Coatings as well as Packaging Coatings businesses. However softening of the economy and resultant lower Foreign Direct Investment (FDI) has considerably contracted the projects business generally.

Refinish segment maintained its focus on establishing the Group products portfolio. Dynacoat, a new mid-tier product introduced into the market was well recieved and has demonstrated good potential for growth. However due to a sharp decline in market liquidity generally and also down-trading on account of high inflation, growth in the refinish segment remained generally low.

Despite all the negative indicators the business through effective margin management successfully kept the unit margins intact. However a conservative policy towards debtor's provisioning was adopted and one off provision of Rs 108 million was taken in view of the worsening economic conditions particularly liquidity crunch and high interest rates. Consequently, the operating result at Rs 133.3m was 49 percent lower compared to 2009. Excluding the effect of the above one-off provision, operating result was lower by 8 percent only.

Performance of the business going forward would be highly dependent on external factors such as the economic conditions, revival of construction activities and the law & order situation in the country. Rapid increase in raw material prices internationally is also expected to put margins under pressure.

Life sciences

Pharmaceutical, Animal Health and Vegetable Seeds segments posted double digit growth in sales offsetting weak performance in the sunflower seeds segment. Post floods and rising cotton prices considerably tilted farmers preference in favour of cotton compared to sunflower. Sales in the Pharmaceutical segment grew by 11 percent over last year through volume growth. Animal Health and

Net sales, commission and toll income (Rs. Million)

2009	3,366
2010	3,761

Operating result (Rs. Million)

2009	420
2010	439

Vegetable Seeds segment demonstrated strong double digit growth in sales compared to last year on the back of both price and volume in Animal Health segment, whereas, Vegetable Seeds segment growth was driven by product expansion and aggressive marketing.

With highest ever NSI at Rs 3,761.5 million, operating result at Rs 438.8 million was 4 percent higher compared to last year.



Pan-Pakistan CE engagement session



ICI Dulux color studio



Our Pharmaceuticals team at the launch of Amybact

Chemicals

Operating result for the year at Rs 223.4 million was higher by 3 percent compared to last year on the back of better price management despite decrease in sales volume by 6 percent mainly due to lower demand on account of extensive gas load shedding and impact of floods in Q3 2010.

Net sales, commission and toll income

(Rs. Million)

2009	2,447
2010	2,661

Operating result

(Rs. Million)

2009	217
2010	223

Sales volume

(tonnes)

2009	16,504
2010	15,508

Production volume

(tonnes)

2009	8,477
2010	9,082

Going forward, gas availability is a major cause of concern with the outage going beyond the expected levels adversely affecting demand from downstream industries.

Finance

The Company's Balance Sheet management remained strong with current ratio improving to 2.2 (2009:1.9) and liquidity ratio to 1.4 (2009:1.3)

Net sales income was higher by 24 percent compared to last year. Gross profit was higher by 18 percent on account of better volumes across all businesses and effective margin management. Selling and distribution expenses for the year were 14 percent higher primarily on account of higher freight expenses relating to soda ash exports. Without additional freight expenses, selling and distribution expenses were higher by 7 percent. Administration and general expenses for the year were 10 percent higher than last year mainly due to one off provision of Rs 108 million in Paints business explained earlier. Excluding this administration and general expenses were higher by 1 percent.

Financial charges for the year were lower by 2 percent. Other operating income was higher by 6 percent due to increase in interest income on bank deposits.

Consequently, profit after tax amounting to Rs. 2,429 million was 19 percent higher compared to last year. The consolidated profit after tax amounting to Rs. 2,477 million was also 21 percent higher compared with last year.

As mentioned in note 42 on page 113 the tax department continues to issue what is being referred to as "protective assessment" seeking to disallow unabsorbed depreciation relating to PTA assets. The Company's contention is that these are unwarranted actions and have filed appeals in High Court of Sindh against this highhanded action of the department.

Earnings per share at Rs 17.50 for the year was higher by 19 percent compared to last year.

Future outlook

Macro economic outlook is very challenging and business conditions are expected to remain difficult. The debilitating power cuts and widening gap between demand and supply of gas in the absence of a sound energy policy and adhoc allocation of gas to the manufacturing units, has badly affected the industrial sector of Pakistan. If the government does not move to address these issues it will damage the industrial sector of Pakistan with far reaching consequences.

With its diverse portfolio, strong market positions and excellent management your Company is well positioned to grow if the external limitations mentioned above are managed by the Government of Pakistan.

Your Company's future performance will be influenced by the issue around energy supplies and macro economic conditions.

Acknowledgment

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

Auditors

The present auditors KPMG Taseer Hadi & Co., Chartered Accountants retire and being eligible, have offered themselves for reappointment with their partner in charge of audit Mr. Amir Jamil Abbasi.

Compliance with the code of corporate governance

As required under the code of corporate governance dated March 28, 2002, the Directors are pleased to state as follows:

- The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance as detailed in the Listing Regulations.
- Key operating and financial data for the last 10 years is summarized on page 12
- Outstanding taxes and levies are given in the Notes to the Financial Statements.
- The management of the Company is committed to good corporate governance, and appropriate steps are taken to comply with best practices.

Investment in retirement benefits

The value of investments, made by the staff retirement funds operated by the trustees of the funds as per their respective audited financial statements for the year ended December 31, 2009, are as follows:

	Value (Rs '000)
1. ICI Pakistan Management Staff Provident Fund	662,066
2. ICI Pakistan Management Staff Gratuity Fund	329,220
3. ICI Pakistan Management Staff Pension Fund	1,048,477
4. ICI Pakistan Management Staff Defined Contribution Superannuation Fund	259,620
5. ICI Pakistan Non-Management Staff Provident Fund	404,718

Attendance

During the year, 4 (four) Board of Directors, 5 (five) Audit Committee and 1 (one) Remuneration Committee meetings were held. Attendance by each Director/CFO/Company Secretary/Secretary Audit Committee was as follows.

Name of Director	Board of Directors Attendance	Audit Committee Attendance	Remuneration Committee Attendance
1. Mr. M J Jaffer	4	5	–
2. Mr. Waqar A Malik	4	–	–
3. Mr. Mueen Afzal	3	4	–
4. Mr. Nawaz Tiwana	3	–	1
5. Mr. Ali A Aga	4	–	–
6. Mr. Derek W Welch	3	–	–
7. Mr. Tariq Iqbal Khan ¹	–	–	–
8. Mr. Feroz Rizvi	3	4	–
9. Mr. Bart Kaster	3	5	–
10. Mr. James R Rees	3	–	1
11. Mr. Rogier M G Roelen ²	1	–	–
12. Ms. Saira Nishtar (Company Secretary)	4	–	–
13. Mr Zia U Syed (Secretary Audit Committee)	–	4	–

¹ Resigned w.e.f., July 19, 2010

² Appointed w.e.f., August 13, 2010

Leave of absence was granted to Directors who could not attend some of the Board meetings

Pattern of shareholding

A statement showing the pattern of shareholding in the Company along with additional information as at December 31, 2010 appears on page numbers 120 to 123.

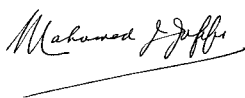
ICI Omicron B.V. (an AkzoNobel group company) continues to hold 75.81% shares, while Institutions held 10.23 % and individuals and others held the balance 13.96 %.

The highest and the lowest market prices during 2010 were Rs 190.40 and Rs 109.50 per share respectively.

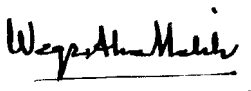
The Directors, CEO, Company Secretary and their spouses and minor children did not carry out any transaction in the shares of the Company during the year except for Mr. Feroz Rizvi, CFO and a Director of the Company who purchased 15,000 shares of the Company in August 2010. This was duly reported to the Directors and the relevant statutory returns were also filed.

Group financial statements

The audited financial statements of the ICI Group for the year ended December 31, 2010 are attached. The ICI Pakistan Group comprises of ICI Pakistan Limited and ICI Pakistan PowerGen Limited, a wholly owned subsidiary.



M J Jaffer
Chairman



Waqar A Malik
Chief Executive

Karachi
February 16, 2011



Employees signing the Safety Day pledge banner



Our veterinary camp during the flood relief campaign



Students attending a class at the Government Boys/Girls Primary School, Kakapir

Statement of Compliance

with the Code of Corporate Governance for the year ended December 31, 2010

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

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

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

2. The directors voluntarily confirmed that none of them is serving as a director in more than ten listed companies, including ICI Pakistan Limited.

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

4. One casual vacancy occurred in the Board on July 19, 2010 which was filled up on August 13, 2010.

5. The Board of Directors of the Company, in its meeting held on February 23, 2001, adopted a Statement of Ethics and Business Practices. This statement under its title 'The Way We Do Things Around Here' and then 'ICI Way' had been regularly circulated within the Company since 2001. On October 23, 2008, the Directors adopted a new Code of Conduct which was circulated among all employees of the Company. Training sessions were held at various locations in order to apprise all employees about the revised Code of Conduct. In 2010, the employees and the directors of the Company signed a statement on the Code of Conduct reaffirming their pledge that they are aware of the Code and abide by it at all times.

6. The Board of Directors at its meeting held on February 25, 2005 approved and adopted a mission statement which has been circulated to the employees of the Company. A separate vision statement under the title of 'ICI Pakistan - Our Ambition' was approved by the Board on February 18, 2010. The Board of Directors has also approved and adopted a corporate strategy for the Company and significant policies. The corporate strategy is reviewed by the Board from time to time as appropriate.

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

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

9. The Directors have been provided with copies of the Listing Regulations of the Stock Exchange, the Company's Memorandum and Articles of Association and the Code of Corporate Governance. Orientation courses, both in-house and external, were also arranged for the Board in 2003 & 2006. Besides a comprehensive paper on 'Roles and Responsibilities of Directors' was also circulated to the directors for their perusal in November 2006. In April 2008, another booklet titled, "A Handbook of Directors" was circulated amongst the Directors. A presentation on corporate governance and the roles and responsibilities of directors was arranged for the new Director, Mr Rogier Roelen in 2010. The directors are, therefore, well conversant with their duties and responsibilities.

10. No new appointment of CFO or Head of Internal Audit has been made during the year. New Company Secretary, Ms Saira Nishtar was appointed by the Board on February 1, 2010.

11. The Report of the Directors for the year ended December 31, 2010 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board. The 2nd quarterly and annual accounts were also initialed by the external auditors before presentation to the Board.

13. The Company maintains a list of related parties which is updated on a regular basis. All transactions with related parties are placed before the Audit Committee on a quarterly basis and approved by the Board along with the methods for pricing.

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

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

16. The Audit Sub Committee of the Board has been in existence since 1992. It comprises three members, all of whom are non-executive directors including the chairman of the committee. ICI Pakistan also has a Remuneration Committee comprising two non-executive Directors, which has also been in operation since 1997.

Review report

to the members on statement of compliance with best practices of code of corporate governance

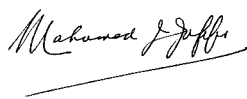
17. There have been five Audit Committee meetings during the year under review. The Directors have approved the revised terms of reference of the Audit Committee in light of the Code of Corporate Governance.

18. ICI Pakistan has an effective internal audit function in place. The Board has outsourced the internal audit function to M/s Ford Rhodes Sidat Hyder & Co. Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. They are involved in the internal audit function on a full time basis.

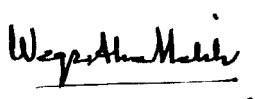
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares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

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

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



M J Jaffer
Chairman



Waqar A Malik
Chief Executive

Karachi
February 16, 2011

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

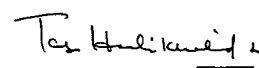
The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance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

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

Further sub-regulation (xiii) of Listing Regulations 35 (previously Regulation No. 37) notified by the Karachi Stock Exchange (Guarantee) Limited vide circular no. KSE/N-269 dated January 19, 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 31 December 2010.

February 16, 2011
Karachi



Taseer Hadi
KPMG Taseer Hadi & Co.
Chartered Accountants

Management committees

Executive Management Team



Executive management committee

The CE is the Chairman of the Executive management committee. The committee comprises the Chief Financial Officer, Business Vice Presidents, and Head of Human Resources. This committee meets once a month under the chairmanship of the Chief Executive and is responsible for strategic business planning, decision making and overall management of the Company.

HSE management committee

The Health, Safety & Environment committee, chaired by the CE, periodically reviews and monitors company-wide practices. It oversees the health, safety & environment functions of our company and is also responsible for ensuring that all our operations are environment-friendly and compliant with regulatory and AkzoNobel framework.

Succession planning forum

This forum is chaired by the CE and meets annually to review the company's succession planning and talent pipeline at all levels. This forum is supported by the following capability groups:

- Commercial Capability Group
- Technical Capability Group
- Finance, IT, Legal & Administration Capability Group
- HR Capability Group

1 Ali A Aga
Vice President,
Soda Ash Business

2 M Asif Malik
Vice President,
Corporate HR &
Life Sciences Business

3 Suhail A Khan
Vice President,
Polyester Business

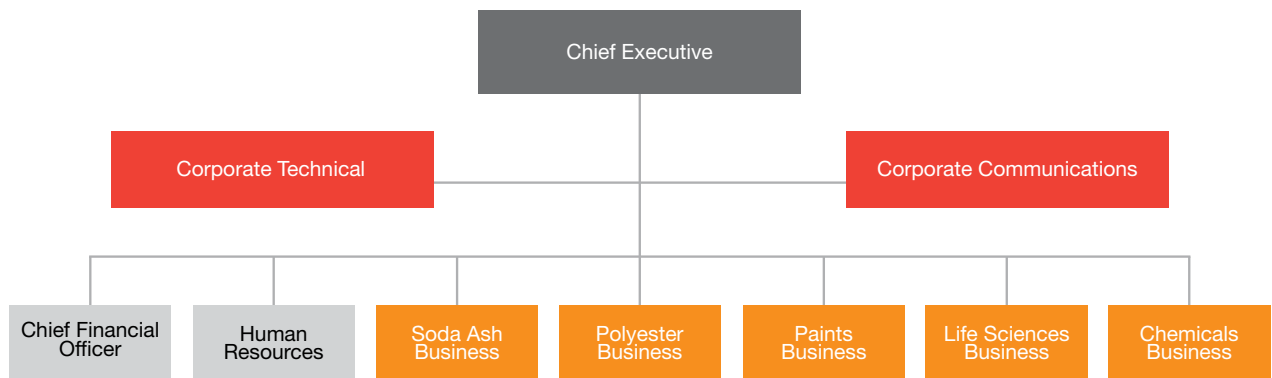
4 Waqar A Malik
Chief Executive

5 Khalid Alvi
Vice President,
Chemicals Business

6 Feroz Rizvi
Chief Financial Officer

7 Jehanzeb Khan
Vice President,
Paints Business

Organizational structure



Supply Chain network

Chaired by the Vice President Paints Business, the Supply Chain Network comprises of Supply Chain managers, and aims to improve procurement and material handling effectiveness by seeking and capitalizing of synergistic opportunities and sharing of best practices.

Sustainability Council

The objective of the Sustainability Council is to implement a sustainable business strategy for the company and stakeholders. It comprises of a multi-disciplinary team representing the following segments of ICI Pakistan Limited.

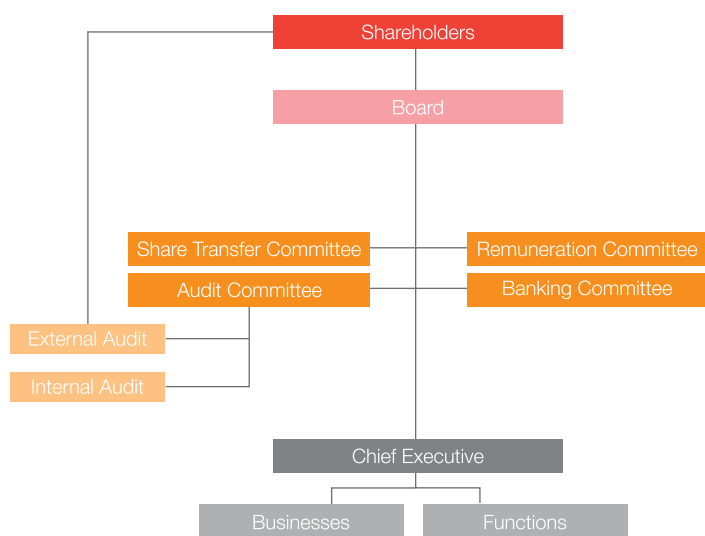
- Compliance and Risk Management
- Community investment
- Manufacturing
- HSE
- HR
- Operations
- Supply Chain

The Council is formulated with the agenda of including sustainability in all aspects of our value chain; to develop and retain leadership positions in all sustainability indicators.

Corporate Governance and Compliance

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

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



Corporate Governance Statement

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

The Board of Directors is responsible for setting the goals, objectives and strategies the Company has to adopt and for formulating the policies and guidelines towards achieving those goals and objectives. The Board is accountable to the shareholders for the discharge of its fiduciary function. The management is responsible for carrying out the

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

ICI Pakistan's corporate governance structure is based on the requirements of the Companies Ordinance, 1984, alongwith other circulars and guidelines issued by the Securities and Exchange Commission of Pakistan, listing Regulations of the three stock exchanges, the Code of Corporate Governance, the Company's Articles of Association and Company's Code of Conduct.

ICI Pakistan Limited has always held in high esteem the best practices of corporate governance and believes in widely propagating the values and the ethics for strict adherence by all the employees, contractors, suppliers and others while doing business for the Company. Even before the introduction of the requirement in the Code of Corporate Governance in 2002 ('the Code'), ICI Pakistan had a Code of Conduct which was circulated to all the employees for necessary compliance. In order to apprise the employees of the Code of Conduct, the Company organizes training sessions and induction programs on a regular basis. Besides this, every employee and director of the Company is required to sign, on an annual basis, a statement to the effect that he or she understands the Code of Conduct and that he or she abides by it at all times while doing business for the Company.

In order to facilitate strict adherence to the Code of Conduct, the employees also have access to a 'Speak Up' program whereby any employee can report any unethical dealing by any Company employee on a confidential basis either through telephone or e-mail. Complete anonymity of the person using this facility is assured and all complaints are thoroughly investigated either by the Company internally or by assigning it to the Internal Auditors. Results of the investigation are communicated to the complainant.

The present Board of ICI Pakistan comprises a well balanced mix of executive and non-executive directors. It has ten directors which include three executive directors (including the Chief Executive) and seven non-executive directors out of whom three are independent directors and four represent the majority shareholders, ICI Omicron B.V. The Chairman of the Board is a non-executive director. Thus the positions of Chairman and Chief Executive are held by separate individuals with clearly defined roles and responsibilities.

ICI Pakistan has had an Audit Sub Committee and a Remuneration Sub Committee of the Board much before the introduction of the Code of Corporate Governance comprising all non-executive directors including



I am proud to work for a company that is among those leading the way forward in corporate governance practices in Pakistan.

Saira Nishtar
General Counsel &
Company Secretary

the Chairman. The terms of reference of these Committees have been given elsewhere in this Report.

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

The Company has a stringent policy on insider trading and securities transactions. The policy paper which is circulated to all the employees of the Company from time to time, divides the employees in certain categories on the basis of their position and involvement in day-to-day decision making process and access to price sensitive information. Certain senior executives and the finance staff are categorized as 'Permanent Insiders'. While 'Executives' (as defined in the Code of Corporate Governance) some of whom may not be 'Permanent Insiders', can deal in the Company's shares any time outside the closed period announced by the Company on the eve of the quarterly Board meetings, the 'Permanent Insiders' can deal in the Company's shares only during the open period specifically announced by the Company immediately after the quarterly Board meetings and the announcement of financial results. This open period does not exceed 15 calendar days in each quarter from the date of announcement of the financial results. All such transactions are required to be reported to the Company Secretary within four days of execution of the transaction with relevant details of purchase/ sale of shares.

Competition Law

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

The Legal Department conducted Competition Law Training of 156 relevant employees in 2009. All relevant employees are required to sign an additional declaration of compliance with the Competition Law.

We continue to regularly hold training sessions to ensure compliance with competition laws for relevant employees.

United Nations Global Compact (UNGC)

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

Adequate Disclosure

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

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

Annual General Meeting

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

Ownership & Control Structure

Complete disclosure of ICI Pakistan's shareholding structure is given in the pattern pursuant to the Companies Ordinance and the Code of Corporate Governance in the printed accounts of the company. Our share capital is comprised of ordinary shares. No other class of shares is issued by the company. ICI Omicron B.V. holds 75.81 percent shares in the company. The rest of the shares are held by the general public and institutions.

Related Party Transactions

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

Material Interests of Board Members

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

Chief Executive Performance Criteria

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

Committees of the Board

Audit committee with brief terms of reference

The Audit Committee ensures that the Company has a sound system of internal financial and operational controls.

It serves as 'the eyes and the ears' of the Board, assisting it in discharge of its fiduciary responsibilities.

The Audit Committee reviews the periodical financial statements of the Company and announcements of results to the stock exchanges.

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

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

In carrying out its duties the Audit Committee has the authority to discuss any issue within its remit directly with the management, internal auditors or external auditors and may obtain outside legal or professional advice on it, if it considers necessary.

The Audit Committee comprises three directors all of whom are non-executive directors including the Chairman. The Chief Financial Officer and representatives of internal auditors attend the Committee meetings by invitation.

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

The Audit Committee met five times during the year under review.

Remuneration committee

The Remuneration committee is a Sub-Committee of the Board and is responsible for reviewing the remuneration and benefits of the Chief Executive, executive directors and other senior managers. It also reviews the overall remuneration budget of the Company.

The Committee consists of two non-executive directors. The Vice President Human Resources acts as the Secretary and the committee meets at least once a year.

Banking Committee

This Committee comprising two executive and one non-executive director has been constituted to approve matters relating to opening, closing and day to day operations of bank accounts. The resolutions passed by the Banking Committee are subsequently ratified by the Board.

Share transfer committee

The share transfer committee consists of two executive and one non-executive director. This committee approves registrations, transfers and transmission of shares. Resolutions passed by the Shares transfer committee are subsequently placed at Board meetings for ratification.

Risk Management

The Board has an overall responsibility for the risk management process, incorporating risk management and internal control procedures. The Company's documented and regularly reviewed procedures are designed to safeguard our assets, address risks facing the business, and ensure timely reporting to the Board and senior management.

We maintain a clear organizational structure with defined delegation of authorities. Our senior management takes the day-to-day responsibility for implementation of procedures; ongoing risk monitoring; and effectiveness of controls. On an ongoing basis, we monitor risks faced by our various businesses to ensure pertinent control arrangements.

Our risk and control procedures are supported through:

Control Self Assessment Tool

In 2010 the Control and Self Assessment Tool (CSAT) was introduced by AkzoNobel which assisted in the thorough assessment of controls to ensure a robust control structure. Senior management, along with the active involvement of each unit's management, led this annual self assessment exercise in 2010. Existing controls were identified, assessed and documented with the help of the online tool. Weaknesses highlighted through this exercise were documented through action plans which clearly defined the corresponding actions to close the identified weaknesses in the system and processes. Our internal auditors, Ernst and Young, also tested the results of the CSAT exercise. Further, action plans are followed up rigorously to ensure that timely corrective action is implemented for the effective functioning of controls.

Enterprise Risk Management

The Enterprise Risk Management (ERM) methodology is part of AkzoNobel's effort to clearly and structurally prioritize the main risks affecting our operations and organizations, in order to focus the company's efforts on those risks that are not controlled in an acceptable

manner. For this purpose, ERM workshops were conducted across all our Businesses. The purpose and goal of the ERM workshops was to identify, assess and develop responses to the main risks that are affecting or could in the future affect ICI Pakistan Ltd in achieving its strategy and objectives (financial & non-financial). A cross-functional Business Executive Team identified a detailed list of overall business risk exposures. This exercise was performed by all businesses during 2010 and the main outcome of these workshops was the development of a current and complete risk profile upon which necessary action plans was developed to mitigate the main risks.

Compliance

Non-Financial and Financial Letter of Representation

The Non-Financial Letter of Representation is the representation of management to its higher level of management and the group on how management has dealt with the delegated responsibility, has adhered to the rules and regulations and explains exceptions and deviations that occurred during the year. The respective Business and Function Heads submitted an annual representation to the Chief Executive. A consolidated version is sent to the Group.

Internal and External Audit

Our Corporate Audit function plays a key role in providing the management and the Board an objective view and reassurance of the effectiveness of the risk management and related control systems throughout the entity. The Board, through the Audit Committee, has reviewed the assessment of risks, internal and disclosure controls and procedures and suggested remedial actions where applicable.

The role of the Audit Committee is to assist the Board in fulfilling their oversight responsibilities regarding the integrity of ICI Pakistan's financial statements, risk management and internal control, compliance with legal and

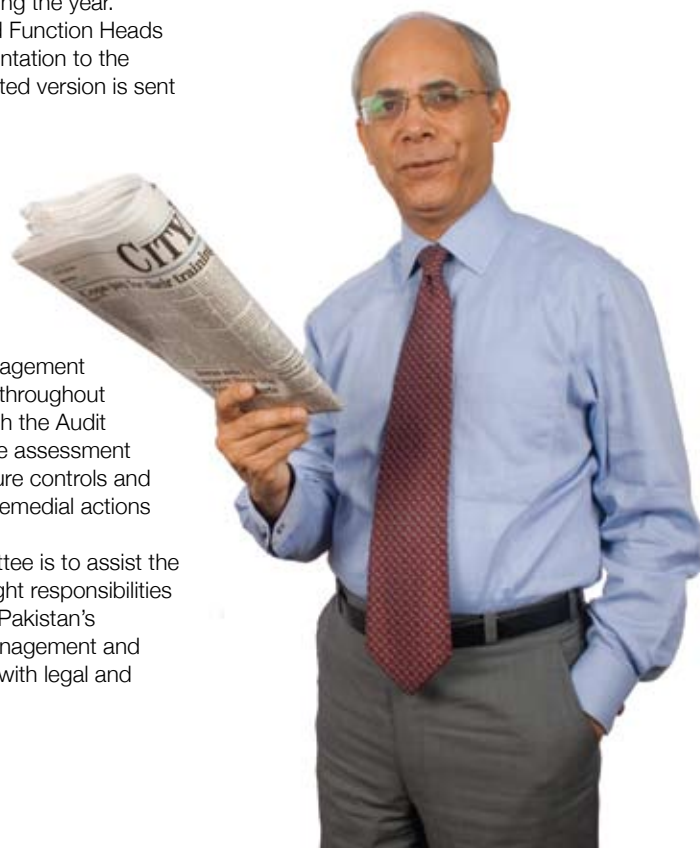
regulatory requirements, the external auditors' performance, qualifications and independence, and the performance of the internal audit function.

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

In this uncertain world, management of operational risks is a top priority. We have formal risk assessment processes in place to give reasonable assurances to our stakeholders and to safeguard our interests.

Zia U Syed

Corporate Compliance &
Shared Services Manager



Major risk factors assessed

As a result of the ERM exercises, our risk profile emerged. In the matrix below, we share some of these risks along with the action being taken to mitigate such risks.

	Internal	External
Strategic	<ul style="list-style-type: none"> Change in brand identity due to change in ownership. Risk of failure to successfully implement and merge the transition strategy can result in contraction of brand equity leading to loss in sales volume especially in Paints business. <p>The transition is minimized and risk is managed through active engagement process.</p>	<ul style="list-style-type: none"> Risk of large scale cheap imports or dumping of soda ash in Pakistan by major international manufacturers, in view of oversupply in global soda ash industry owing to economic recession, resulting in domestic sales / market share going down. Ad-hoc tariff adjustments on imports negatively impacting competitiveness of local producers like ourselves. Risk of expansion/ productivity enhancement projects deliverables and business continuity being impacted by volatile law & order situation. <p>One of the key uncertainties is the manner through which government policies evolve and their consistency. The Board and management endeavor to define and implement a clear strategy to overcome these strategic external risks and continuously seek dialogue with the policy makers through various business forums in the overall interest of the domestic industries.</p>
Operational	<ul style="list-style-type: none"> Dependence on a single source supplier. Inability to access raw materials may adversely influence the future results of the company. <p>The company aims to use its purchasing power and long term relationships with the suppliers to ensure continuous availability of raw materials and safeguard their constant delivery at the best conditions. We have also acquired our own salt mine on lease to ensure availability of vital raw material for Soda Ash.</p> <ul style="list-style-type: none"> Risk of failure to develop the talents of our people in line with changing organizational needs impacting overall Company sustainability. 	<ul style="list-style-type: none"> Risk of disruption of electricity and natural gas, because of unavailability of resources, can negatively impact business deliverables due to delay in local manufactured items/ material and due to reduction in Contribution Margin as a result of using expensive alternate fuels. <p>Another principal uncertainty facing the company is the extent of economic downturn based on above uncontrollable factors. The Board and the management closely monitor the economic and market developments and keep in-touch with our partners in the value chain. The company is assessing the implementation of an alternate energy option in its Soda Ash business.</p>

	Internal	External
Operational continued	<p>The board and management put great emphasis on attracting, educating, motivating and retaining staff, using engagement tools such as performance and development appraisals and dialogs, employees surveys, leadership identification and review as well as leadership development. It's a firm belief that without people we would not have a business and growing business means having to develop our people.</p>	
Financial		<ul style="list-style-type: none"> • Risk of default in payments, in highly difficult economic conditions, leading to adverse financial impact on the company. <p>The company's counterparty risk is sufficiently diversified with established limits for key customers. Credit reviews are regularly conducted to align the exposure in line with the changing conditions while remaining within the overall risk appetite of the company.</p>

Awards & achievements

We know that excellence speaks for itself, but we're also proud of being recognized by external corporate and government bodies for our efforts in various areas.

Best Corporate Report Award

Our Annual Report 2009 was amongst the top five in the Chemicals and Fertilizers category of the ICAP Best Corporate Report Awards. This is the fourth successive year that we have had the honor of winning the Best Corporate Report Award.

PCP Recognition for Best Corporate Giving

We received recognition from the Pakistan Center for Philanthropy (PCP) for being amongst the top corporate givers for 2010.

7th Annual Environment Excellence Award 2010

We were among the winners of the 2010 Environment Excellence Awards organized by Pakistan's National Forum for Environment and Health (a non-profit affiliated with the UN Environmental Program).

Calendar of major events

Meetings

Month	Event
February	Board Meeting Audit Committee Meeting Remuneration Committee Meeting
March	Annual General Meeting
April	Board Meeting Audit Committee Meeting
August	Board Meeting Audit Committee Meeting
October	Board Meeting Audit Committee Meeting
November	Long Service Awards Lahore
December	HSE Management Meeting Succession Planning Meeting Long Service Awards Karachi

Communication is not just another job; every day I have the chance to come up with new ideas and new ways of putting across to the world what we as a company are all about.

Hafsa Zubair

Brand Manager,
Corporate
Communications
& Public Affairs



Technology developments

Vision

To proactively partner with the businesses and functions of ICI Pakistan, in order to help them achieve their Key Strategic Objectives, through innovative and cost effective IT solutions.

Highlights of 2010

- Strategic initiative to implement SAP at the Paints business
- Deploying McAfee End Point to enhance security of information assets
- Remote Disaster Site completed to strengthen business continuity
- Migration from Lotus to MS Outlook / SharePoint in line with global policies
- Enabling smarter business collaboration through tools such as video conference, web meetings etc.

Team

The team is a blend of rich experience and youthful energy. Our people have talent, creative drive and enthusiasm. This has been reflected in the delivery of very challenging projects, which are aimed at achieving best in class in terms of processes, efficiencies and controls.

Major Projects / Improvements

Our focus was on delivering key strategic initiatives emanating from the 5-year strategy roadmap. Leveraging on our current SAP platform, which has enabled our businesses to run efficiently on processes derived from industry best practices, delivering value, efficiency and controls, was key to our strategy. In line with this strategic thrust it was decided to implement SAP at Paints. The migration of our e-mail and non-ERP applications to Microsoft Outlook and SharePoint is aimed at both, alignment with the group, and an opportunity to consolidate and standardize, thereby simplifying the IM landscape. We have undertaken expansion of the IT infrastructure with the latest technology to enable our people to collaborate more effectively through the use of tools for video conferencing, web meetings etc. The security of our information assets is made more robust with the deployment of end point security, and the establishment of a remote DR site.

Future Outlook

We will continue to look for opportunities and innovations that will enable our businesses to work smarter and faster. We will need to leverage the investments that have been made in our applications, continue focus on the development of our people, and ensure business continuity and sustainability are strengthened.

Before 2004	2004 - 2010
Bespoke systems in ICI Pakistan	SAP Implemented in ICI Pakistan
BPCS at Paints	SAP roll out in Paints 2010 - 2011
De-centralize IT organization	IT re-organized as a central shared service function
Heterogeneous IT infrastructure	Consolidation and standardization of IT infrastructure. State of the art central data center
Capability gap	ITO scheme introduced

In an increasingly technology-dependant workplace, the ever-morphing need for improvement provides constant challenges. Finding solutions for today and new answers for tomorrow is the excitement of my job!

Zain Zafar Alvi
SAP Consultant



Community investment

Working to ensure a positive impact on our surrounding communities and society as a larger whole is something we as a company have focused on since our early days. We work to promote development and sustainable investment in various areas of social and community welfare.

Education

Education is a prime focus in a developing country like Pakistan. We support various schools throughout Pakistan, especially in localities near our operations.

Government Boys' Primary School, Kakapir: This school caters to children from the locality of Kakapir, a small coastal fishing village. We have been helping run this school for the past six years.

Enrollment in 2004: 25
Enrollment in 2010: over 140
Amount invested in 2010: Rs. 0.9 million
Amount invested over 6 years: Rs. 1.6 million

Government Girls' Middle School, Bararkot, Tehsil Gari Habibullah: This school was completely devastated in the 2005 earthquake. We worked with local authorities and rebuilt the school in 2006 and since then have helped run it. Last year we upgraded the school, from primary to secondary level.

Enrollment at project inception: 140
Enrollment at 2010 end: 240
Amount invested over 3 years: Rs. 16.13 million (includes cost of construction of the school)

Tibbi Hariya School, Sheikhpura: For the past six years we have supported this school near our Polyester plant.

Total amount invested: Rs. 1.7 million
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Institute of Behavioral Psychology (IBP): We have completed twenty years of support to IBP, which provides children with learning disabilities an education, and helps give them the tools to become productive members of society

Amount invested in 2010: Rs. 0.672 million
Total amount invested so far: Rs. 5 million

Environment

Protecting and maintaining the environment is becoming a more critical need with every passing day. We run and support a variety of initiatives, both internal and external, in this regard.

Save the Turtle Project: Since 2005, we have supported the WWF's 'Save the Turtle Project'. WWF Pakistan carries out this project in collaboration with the City District Government of the port city of Karachi, which has several important marine turtle nesting beaches. This program involves keeping nesting beaches free from litter and debris which endangers marine turtles; educating the local population; and raising general awareness by involving the public in regular beach-cleaning efforts.

When we became engaged with the project, 2204 hatchlings were released each season. This number has now increased to 35,000 hatchlings every season. Over six years we have helped contribute to the safe release of 210,000 hatchlings. We have also participated regularly in WWF's annual Nature Carnival which educates children on environmental issues.

Reducing carbon emissions We launched a company-wide carpooling drive with the objective of reducing our carbon emissions, consequently reducing our individual and collective carbon footprint. Our employees participated in this drive and carpooled to work in 2010, saving 63.5 kg of carbon dioxide.

Health

Pakistan's large rural population is faced with a severe lack of adequate healthcare facilities, and we have tried through our efforts over the years to combat this serious problem.



Students of the Bararkot school during a performance



A patient being examined at our free LRBT eye camp



A student of the Kakapir school



Distributing relief goods to the flood survivors in the flooded areas

LRBT Eye Clinics: Since 1991 our Soda Ash Business has run surgical eye camps in collaboration with LRBT, providing free of cost treatment to local residents of the Khewra and Pind Dadan Khan area. A team of LRBT ophthalmologists from LRBT Karachi, carry out these free eye checkups, medical screenings and surgeries using the facilities at our Winnington Hospital.

We now have initiated the same program for the community near our Polyester plant in Sheikhpura, with the first eye camp being held in November 2010 examining nearly 200 patients.

Outpatients treated till year end 2010: 117,188
No. of surgeries in 2010: 677.
No. of patients examined in 2010: 7,132
Total no of surgeries conducted: 11,992.
Investment since inception: Rs. 13.4 million

Blood Donation Camps: In 2010 our Life Sciences Business initiated a country-wide blood donation drive in collaboration with the Fatimid Foundation, which is a non-profit organization that works to provide life-saving hematology services to thalassemia patients.

During this drive there were two separate blood donation camps organized in which over 200 employees donated blood.

Volunteer program

Launched in 2009, our volunteer program has completed its second successful year. Employees from across the company volunteered in a variety of initiatives ranging from taking students out on field trips, to visiting hospitals and organizing relief efforts.

Volunteer hours for 2010: 4459
Number of volunteers: 236
Total volunteer hours so far: 6275
Total volunteers: 322

I cherish the knowledge and experience I have gained at ICI. Apart from a diverse array of learning and career opportunities, it is a place where you can really grow through experiences such as the Flood Relief Campaign.

Zain-ul-Abideen

National Sales Manager, Industrial Chemicals





Our volunteer team headed by Waqar A Malik visiting flood affected areas in Sukkur

Flood Relief and Rehabilitation

In 2010, the worst floods in Pakistan's history left 20 million people displaced. Pakistan's devastating floods were traumatizing for the whole nation, destroying livelihoods, homes, crops, schools and more.

At ICI Pakistan Limited we worked actively to provide relief to those affected by the floods across the country. We initiated an immediate emergency relief program through the ICI Pakistan Foundation to provide food and medical assistance to areas that were severely flooded and cut off.

Staff from our businesses all around Pakistan volunteered their time and helped put together 10,000 emergency care packs filled with immediate sustenance items such as dates and biscuits, along with water and basic medical and sanitation supplies.

Medical camps

Our Life Sciences team also set up 15 medical camps in flood-affected areas of Punjab and Khyber Pakhtoon Khuwa. Nine veterinary camps were also set up for flood affected livestock.

The volunteer work I did during the Flood Relief Campaign was one of the most satisfying experiences of my life, and was a reward in itself.

Muhammad Umar Mushtaq
Production Manager, Soda Ash





Company-wide care pack drive



A young flood survivor



A flood survivor carrying a box of relief goods



One of the schools that were painted during the flood relief efforts

One million meals

The ICI Pakistan Foundation contributed Rs. 36 million for flood relief. The Foundation dispatched one million meals in the form of essential rations and clean drinking water to affected areas. By August end, we were able to dispatch rations all over Pakistan and achieved our 'million meal' target.

250,000 meals to the Pakistan Navy for Sindh province
250,000 meals to the Pakistan Army for Khyber Pakhtoon Khuwa province
125,000 meals to the Pakistan Army for Punjab province
335,000 meals to Pakistan Navy SSG unit for Swat and far-flung areas of Khyber Pakhtoon Khuwa province
40,000 meals to the CARE Foundation for Muzaffargarh
11,350 liters of clean drinking water for Sindh

Relief camp visit

ICI Pakistan Limited Volunteers also visited a relief camp set up and operated by the Pakistan Navy in Thatta, Sindh, and distributed 400 specially prepared packs to children on the occasion of Eid. These packs contained sweets, biscuits, juice, milk, coloring books, and pencil cases with crayons etc. Our volunteers also donated 5 water filtration devices to the camp.

Rehabilitation

After the success of our Relief Program, we have initiated a Rehabilitation Program for flood affectees, starting with six schools in Nowshera Kalan that were destroyed in the floods. We are now reconstructing houses in collaboration with Karachi Relief Trust (KRT). The Foundation signed an agreement to build houses in Rahim Yar Khan, Punjab and Munda Headworks in Khyber Pakhtun Khuwa. Construction of our first model village is nearing completion.

Each house constructed in the model village has two rooms, a bathroom, a kitchen and a front open area.



Health, Safety, Environment & Security



Beliefs and Principles

At ICI Pakistan we remain committed to maintaining our leadership position as a Responsible Care Company. The health and safety of our employees, protection of environment and focus on sustainable development remains a cornerstone of our strategic decision-making. We strive at all levels to create business value, opportunities and competitive advantage through our HSE&S performance.

HSE&S Management System

Our HSE&S management system is at the heart of ICI Pakistan's continuous improvement drive. It comprises of seven elements each outlining the minimum requirements to meet our HSE&S policy. These elements are as follows:

1. Managing improvement
2. Health and safety of employees and contractors
3. Security of people and assets
4. Product stewardship
5. Emergency response and community awareness
6. Asset integrity and process safety
7. Site environmental protection & pollution prevention

Compliance to local regulatory requirements and codes of practice applicable in Pakistan is mandatory covering all our business and operational activities.

While the drive to sustain and continuously improve our Health, Safety, Environment and Security performance is the responsibility of ICI Pakistan's Executive Board, the successful achievement of results require the active participation of every employee of the company.

HSE&S Assurance Processes

Our slogan for sustaining this excellent HSE record is simple: 'Keep Doing the Basics Right', and some of these basics are:

1. Continue recognizing, reporting and correcting hazardous conditions and unsafe acts through our Learning Events Database system and of course, Behavior Based Safety.
2. Ensuring that employees are provided information, instructions, supervision and training to operate and maintain our equipment and facilities in a "Fit for Purpose" state.
3. Adhering to all systems and procedures that ensure health and safety of people, plants and environment.
4. Strict and to the book 'Management of Change'
5. Effective Communication to promote HSE
6. Comprehensive Auditing of HSE Performance to progress issues.

Our Performance

Health

There was no reportable occupational illness to our employees or supervised contractors in 2010.

Safety

During the year, two minor injuries were reported by our Paints site involving supervised contractors who resumed their jobs after treatment. The Safety performance at other sites remained well controlled. Soda Ash achieved 23.4 million man hours, Polyester achieved 19.9 million man hours, Specialty Chemicals achieved 5.4 millions man hours and Life Sciences achieved 7.3 million man hours without LTI (Lost Time Injury) to

2010 was all about fully comprehending the scope of our sustainability framework, and in 2011 I look forward to taking on sustainable development in diverse areas such as HSE, eco-efficient products and sustainable water management.

Syed Iqbal Haider

Group Technical Manager

employees and supervised contractors. Implementation of Asset Integrity Plans and launch of Behavior Based Safety during the year further aim to improve our Health and Safety Performance moving forward.

Environment

Energy consumption and CO2 emissions were lower by 5.3% and 3% respectively on like to like basis as compared with 2009. Notable energy conservation initiatives included the Reverse Osmosis Water Plant at Soda Ash brought on line in Q4 2010.

What happened in 2010

Safety Day

Being part of the AkzoNobel group, ICI Pakistan celebrated Safety Day throughout the company on October 26, 2010. The activities on this day were designed to enhance focus on employees' safety and to reinvigorate the spirit which has helped maintain an excellent safety record over the years for ICI Pakistan. One of the key activities was recording of an individual safety pledge by each employee committing to do something positive to improve their own safety and those of around them. More than 95% employees participated in this pledge-making.

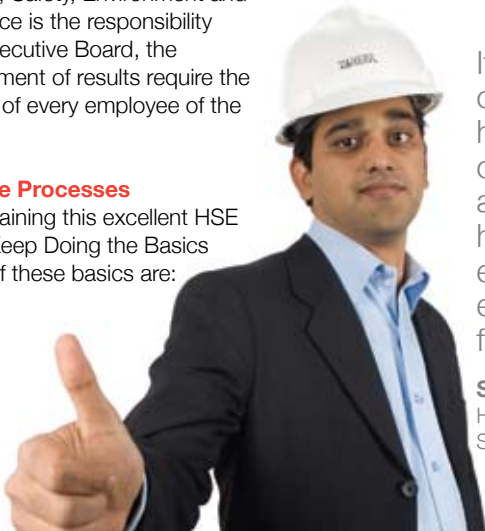
HSE&S Training

Training on HSE&S remained a key focus during 2010. 16% of our total training hours were spent on HSE training. Five HSE&S Awareness Courses, four Leading in HSE&S Courses and one Accident Investigation Workshop were conducted. In all 187 managers from our five businesses and corporate offices attended these courses.

It's great to be a part of a company that has a strong culture of sustainability and considers health, safety and environment an essential catalyst for future success.

Sabir Mahmood

HSE & Training Manager,
Soda Ash





Safety Day was celebrated throughout the company on October 26 2010

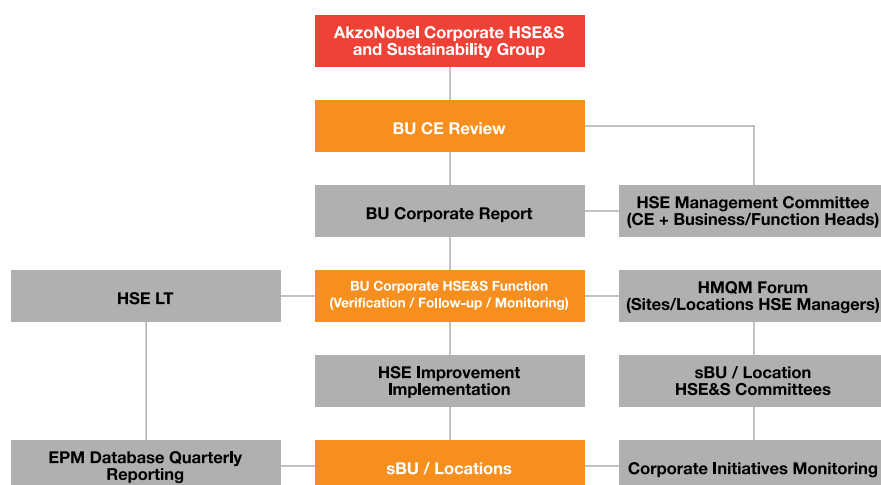


Our Paints factory staff on Safety Day



Signing of the Safety Day banner

HSE&S Framework



Course Name	No. of Sessions	No of Participants
HSE Awareness Course	5	102
Leading in HSE (Non-Manufacturing & Manufacturing)	4	68
Accident Investigation Workshop	1	17

CP BBS Training Program

Behavior Based Safety is a program for safety through people. An implementation team headed by the Corporate HSE Manager was formed. The team developed the training modules and devised strategy for the implementation soon after that. The training and follow-up sessions have been successfully completed and all businesses are BBS compliant.

Total reportable injury rates

Employees and supervised contractors

2006	0.27
2007	0
2008	0.12
2009	0.28
2010	0.28

There were two reportable injuries (one Lost Time Injury and one Restricted Work Injury) in 2010.



The immense opportunity of learning in the world of AkzoNobel's HSE&S systems motivates me and keeps me excited about my job.

Muhammad Afaq

HSE & Training Manager, Polyester

Our Talent Factory

People are my inspiration, and working with them is the best part of my job

Zainab Khan
Human Resource Manager, Paints



We believe that attraction, development and retention of talented people is just as important to the success of our Company as the development, manufacturing and sales of great products. For this reason we call ourselves the Talent Factory.

Our Talent Factory Ambition

We strive to create a working environment that's entrepreneurial and customer-driven, which consequently helps our employees to develop their potential and sharpen their skills. The result of this strategy is strong, talented leaders who can truly contribute to the sustainable growth of our business.

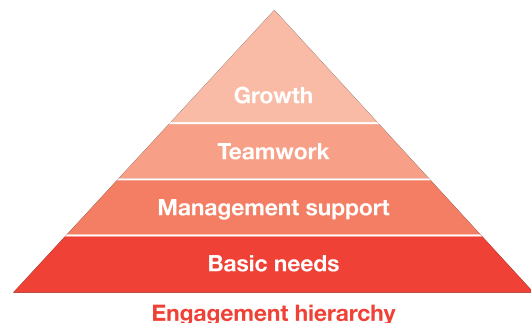
Fulfilling the ambition

Work Environment

- **Performance & Development Dialog (P&D Dialog)** This is our global performance management and employee development program which is designed around our company values. For continuous improvement in performance, our employees and their supervisors focus on individual and team goals. Through regular dialog, review and candid feedback, our aim is to achieve better business results and reward our employees for their good work. The P&D Dialog makes our evaluation process simpler and more transparent. Through a documented set of activities and agreed results and behaviors, the goal is to give clear direction and support necessary to achieve desired outcomes.
- **Viewpoint Employee Engagement** We believe employee engagement is a fundamental driver of business success. To make sure that our employees are involved and committed to their roles, we embarked on the engagement journey in 2010.

Employee engagement

2010	3.74
2015	4.00



Our first survey was very well received, where a staggering 94% of our employees participated, to have their say and make a difference. Through dedicated training sessions across all businesses, we have equipped our managers with knowledge and skills to take effective action within their teams to achieve engagement and subsequently, better business performance.

Using global benchmarks, expert advice and highly committed managers, we want to create an environment where people enjoy their work and feel positive about it.

- **Diversity & Inclusion (D&I)** We are taking steps to create a place where everyone is valued, where everyone counts, and where everyone can be the best at what they do. For us to make real progress on D&I we ensure everyone goes through the e-learning awareness module to clearly understand what it means and how we can bring about changes in the way we think and across our businesses. We want to create a work place where everyone has the opportunity to develop skills and talents consistent with our company values and objectives, a place where we harness the power of all the ways in which we are different.

I started the year in Marketing at the Polyester Business in Pakistan, and ended it as a Global Program Manager D&I, at the Head Office in Amsterdam. That's the thrill of this company – the sheer diversity of opportunities!

Bilal Salahuddin
Global Program Manager, Diversity & Inclusion
Head Office, Amsterdam



I am proud to be part of a function that is integral in making my company an even better place to work.

Muddassir Khalid
Human Resource Manager, Polyester



Opportunities for Learning and Development

The overarching objective of our learning and development cell is to create an enabling environment where all our employees have access to the necessary tools, techniques and desired exposure, that will help them to grow in the organization through professional learning. In 2010, over 27,000 man hours were dedicated to formal training across all businesses and functions.

- **Sustainability Leadership Program** is designed to increase understanding of the environmental impact we have on our planet and the unique responsibilities we have as leaders to do something about it and to use those insights to the advantage of our businesses.
- **Impact** is a general management program developed and run in partnership with INSEAD, France. It pays particular attention to our success factors 'Create Customer Value' and 'Dare to Re-Invent'. This is our way to ensure that our managers are living examples of our Company values. Two of our managers attended the Impact program in 2010.
- **Octagon** is a program that trains our managers on enterprise level thinking so they get a deeper understanding of different business perspectives. One of our senior managers attended Octagon in 2010 and was part of a global team of eight, working on a business project assigned by the Board of Management of AkzoNobel and top executives.
- **Executive Leadership Forum** is a top leadership program where new executives across the globe are collectively trained by the top leadership team at AkzoNobel Headquarters.
- **Advanced Management Program** is designed to help senior and middle managers in becoming more proficient in leading large and/or complex functional teams, positively influencing their work culture, develop leadership talent among their staff and create high performing teams. Approximately 90% of our relevant managers have now been certified in the AMP.
- **Management Essentials Program** Through this program, we have certified over 70% of all our managers, by virtue of which they have acquired the necessary people development skills including techniques such as the 'Situational Leadership' that will ensure continuous capability development.
- **Core development** We provide our employees the tools to help them meet customer expectations and position the company as customers' clear choice. Employees seeking functional learning opportunities committed to a total of over 8,000 man hours of training on these programs in 2010.

Cross-business and functional opportunities

- **Business** Learning and growth opportunities for our employees are endless! Through the year we have made sure our talented employees capitalize on cross-functional and business opportunities that can only be made possible in an environment like ours. Our five diverse business units across the country, cater to virtually every industry in Pakistan. The result is a group of talented employees who have, over the years, not only acquired multi functional skills but also worked in different business segments.
- **International Assignments** Global mobility of our employees plays an important role in our internationally managed business. International assignments help the Group with the transfer of critical skills, the development of key employees and of leadership talent.

Building an industry-leading Talent Factory

Every day our dedicated team of employees and managers across all businesses and functions position us closer to our longer term goal – "Building an industry-leading Talent Factory," by creating a work environment that enables greatness in our people, giving our company deeper dimensions.

It's very rewarding to contribute to an initiative such as the Viewpoint Employee Engagement program which will play a vital role in building the Talent Factory of our company. It's sure to be an exciting and rewarding journey going forward.

Hassan Tariq
Development & Recruitment Manager



Adding color to people's lives

The coatings industry is more than just a business. It is a form of expression for people and thereby weaves us closely to their lives. So the quest for excellence is not just in terms of functionality and technological advancements; but how we can affect and improve lives with everything we do.

At our Paints Business, we take this responsibility very seriously and have identified the purpose of our business as 'Adding color to people's lives'. This is what defines us... this is what excites us... this is who we are!

Everyone wants a more 'colorful' life and decorating our surroundings is one way of expressing this to ourselves and to others.

Paint is one of the most powerful and affordable tools for bringing a large color effect into a space. We offer a color palette of more than 6000 colors. We have set up color studios across the country where you can simply walk in and be transported to a wonderful world of color. Along with this, we offer free consultancy at all our studios where our color ambassadors will help you transform your surroundings. So, just dial 0800 - Dulux or visit us at www.icidulux.com.pk and let us add more color to your life.





Paints Decorative

Products

Our two brands, ICI Dulux and Paintex each have a complete product portfolio with ICI Dulux catering to the premium and super-premium tiers, and Paintex to the mid and low tiers. ICI Dulux is our flagship brand that has earned its reputation based on its consistent ability to outperform both competitors and the expectations of its consumers with its product quality and innovation (products and services). ICI Paintex is our value for money brand that caters to consumers who aspire to bring home results that offer value at its best. We have a direct network that spans the country reaching millions of consumers across Pakistan.

Customer Connectivity & Engagement An ICI Dulux Innovation

The paint category in Pakistan is rapidly maturing and consumers are becoming more conscious and aware of their needs. ICI Dulux has always been at the forefront of innovation through top quality products and cutting edge technology. ICI Dulux is the pioneer of the Tinting System in Pakistan under the label of ICI Dulux Color Solutions. ICI Dulux Point of Sale Tinting (POST) offers over 2000 shades available all over Pakistan at designated dealer outlets.

Color consistency and quality is our forte and our customers can be confident that the color they bring home is exactly what they want. To locate ICI Dulux Point of Sale Tinting near you simply log on to www.icidulux.com.pk

Mobile Color Solutions

Today's customer is more informed and involved in the paint process. ICI Dulux appreciates the new attitude and intends to set new precedents. Customer comfort and convenience is the need of the hour. ICI Dulux Mobile Color Solution Center visited premium residential and commercial localities in Lahore, Karachi and Islamabad to provide services such as color consultancy, interior decoration advice, technical assistance and paint previews at the customer's doorstep.

Painter Training

Painters represent an extremely key group of influencers. A significant issue in the local market is that painters have little or no formal training. Trade is passed from master to student, resulting in a lack of technical knowledge and standardized practices.

To formalize the trade and bring about more professionalism, we initiated a pilot program with the Construction Technology Training Institute (CTTI) Islamabad. Our Paints team in collaboration with CTTI is training building painters in paint application techniques, trouble shooting, color selection and good safety and environmental practices.

In 2011, I look forward to working with more zeal, interacting with more diversity, contributing more to my business and spreading more color!

Saad Masood Khan
Assistant Brand Manager



The best part of my job is that I am surrounded by friends, not colleagues. Some of the best friends I've made in life are people who work with me every day.

Bashar Rasheed
Supply Chain Manager

K'Architecture

ICI Dulux sponsored a compilation of photo essays applauding the architectural heritage of the city of Karachi, called K'Architecture. The book is an overview of Karachi's rich architecture seen through the lenses of some of Pakistan's most distinguished photographers.

Architect engagement events

We hosted grand evenings at the historic Barood Khana Haveli in Lahore and at the Mohatta Palace in Karachi as part of our architect engagement plan. Eminent architects and industrial partners attended these events featuring leading musicians from Pakistan's film industry. These events reiterated our commitment to our stakeholders and promised to strengthen existing, time-tested partnerships, celebrate successes together and support each other in the drive for Tomorrow's Answers Today™.



0800-Dulux
(0800-38589)



ICI Dulux participates in the ArchAsia 2010 Expo



ICI Dulux architect engagement event held at a historic location in Lahore



Employees' children participate in Global Color Week drawing competition



Deco employees adding color to their workspaces during Global Color Week

What happened in Deco this year

ICI Dulux Thematic Campaign - A Theme for Every Dream

This campaign centered on the tagline 'A Theme for Every Dream', and reinforced the ICI Dulux brand personality as the leading innovative one-stop shop decorative solution provider in Pakistan. The campaign subtly introduced AkzoNobel as the new parent company and highlighted ICI Dulux ground-breaking services such as Customer contact center (0800-Dulux), color consultancy/interior decoration advice service and color studios. All communication platforms including television, radio, newspapers and outdoor exemplified an assortment of colorful themes nationwide.

Product Development - ICI Paintex range expansion

We introduced new products into the ICI Paintex range with the launch of ICI Paintex Ultra Prime and ICI Paintex Duraguard. The ICI Paintex portfolio now offers interior and exterior emulsion, enamel, wall putty and sealer. With these launches complete before painting season this year we look forward to serving a broader customer base thereby resulting in a higher market presence.

Global Color Week

The global ambition for the Paints Businesses of AkzoNobel is "Adding Color to People's Lives", and in line with this, we had our first-ever Global Color Week. The week was dedicated to learning what 'adding color' is about and experiencing the transformative power of paint. The objectives of this event were to create Color Awareness, promote Color Futures – the global style and transform our communities by sharing our exciting color range.

Business Performance

We have been market leaders for over two decades and enjoy a strong equity. This year we saw improved volumes despite slowdown in the construction industry and lengthening of the maintenance paint cycle.

Operational Excellence

During 2010, we set the following records:

- Best ever Right First Time (RFT), at 96% (for Decorative business during November 2010). RFT is a measure of manufacturing process control – the higher the better
- Best ever right first time at 98% (for Coatings business during July, October & November 2010)
- Best ever cycle time at 15 hours (for Decorative business during November 2010). Cycle time is a measure of how quickly batches are being manufactured (the lower the better)

Challenges

This year we continued to experience the impact of the global economic slowdown resulting in reduced consumer buying power.

Future outlook

The year 2011 is expected to witness a gradual recovery after the economic slow down with the business geared towards focusing on AkzoNobel's core value, 'Focusing on the Customer's Future First', with the launch of 'YES - Year of Excellence in Service' for internal and external customers, new product developments, and several customer-centric activities that will forge robust, sustainable and long-lasting relationships.

What excites me and keeps me motivated are the diverse responsibilities given to me over a period of 8 years, which strengthen my skills and challenge me.

Fawad Ali Asif Mirza
Regional Sales Manager Center





A person wearing a white protective suit with blue stripes on the sleeve and a Sikkens logo on the chest. They are wearing a white hood and mask, and are working in a paint booth. The background shows the interior of the booth with a green floor and a metal grate ceiling.

Our focus: your success

Achieving a perfect repair is one thing, but creating a smooth and efficient repair process is another. When it comes to productivity and efficiency you need more than just good paint. Enabling bodyshop profitability has always been at the heart of the Sikkens philosophy. We offer the finest products on the market, together with services, training and support: a powerful formula for perfect results and high bodyshop profitability.

In a recession hit-market where managing cost remains a priority for customers; the focus of our team in 2010 was on improving bodyshop profitability. Scans of each setup were carried out to allow a review of overall functioning, including process analysis, cycle time and equipment. Based on the scans, we gave suggestions on how to improve each of these parameters, as well as advice on how to monitor and quantify results. We provided tools allowing bodyshops to benchmark their performance helping them understand how this affects their profitability.

By combining our passion and expertise with the ambition and knowledge of our customers, we worked towards a common goal – increasing bodyshop profitability and sustainability. Helping customers run their business with outstanding success – today, tomorrow and beyond; this is our philosophy, this is what drives us, this is how we do our business.

Paints Automotive & Aerospace Coatings

Market Overview

The automotive coatings market size is estimated at 3 million liters, worth approximately Rs. 850 million and represented by 2.2 million road-going cars. Three Japanese car brands dominate the market, with no formal approval system for automotive coatings to allow their after-sales network to exercise cost independence.

Overall, Pakistan's organized automotive coatings market is still in its nascent stages, however, low incomes and a high accident ratio, driven by poor road infrastructure and an aging car park have prompted strong growth of the unorganized sector over the last ten years. This situation is further exacerbated by a lack of technical education and awareness at the end user level.

With this limited focus on quality, and a strong focus on costs (a mainstay characteristic of the unorganized sector), less than 18% of the market is represented by Top and Mid-tier paints (two-component technology). Meanwhile, 72% of the market is still represented by Automotive Enamels, NC based color technology and thinners.

Business Performance

An inconsistent year for automotive refinish activities in Pakistan, 2010 was marked by weakening consumer confidence, inconsistent workflows and an increased incidence of down-trading. For our business, however, a focus on customers, cost and cash helped

capitalize on this situation and reinvent the image, commitment and loyalty for AkzoNobel's Automotive Coating brands in the market.

A focus on improving customer economics through process and efficiency initiatives helped the business gain market share to deliver a 20% increase in sales volumes, while a focus on cash provided the business with insulation against the liquidity pressures commonplace in the market, particularly post the floods in Q3.

Apart from the above-mentioned financial achievements, the business also made notable strides in getting Pakistan recognized as a player in the CV export markets – providing extensive technical support and color solutions to Pakistan's first export bus project and the refurbishment of Vespa Scooters for export to the Italian market.

Product

We launched the Sikkens Automotive Coatings portfolio in Pakistan at the end of 2008, supported extensively by value added services aimed at improving downstream bodyshop processes and profitability.

Collaborative programs with various OEM partners, coupled with extensive technical support prompting switchover from established brands, saw Sikkens gaining acceptance and market share at more than 75% of the organized vehicle repair operations across Pakistan.



Even after 10 years with the company, I relive the reasons I joined ICI in the first place; it's one of the few companies where you can be part of a team dedicated to redrafting the fundamentals of a business by investing resources in the downstream industry instead of only investing in the brand.

Syed Imran Qutab
Marketing Manager

Post the successful launch of Sikkens, we introduced DynaCoat in 2010. Specially developed for the mid market in car repair, DynaCoat offers a complete range of quality refinish solutions aimed at the market with lower levels of technological advancement.

DynaCoat is based on the mixing machine concept that allows bodyshops and retailers to accurately deliver any local and international color – be it solid, metallic or pearl finish, while maintaining a low complexity of stock. The DynaCoat product assortment is supplemented by professional color documentation and tinting formula's especially developed for the mid market in car repair.

Customer Engagement

The thrust of our efforts is to improve bodyshop profitability by developing customized service programs for bodyshop owners. We have developed different programs for different customer categories:



One of the best things about my job is that I manage change - helping to bridge the gap between the customer and my team. Each day is therefore a new challenge, prompting me to explore and expand the boundaries of my own potential.

Aneka Fahima Sufi
Assistant Manager Marketing Services



The Automotive team during the color-matching process



Our automotive coatings being applied to a vehicle

OEM: For our OEM customers, we focused on process development and helped them upgrade the service levels of their after-sales service programs.

Toyota: For Toyota we developed technical training programs aimed at improving body shop profitability

Honda: At Honda we conducted week-long on-the-job training sessions at each dealership

Suzuki: With Suzuki we carried out regional training for service managers and paint shop managers. This training focused on paint and color matching

Bodyshops: For bodyshops the target was to improve cost and profitability. After comprehensive analysis of their overall functioning, we suggested improvements as well as providing tools to assist bodyshops to benchmark and enhance their performance and profitability.

Painters: The most significant issue in the local market is that painters have little or no formal training. Most painters enter the profession as apprentices and the trade is passed from master to student, resulting in a lack of technical knowledge and standardized practices.

To address this concern, we initiated a pilot program with one of our OEM customers, Indus Motors, in collaboration with St Patrick's Technical School, offering a technical training diploma. This program trains students on body shop processes and paint techniques. The first batch to graduate was provided a 6 month internship with these dealerships. We developed and executed the program in entirety from developing syllabi and manuals to providing trainers.

Challenges

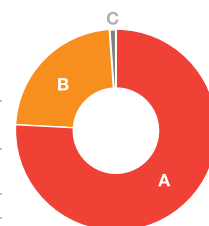
Within the vehicle repair industry, the penetration of the unorganized market, a segment with the largest market share, remains the biggest challenge.

As high competition and profitability of operations remains a common issue across this segment, players within this segment are focused on finding the lowest prices for paints with little concern for quality, actual costs of repair, process efficiency or waste.

An over-whelming need exists to help this sector transition from "price-shopping" and reinforce a culture focused on cost reduction based on technological advancement, quality consciousness and process optimization.

Market value in %
Rs. 850mn

A Vehicle Repair mid market	76
B Vehicle Repair Premium	23
C Commercial Vehicle	1



The business has taken on this challenge with the launch of its mid-market training programs, a balanced mix of technical as well as commercial modules, targeting the improvement of awareness and education across a wide cross section of stake-holders in this segment.

Future outlook

In addition to exploring opportunities to further expand our product and customer portfolio, the business plans to continue focusing on improving the overall profitability of its customers. Future plans include the launching of formalized services packages, transcending the bodyshop, to aid customers in areas of sales development, process development, material management, sustainability, financial optimization and marketing effectiveness.

Further, progress to end-user development programs shall also be made, with the expansion of the Painter Vocational Training program from its pilot stage to larger programs in Karachi, Islamabad and Lahore.

While 2010 delivered a lot of excitement through the opportunity to manage and exceed targets, 2011 promises an even greater thrill to excel, with stretched responsibilities and targets.

Shaukat Ali
Regional Sales Manager





A close-up, low-angle shot of a car's front end, focusing on the headlight and grille. The car is dark-colored, and the lighting creates strong highlights and shadows, emphasizing the metallic textures and curves of the vehicle's bodywork.

On the surface

When you look at a new car, one of the first things you notice is the finish. On any vehicle, the coating is the most visible part of the product, and its durability and aesthetic appeal are of great importance. World class car manufacturers including our customers Pak Suzuki Motor Company and Indus Motor Company, have stringent quality requirements, and for many years have mainly used Japan-based paint brands.

To develop our business in this market, our R&D team worked hard to develop new coatings of high quality and durability, and after successfully completing the testing phase, we were able to offer our customers a high quality coating solution that is made in Pakistan, with benefits comparable to any world class products.

This achievement was further built upon by our Sales Team, which managed to make breakthroughs into the Japanese passenger vehicle segment. By offering added benefits to the client such as assured availability of supplies and technical services, we improved our value proposition.

Currently over 70 vehicles from Pak Suzuki Motor Company coated with our locally-developed white top coat have been rolled out in the market for feedback and evaluation purposes. More than 150 vehicles have been coated with our topcoats at Indus Motor Company and additionally we have secured an order for plastic white topcoat. These significant developments will provide us ground to further expand our share in the top coats segment at both IMC and PSMC, while making our business more sustainable.

Paints Industrial

Market Overview

We operate in a diversified market and our vast product range provides solutions for passenger cars, motorcycles, commercial vehicles and tractors. We also offer products in the appliances and the projects segment.

Our customers are major automotive manufacturers; Pak Suzuki Motor Company (PSMC) and Indus Motor Company (IMC) in the passenger car segment, Hino and Nissan in the commercial vehicle segment, AHL, Dawood Yamaha and Suzuki in our motorcycle portfolio, and Millat and Al Ghazi in the tractor segment. Our relationship with some of these customers extends beyond two decades.

We also cater to major government and private projects in the country, such as expansion of the Engro plant, Benazir International Airport, tank lining at Pakistan Refinery, road line markings for the Lahore-Islamabad Motorway and many others.

Coming to work each day knowing that there's a world of opportunities just waiting to be seized, and working with our teams to capitalize on these in better, more sustainable ways is the exciting part of my job!

Mohsin R. Naqvi
Marketing Manager

Customer Focus

Atlas Honda Customer Service Improvement

Sharing our best practices benefits our customers, and so in 2010, we provided training to the line staff (mostly comprising of painters) at Atlas Honda. This not only created a competitive edge, but also taught our customers the efficient use of painting techniques and equipments as well as health, safety and environmental awareness.

Millat Tractors Service level improvements

In recent years numerous initiatives have been undertaken to address the changing requirements of Millat Tractors Limited (MTL), a key customer for many years. To improve things further, this year we took the initiative of providing more in-depth customer support. A full-time dedicated resource was deployed at the MTL production line to carry out pre-treatment and paint line testing daily, and to ensure activities were efficiently managed. A laboratory was also set up at the site where solutions are prepared at any time. MTL now has on-line technical service readily available to attend to any issue that arises.

Along with these efforts, line audits and on job trainings for paint line staff are also conducted.

Measuring customer satisfaction

Keeping our customers engaged and satisfied is one of the mainstays of our business. To measure how successfully we meet their needs, we held two customer satisfaction surveys. Results showed that our service levels are improving, having increased from 79 % in February to 81% in October. We strive to continue to enhance our service levels for the benefit of our customer.

Business Development

Hyderabad Motorcycle Market

Motorcycles are a primary means of transport in the rural areas of Pakistan, and this segment has significant volume. It is also a challenging environment as Hyderabad's huge motorcycle market has many manufacturers operating in it, both in the high and low-tier segments. Our focus has been high in this segment, and we have begun actively servicing the needs of this market with leading players like DS Motors, one of the largest motorcycle and three-wheeler manufacturers in Hyderabad, preferring to use our products and services.





The Industrial Team with OEM manufacturers Indus Motor Company

This unprecedented success allowed us to establish ourselves in place of previous brands at DS Motors in particular and in the motorcycle segment in Hyderabad at large, over the past few years. We intend to continue our efforts to secure other Chinese manufacturers in this division and become the leading suppliers in this target market.

International brand launched

We successfully closed our first sale of AkzoNobel's 'International' brand in the Marine Coatings segment. The first sale was made to the Karachi Shipyard & Engineering Works to coat Pakistan Navy's Special Utility Tanker Ships. These include highly specialized paints such as the Intersmooth range, which is a high performance, Tributyltin (TBT) free, self polishing copolymer (SPC) antifouling system with patented Copper Acrylate technology as well as the Intershield range which is a light colored, abrasion resistant, aluminum pure epoxy coating giving excellent long term anticorrosive protection and low temperature application capability.

Breaking into the OEM Market

Focused efforts by our R&D and commercial teams have led to the first order for the line run for locally produced white top coats at Pakistan Suzuki (PSMC). More than 70 vehicles have been coated with our white top coat and have been rolled out into the market

for evaluation and feedback. Our white top coat for plastic parts was also approved for application on more than 100 vehicles at Indus Motor Corporation for their leading brand, Corolla.

AkzoNobel's Interseal used at Pakistan Refinery Limited

Pakistan Refinery Limited (PRL) is now the first refinery in Pakistan to be using AkzoNobel's surface Tolerant Epoxy Interseal 670HS. Interseal is a superior coating solution which will be applied in highly flammable zones and will significantly increase time between maintenance activities.

New automotive line uses Nihon Parkerizing

Master Motors Corporation, a Chinese truck manufacturer, was in the process of acquiring Mitsubishi licensing in Pakistan and required pre-treatment metal sheets of international standards. Seeing this as an opportunity for business development we succeeded in getting them to use Nihon Parkerizing technology for their pretreatment, not only for their upcoming Japanese brand but also for their Chinese brand.

Ceilcote

This year we closed our first ever sale of AkzoNobel's Ceilcote Flakeline coatings in Pakistan. These highly specialized coatings were sold to Lotte Pakistan for their chemical storage tanks. Ceilcote Flakeline is a flake filled novolac vinyl ester coating

which exhibits excellent resistance to both aliphatic and aromatic organic solvents and to concentrated organic and inorganic acids. It offers outstanding chemical resistance with quick turnaround for service and also high temperature resistance. Ceilcote is geared towards clients that are looking for longevity in corrosion protection or are storing extremely corrosive materials.

Challenges

While we continued our focus on exploring new markets and customizing solutions for our existing base, the year 2010 was challenging. Passenger cars and tractors performed well, however in the second half of the year tractor and motorcycle sales were affected because of the floods. A general economic slowdown was experienced with fewer new projects than before.

Future outlook

We aim to continue our focus on providing new and innovative solutions and introducing the portfolio AkzoNobel offers. We plan to explore packaging coatings after a successful trial program in 2010. It is expected that this business will add to our organic growth outlook in 2011.



From left

Sajjad A. Lodhi
Salman Ahmed
Mohsin R. Naqvi
Muhammed Iqbal
Asgher Sheraz
Samiullah Qureshi
Shahid Islam
Abdul Rehman Aleem



Going green

In a world of limited resources, every little bit counts. We make ourselves more sustainable when we are able to achieve more by consuming less, and this is exactly what we have accomplished with Product Salvage.

The concept of Product Salvage developed when, as part of our continued sustainability focus we decided in 2008, to try and reduce our Off Specification Output (OSO). After extensive technical and commercial work, it was agreed that the most sustainable way to do so was to recycle OSO into our primary product, Polyester Fiber.

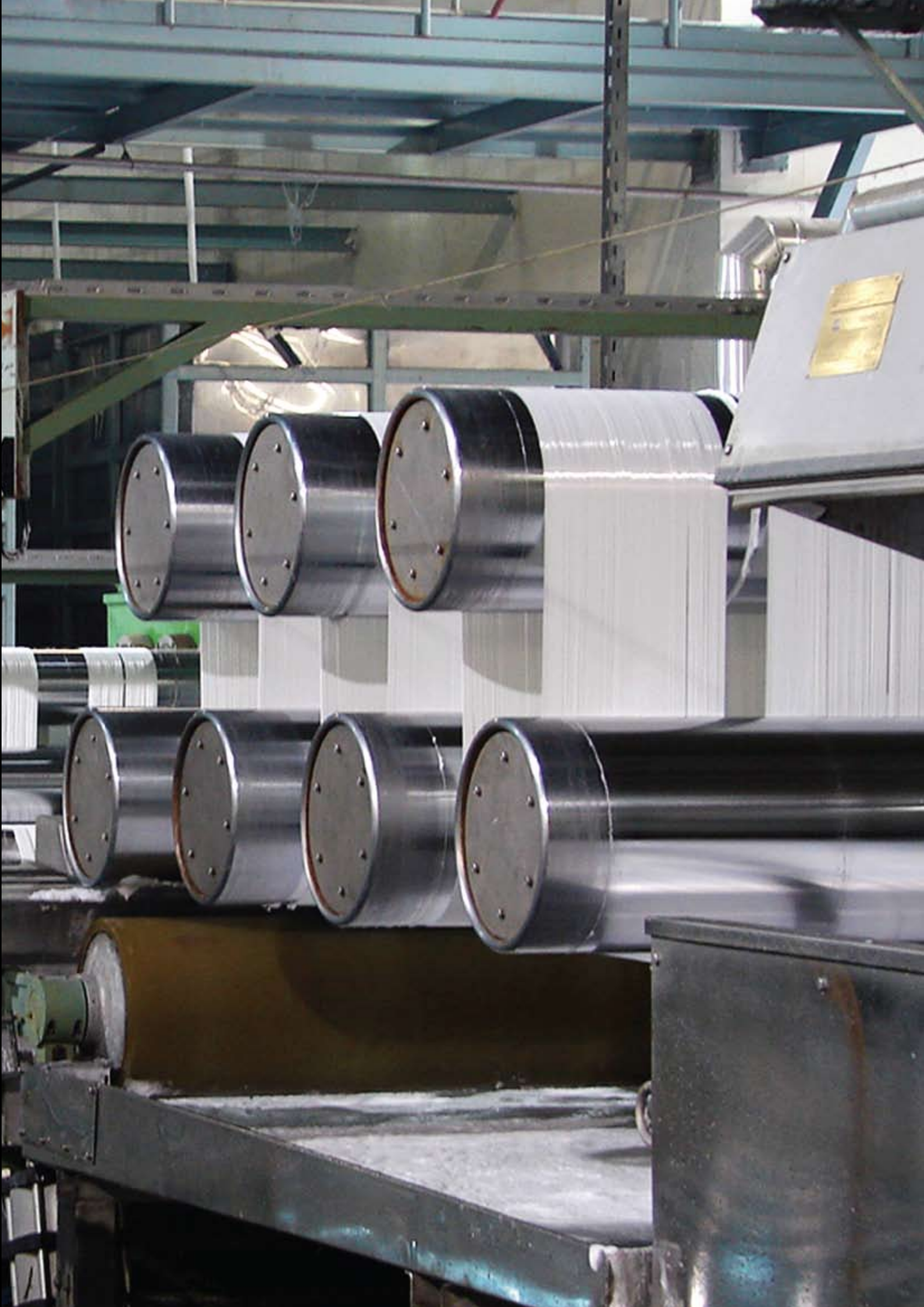
While the development of this product was successful, we had struggled to establish a sustainable customer base for it. In 2010 therefore, we re-evaluated our strategy to make the venture more sustainable and profitable. We did this by reducing the cost of production (by increasing the ratio of OSO used), and by creating a value proposition for our customers.

The product was then widely introduced in the market and trials were conducted at over 35 customer sites. By the end of Q3 we were able to sell and achieve the product potential.

Product Salvage helped deliver significant benefits, both to our business and to our customers in the form of improved raw material efficiency at our plant as well as improved profitability for us and our customers. This initiative also made it easier for us to build stocks at the time of shutdown enabling effective inventory management for shutdown time.

Today, with its improved cost and large customer base, Product Salvage has become a sustainable variant in the Terylene line that will continue to support our business and serve customers.





Polyester

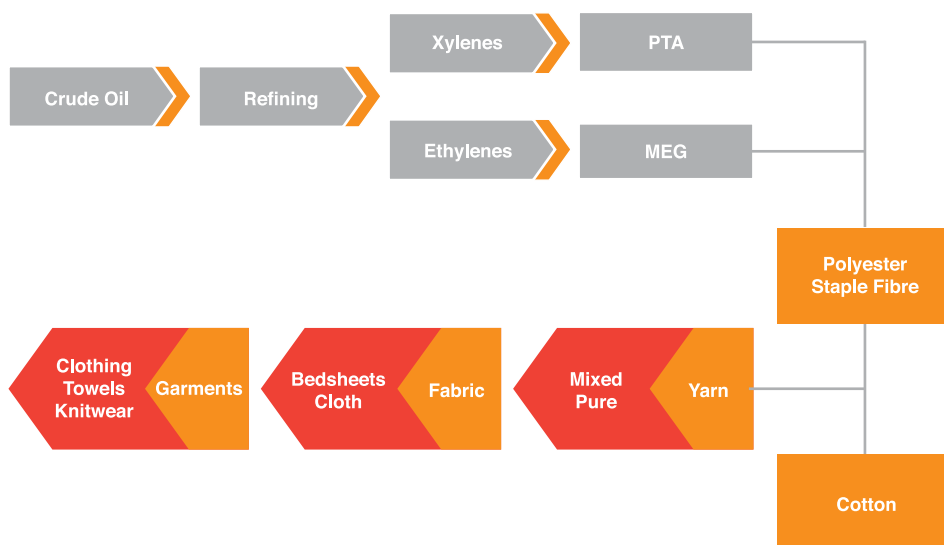
My company is a great place to work, create and innovate, and makes me feel more fulfilled, creative and productive in my job.

Faisal Akhtar
Business Manager



The Polyester Staple Fiber Chain

The PSF industry in Pakistan is the fourth largest in Asia, (representing an investment of USD 500 million plus in Pakistan), and forms the backbone of the domestic textile industry, which in turn accounts for 60% of total exports. PSF is sold to the spinning industry where it is spun into yarn, which is then woven into fabric used to manufacture goods such as clothing, and home textile products. PSF is a key value adder as more than 50% of PSF consumed locally is eventually exported in one form or the other. The two major raw materials in PSF production are Pure Terephthalic Acid (PTA) and Mono-Ethylene Glycol (MEG).



Market Overview

PTA and MEG are derivatives of crude oil and in 2010, reached historical high price levels on the back of strong demand and surging oil and feedstock costs. Accordingly the price of PSF rose regionally and locally, further bolstered by healthy downstream demand, especially in China. Poor cotton crops in China and Pakistan and high demand also drove cotton prices to all time highs making PSF highly attractive in comparison and fuelling demand further.

Historically, strong domestic competition and thin margins caused domestic manufacturers including ICI Pakistan Limited to focus on efficiency improvement and cost reduction initiatives resulting in an industry which is highly efficient compared to global benchmarks.

Despite challenging environmental and economic situations, market conditions have been strong and there has been a growth in the industry.

In the past, there has also been a rationalization of the less efficient spinning industry. A key positive aspect of this was that less efficient units closed down with only medium to large-scale, energy-efficient, robust spinning mills remaining operational. This encourages a more disciplined and professional approach in the industry's future operation.

The best part of my job is the excitement of applying and developing my skills to do something new and challenging every day, with the freedom of doing it my own way.

Shamyl Uppal
E&I Support Manager





OSO - Off Specification Output product



A picnic with the special children visiting our Polyester site



The Continuous Process batch line



Polyester bales in the warehouse

Business Performance

Market conditions for the textile industry held strong throughout most of the year despite the flood crisis, energy shortages and the recent rise in fiber and feedstock costs. Blend economics has continued to favor PSF largely because of the gap between cotton and polyester prices caused by a cotton supply shortage. Consequently, the business achieved its highest ever sales and sold an impressive 129,737 MT of PSF which was 6,356 MT more than sales in 2009.

Business Development

Product Salvage

We successfully recycled our Off Specification Output product (OSO) into a viable, profitable product. Dubbed Product Salvage, this innovation has resulted in improved raw material efficiencies and greater profitability for both our business and our customers.

Extra Long Fiber – Enhanced productivity

Recently, increasing production costs, lower margins and increasing competitiveness have all compelled spinning mills to look for ways to become more efficient and cost effective in a sustainable way.

Fiber cut-length was an area we decided to explore. Traditionally fiber lengths ranging from 32mm to 51mm have been used in the spinning industry, although the general rule is that the longer the cut-length of the fiber, the higher its productivity. However, technical difficulties at the mills limit the length to 51mm.

Development work by our technical services has resulted in the removal of technical difficulties at mills and hence spinning mills are expected to increase their productivity by 12% with the use of this fiber. We hope to also enhance our fiber sales on a sustainable basis, thanks to this innovative new product.

Challenges

High inflation and the overall depressed economic situation coupled with energy crisis in the country were our main challenges. Due to the Co-Gen project commissioned in 2008, the business was able to partly offset difficulties created due to energy and power shortages. However, our customers were greatly affected by lack of power and gas availability affecting continuity of their operations. Overall the cost of doing business in Pakistan escalated.

Future outlook

Going forward, feedstock prices are forecast to be firm due to tightness in PTA and MEG supplies and strong downstream demand. Polyester demand in Asia is showing no signs of stagnation and monetary measures in China are expected to restrict speculation in an attempt to reduce price volatility.

What is worth seeing is the consumer's ability to pay the high prices of value-added fabrics. Domestic market conditions are expected to remain healthy and prices to stay stable to firm. In addition, international and domestic cotton prices are anticipated to remain at high levels due to production estimates being lower than previously forecasted and uncertainty regarding exports of Indian Cotton.



The people I work with support and encourage my personal and professional development, and my ideas are valued, which is very motivating.

Amal Piracha
Commercial Trainee Officer



Decades of Development

The bottom line is important to us, but so is the bigger picture. We may be the country's largest producers of Soda Ash, and this is an achievement we are certainly proud of. However, our Soda Ash business is about a lot more than just our annual production capacity of 350,000 tons.

Our business started out with a production capacity of 18,000 tons per annum in 1944, at a time when Pakistan was yet to come into existence. Today we continue to be the market leaders for this key ingredient and just as importantly, we are a lifeline of sorts for the remote rural community of Khewra where our operations are based. Over the decades while we built our plant capacity to a world class level based on the most modern equipment, we also continuously worked for the betterment of our community. We did this initially by providing employment to a large number of residents of the impoverished localities of Khewra and Pind Dadan Khan, helping to raise the living standards of the community. In addition, we run various community welfare and development initiatives. These initiatives in the health, education and environment sectors extend from Khewra and Pind Dadan Khan, to the adjoining areas. Some of our company's major community and sustainability initiatives over the decades are based here.

Khewra today is vastly different from the barren, sleepy small town nestled amongst the salt range in the 1940's when we first started operations. It has flourished in to a developed center with economic activity and improved lifestyle for its inhabitants. Generations have progressed and gone on to change their lives for the better. We have firm belief that true development for any business is only possible when all those associated with it develop alongside.



Soda Ash

We enter 2011 with exciting goals of building employee engagement and a high performance culture.

Rizwan Aziez
Human Resource Manager



Business Overview

The soda ash market in Pakistan continues to evolve, and we know that our decades of experience in the Soda Ash Business are an asset in the face of changing market dynamics. Some of our key assets are the long-term relationships with our customers, and in line with our value 'Focusing on our customer's future first', we are proud to provide customer-centric solutions, by delivering consistently high quality products on time whenever the customer needs them.

We currently manufacture two different varieties of Soda Ash and food grade Refined Sodium Bicarbonate which is a derivative of Soda Ash.

Light Soda Ash: Used as a raw material in detergents, sodium silicate, soap, paper, chemicals and textile industries

Dense Soda Ash: Used mainly as a raw material in the glass and sodium silicate industries

Refined Sodium Bicarbonate: Used as baking soda, and also as an ingredient in several industries including poultry/cattle feed, leather tanning and the textile industry

To sum up, soda ash remains a main component in a wide range of end products, including glass (both for construction and domestic purposes), paper, textiles, soaps, detergents and household cleaners.

Contribution to economy

We mainly utilize indigenous raw materials in our production and save hundreds of millions in foreign exchange for the country through import substitution of an extremely important industrial raw material. We are also recognized as one of the largest tax payers in the area and have contributed about Rs. 5.6 billion to the national exchequer during the last decade alone. We actively contribute to the uplift of the community where we operate by providing employment to a large number of people directly or indirectly. Most of our employees are residents of this relatively impoverished and water starved rural area of Khewra and Pind Dadan Khan with very little alternate employment opportunities. Apart from benefiting directly through association with ICI Pakistan, the local community also benefits from the indirect effect on the local economy through an increasing number of contractors, transporters etc who have flourished through their association with our business.

Community Development

Over the years, in addition to being a major source of employment and income for a significant number of residents, we have run several long-standing community welfare and development initiatives to benefit the people.

Education

Winnington School The Winnington School is located within our plant premises and provides quality education to our employees' children as well as to children from the local community. We also extend support to local government run schools in the area with the aim of improving the facilities and quality of education. Along with this, we have been assisting Al-Beirooni College, one of the few institutions offering post-matriculate studies. We also have a scholarship program for

deserving children in the community where we provide financial assistance enabling them to pursue their academics.

Health Program

Outpatient care at Winnington Hospital

Located within our Khewra premises, this hospital provides a free outpatient facility to the local community, which given the remote location of Khewra, is a highly valued service, much appreciated by the local community. Approximately 300 patients are catered to by our hospital every month. Our hospital team also provides a vital immunization service in accordance with government immunization programs in the area.

Monthly Eye Clinics Since 1991, we have conducted Surgical Eye Clinic programs in collaboration with the Layton Rehmatullah Benevolent Trust (LRBT) every month. Our longest-running healthcare initiative, this eye camp is open to the public, and includes OPD consultations as well as major and minor surgeries and refractions. These clinics are held over three days each month and 11,992 major and minor surgeries and 15,292 refractions have been carried out till year end 2010. In addition, 116,988 outpatients have also been treated. Patients operated on for cataract problems are implanted with free intra-ocular lenses (IOLs.)

Infrastructural Development & Support

Drinking Water for Khewra Like many other areas in the salt range, clean drinking water is an extremely scarce resource in and around Khewra as the underground water is brackish with high salinity due to the proximity of salt range. We try to help the local community by supplying this essential need free of charge. Eleven water supply points installed around our works provide approximately 23,000 gallons of clean drinking water to the residents of Khewra and the vicinity every day. In addition the Business is helping the local government to develop a long term water supply scheme

At Soda Ash, we have customers from diverse industries from glass to paper, and from detergents to textiles. I enjoy the challenges of providing customized solutions for each of them.

Aamir Chaudhry
National Sales Manager





Winnington Hospital, where our free eye camps are held every month



Students of the Winnington School during the Flood Relief Campaign



The newly repainted Khewra railway station



Project Green at our Soda Ash site

for the area through financial assistance and administrative support.

Fire Fighting Services Our fire fighting department is the only resource of its kind in the entire area and our team of fire fighters is regularly called upon to provide assistance in cases of an emergency. During the last two years many incidents of major fires in the area were handled by our volunteers.

Khewra Railway Station We have undertaken the upkeep and maintenance of the Khewra Railway Station to demonstrate our commitment to the town and the people who use this facility. In addition we regularly undertake free maintenance and upkeep of the areas adjoining our works.

Skill Development (Vocational Training Center) Set up in 1989, our Ladies Vocational Center in Khewra imparts valuable self employment skills like knitting, stitching, embroidery etc to young girls from the community, and is managed by volunteers from the families of our Soda Ash team based in Khewra. Young girls from the community flock to the center enrolling the six month long course the center offers. Many of those trained have gone on to establish similar small centers which are running successfully.

Business Development

Although the main focus of our Business remains the domestic market in Pakistan, during the last two years we have successfully

established our products in the export markets to earn foreign exchange for the country.

The consistent acceptance of our product in international markets reaffirms our status as a reliable supplier of high quality soda ash. While the business has a number of opportunities available to increase volumes, exports had to be restricted recently due to the energy crisis in the country as gas curtailment impacts our production.

Business Performance

Global Soda Ash demand witnessed some recovery in 2010 based on higher consumption in emerging markets China, India and Brazil during the first three quarters of the year. Demand during Q4 has however witnessed a slight decrease due to some decline in China, resultantly the full year market growth is expected to be about 4-5%.

Domestic Soda Ash market remained affected as downstream industrial activity was severely affected by the unprecedented gas curtailments in 2010 which persisted throughout the year, unlike previous years when curtailment was done during winter months only. The overall gas supply was at an average 25% lower than last year and caused major disruptions across all industries. The domestic market thus continues to remain in an over supply situation as domestic production capacity is significantly higher than domestic demand. This is further aggravated by dumping of soda ash into Pakistan, which is adversely affecting the domestic industry.

All major industrial consumers of soda ash, especially Glass, Silicate and Paper industries were affected, leading to a decline in their consumption of soda ash. However, the negative impact of lower consumption by industrial segment was somewhat mitigated by growth in the bazaar segment, which benefitted from a growth in the unorganized detergent sector.

Overall sales volumes during the year were higher by 12 percent compared to 2009, primarily on the back of exports to various countries in the region as the business successfully established itself in the export market. Business operations were severely impacted by gas supply curtailment to the works and the number of equivalent zero gas days increased from 60 in 2009 to 143 in 2010. Operating result was 13 percent lower than 2009 as the impact of higher revenue was dragged down by the higher usage and higher cost of expensive furnace oil during gas outages. On account of excessive gas outages, the business had to incur an additional cost of Rs 508.21 million on alternate fuels compared to 2009. The focus throughout the year was on optimizing of operational efficiencies and strict cost control in all areas.

Going forward gas curtailments are expected to increase and will keep the industrial activity depressed, impacting soda ash demand in the country. In addition liquidity issues being faced by industrial customers are becoming another area of concern. Dumping of Soda Ash into Pakistan from certain countries also remains a key concern and your Company has filed an anti-dumping application with the National Tariff Commission, seeking an investigation into this practice and initiation of investigation is expected in the near future.

We are also looking at developing a long term solution to mitigate the adverse affects of worsening gas outages in the coming years.

I have had the unique privilege of working in three businesses in as many years. My current position in the Soda Ash Business motivates the process engineer and the scientist in me to find new solutions to challenges every day.

Attika Khan
Assistant Manager
Development



A vital part of everyday life

From mayonnaise to asphalt, soup to soap, and plastics to fabrics, our chemical ingredients go into the making of a spectrum of products that are trusted by customers every day.

At our Chemicals business, we take pride in the fact that we service practically every industry in the country! Our chemicals are essential in all kinds of manufacturing processes and products ranging from refrigerators and car seats to home insulation, adhesives, paint, crops, petrochemicals, agriculture, textile chemicals etc. We work with trusted technology partners across the globe and bring to Pakistan leading edge innovative solutions.

Our chemical ingredients touch lives in small but meaningful ways every day and this is what challenges us and prompts us to continuously innovate and convert new ideas into customer solutions.

We offer an assortment of chemicals to manufacturers across Pakistan that go into making products used by millions of people. We value the trust placed in us and are proud to be such a vital part of daily life.



Chemicals

I have spent an amazing time at ICI. Every new day is a challenge that brings new opportunities and the learning curve is exponential.

Ali Kamal
Marketing Manager, General Chemicals

Business Structure

We cater to almost every industry and are of key value in various industrial processes. The business has two segments:

General Chemicals

We have a trading business which operates like a trading house, with products sold on both indent and Ex Stock basis. Our product range caters to many industries including paint, water treatment, food and beverage etc. We also supply polyurethanes, used primarily as insulation and also in flexible foam seating; rigid foam insulation panels; high performance adhesives and sealants etc. Our main customer segment is the appliances industry. We also sell solvents to oil, rubber adhesives and appliances industries.

Specialty Chemicals

This segment manufactures a range of adhesives, primarily the white glue range Calabond, used in the wood and furniture Industry, and adhesives for PVC pipes.

We also manufacture a range of locally developed textile chemicals, mostly for the wet-processing stage of textile manufacturing. Moreover our product range includes crop emulsifiers which are used by the Pesticide manufacturers. Our product range is inclusive of Liquid Emulsifiers.

I have enjoyed 22 long years with ICI because of its highly ethical value system and because of its care for people, community and the environment. Currently, my business has implemented sustainability initiatives such as energy conservation and the Effluent Treatment Recycling Project, showing a continuing commitment to sustainability

M Ahsan Anwar
Plant HSE&S and Supply Chain Manager

Market Highlights

The 2010 floods were the biggest catastrophe faced by the country and majority of the markets suffered as a result. Along with this gas supply shortages affected the textile industry resulting in plant shutdowns.

Customer Focus

- Over the years textile industry processes have become more advanced requiring the use of superior quality chemicals. To meet customer needs we locally developed a new, complete range of textile chemical products to help them manufacture high quality textiles, and make a mark in the domestic as well as the international market.
- A new partnership was developed with Diversey, Inc which is a leading global provider of cleaning and hygiene solutions to the institutional marketplace.
- A testament of our focus on customers is that we won an award from Dawlance Group for high levels of trust and reliability.

Business Development

Textile segment: To retain customer focus and remain competitive in the market, local innovation capability has been identified as an integral part of the segment's success and reasonable resources and efforts are being put in to develop in-house technical capability to focus on new product development on a regular basis.



Chelates: Our new variants will aid in better soil management of arable land and help improve yield of crop. Commercialization of new chelated nutrients is expected during 2011 as part of our expansion of the Dissolvine range. Three new nutrients to be launched are Copper, Manganese and Iron, all of which are naturally deficient in Pakistani soil. Thus all the new variants will further aid in better soil management of arable land and help improve yield of the crop.

Polyurethane: A sustainable supply of Polyurethane is a key goal the business is expected to achieve through good customer relationships and effective supply chain management. Efforts are underway to develop new deals with suppliers for consistent raw material availability.

Major Highlights

- Developed and commercialized five new textile chemicals which were developed locally and helped replace obsolete products in the market.
- Introduced chelated nutrients modified for local soil which helped improve the soil's pH
- The business ventured into new territories such as Sri Lanka and Tanzania for exports.





We turned the tide in HR last year with fundamentally significant initiatives which work around capability-building to bring people to the heart of the business. I'm excited to see this strategy become a resounding success!

Shifa Ibrahim
Human Resource Manager

- Developed new crop emulsifiers with better chemical properties resulting in effective bonding strength

Challenges

The textile industry has suffered greatly throughout the year on the back of gas supply shortages and yarn pricing issues affecting both demand and supply. As a result, the textile industry has shrunk by about 30% over the year. Textile units have not received gas for over 100 days in the year which impacted the sales of textile chemicals.

Government policies in the coming year will determine a lot of our key decisions. These policies will be related to the handling of the energy situation of Pakistan, particularly the gas supply cutoffs for the industrial sector. Moreover the implementation of the textile policy 2014 would be an important factor in the development of the textile sector. The Industry during the year was affected greatly due to the lack of demand and increased Federal Excise duty on appliances.

The recent electricity and gas crisis, along with yarn pricing issues have crippled the textile industry at large and affected the off-take of ICI's products. This coupled with our mature product range led to a Strategy Review for the segment.

Future outlook

- 2011 is expected to be a year of recovery during which economic indicators affected by floods are expected to improve.
- Majority of the markets are expected to grow only marginally on the back of slow recovery in demand.
- The energy crisis is expected to remain at the same level as this year, if not worse. However any improvement in gas supplies to the industry may result in an improved textile segment



Our product range includes crop emulsifiers



Our locally developed textile chemicals are widely used in the textile industry



The appliance industry is a key customer segment



Putting down roots

As the saying goes, you reap what you sow. It stands to reason then, that if you want to grow healthy crops you have to start with the best quality seeds. Giving farmers improved access to good quality seeds is a critical requirement for sustainable agricultural growth and food security, which is one of the ultimate goals we strive to promote. We also want our business to be truly strong, which requires a degree of self-reliance. We are therefore also focusing on creating our own product range. This not only makes us more sustainable, but creates a host of benefits, both for our business and our customers.

In 2010 we began locally producing our open-pollinated seed varieties and our range now includes several varieties of vegetable seeds. In addition to increasing our own sustainability, this has added to the business' profitability, and also had the important effect of increasing technical know-how among farmers and local vendors.

The effective use of these improved seeds can result in higher agricultural production and increase the net incomes of farming families, which in turn will have a positive impact on rural economies. We are confident that through our efforts, we are not only putting down sustainable roots for our business, but also for the agricultural community we serve.



Life Sciences

Pharmaceuticals

Market Overview

Our Pharmaceutical Business not only markets a strong portfolio of leading and innovative brands of prescription medicines from AstraZeneca, a leading multi-national healthcare company, but also markets its own brands. Moreover, we have recently expanded our antibiotic range with the launch of a number of products in one of the fastest growing segments in the market.

Business Development

The Pharmaceuticals segment proactively seeks sustainable partners, and one such partnership that came to fruition was Amybact. A new innovative probiotic specially designed for combating diarrhea in the pediatric population was sourced from Europe and launched in 2010. Two new contractual agreements were signed in 2010, one with a local manufacturer and one with a European company.

Business Performance

ICI Pakistan, Pharmaceuticals Segment is ranked 23rd with retail sales value of Rs. 1.53 billion and a growth rate of 14.9% and four years CAGR of 15.6%. Out of thirteen AstraZeneca brands that ICI markets in Pakistan; nine are now ranked as number one in their respective segments. While twelve out of these thirteen brands are ranked in the top three. The segment is ranked number one in Cardiology and number 3 in Oncology.



The fact that brands and products I manage bring hope and relief to cancer patients is what drives me to remain dedicated to my work.

Dr Irum Sajid
Compliance Manager
& Product Manager Oncology

Innovative new products that change the way diseases are treated are the most exciting thing about my job, and we made a major breakthrough in this area in 2010; one of our products will change the way diarrhoea is treated!

Aamir Naveed
Business
Manager



Challenges

- Hyper-competitive market
- Increasing customer expectations and decreasing brand loyalty
- Rampant unethical practices by competitors
- High promotional spend by competitors
- Strong regulatory environment; all prices fixed and controlled by government
- No price increase by the Ministry of Health, intensifying pressure on margins

Future outlook

ICI Pharmaceuticals has always outperformed the market and with new launches in 2011 is expected to grow faster than the market.

List of our Products

Oncology

Arimidex
Nolvadex
Zoladex
Casodex

Anti-Infectives

Meropenem
ICEF
Fortexone
Ciprofloxacin

CNS

Seroquel
Zomig

Gastro-intestinal

Amybact
Etipro

Anthelmintic

Ketres

Cardiovascular

Tenormin
Tenoret
Zestril
Zestoretic
Inderal
Etizem
Prescard

Analgesics

Synflex
Proxen
Dexifen

Anaesthetic

Diprivan (EDTA)

Oral Chelator-for Thalassemia

Ferriprox

Anti-diabetic

Glibetic



Our Pharmaceuticals Team at the Amybact launch



One of the many blood donation drives arranged by the Pharmaceuticals Team



Animal Health team with livestock farmers

Animal Health

Market Overview

Agriculture sector of Pakistan contributes about 21% to the national GDP and employs nearly 44% of labor force. With abundant natural resources in the shape of a large livestock population, Pakistan is the fourth largest global milk producer. However, the livestock market is still primarily unorganized and technology adoption is a challenge since the livestock population is scattered with average farm holding of one to six animals. The poultry sector is the second largest industry in Pakistan after textiles. Poultry is the largest consumer of grains, especially maize. Poultry meat contributes 19% of the total meat production in the country. A key feature of the industry is its rapid mechanization and introduction of integrated farming systems. Overall, for 2010, the organized animal healthcare market is estimated at Rs. 8.5 billion.

Customer Focus

'Focusing on our customers future first' is the driver behind our approach of serving farmers at grassroot level across the country. The animal health team is periodically trained on product technologies as well as on general good farm management practices. Our discussions with customers are, therefore, focused on finding the right 'business solutions' to improve 'farm economics', through use of innovative products from our wide range of products as well as adoption of good farm management practices.

Business Development

In 2010, a number of new products were launched to provide more options and solutions to our valued customers. New products launched during 2010, included Intervet/Schering-Plough Animal Health's "Coccivac B" a vaccine for poultry coccidiosis disease; LNB International Feeds' "Nascor" a broiler pre-starter feed to maximize farmer's profitability through better feed efficiency; "Supervit" and "Broiler Premix" in poultry and "Cattle Top Dressing" in livestock as supplements.

From our "Own Brands" range new launches included "Vanda Pellet" a cattle concentrate feed to enhance homogenous intake and minimize nutritional wastage, "Disulf" an antibiotic, "VAD 3" a vitamins supplement and "Melonac" an NSAID. The Division also marketed DuPont's world leading brands including "Virkon S", "Biosolve Plus" and "Hyperox", cleaning and disinfecting solutions for livestock and poultry farmers.

Business Performance

Our Animal Health segment crossed the Rs. 1 billion mark, with net sales of Rs. 1,040 million, registering a growth of 34% over last year.

Challenges

We witnessed one of the worst ever natural disasters in the country's history with devastating floods impacting lives and

livelihoods across the country. Our rural population suffered the most and there was high incidence of distress sales of livestock. This coupled with rising inflation and slow economic growth due to both internal and external factors, created difficult business conditions as farmer's ability to purchase products for their livestock declined. For the poultry sector, rising costs of production due to high energy costs and increasing grain prices made poultry farmers generally more cost conscious in terms of their purchasing of medicines and other required products.

Future outlook

Despite the many challenges facing the livestock and poultry markets, this segment has robust plans to continue with the growth momentum through effective execution of well researched marketing plans for the existing portfolio of products and by continuing to add new products/technologies from world leading suppliers including Intervet/Schering-Plough Animal Health, Elanco Animal Health, DuPont and LNB International Feeds (a Cargill company).

Working with a team determined to aggressively grow the business is the most motivating and exciting part of my job!

Matin Amjad
Marketing Manager



My time with the company has provided me the chance to perform to the best of my capabilities. Every day is a challenge to do even better, which is a thrill on its own!

Zia ur Rehman Khalique
Materials Manager



Vegetable Seeds

Market Overview

Currently the estimated value of vegetable seeds in Pakistan is nearly Rs. 2.6 billion with Compound Annual Growth Rate (CAGR) of 13%. The supply of seed is dominated by imports from India which accounts for around 57%, while USA is the 2nd largest supplier with 12% share. The supply of seeds through imports and local production is dependent upon more than 600 companies. Informal supplies through farmers own grown local seeds share a significant portion of Wheat, Vegetables (Open Pollinated Varieties), Rice and Cotton seed supply.

Product Range

Currently, our segment promotes the most diverse and widespread portfolio of vegetable seed products in the Pakistani market. Our product assortment covers both hybrid and open pollinated seeds. These include 51 varieties of seed covering 13 crops including Okra, Hot Pepper, Tomato, Egg Plant, Bottle Gourd, Ridge Gourd, Bitter Gourd, Sponge Gourd, Cucumber, Spinach, Peas, Coriander, and Cauliflower.

Customer Focus

Farmer Training Programs

We aim to generate awareness amongst farmers about how integral seed quality is in improving farm economics. We focus our efforts on educating customers to maximize outcome from their limited landholding by enhancing their agronomic practices.

We train them on optimal use of inputs, crop protection, and post harvest handling of produce. In order to disseminate this knowledge, in 2010 our team organized approximately 55 farmers' meetings across the country. In these meetings we engaged more than 1600 farmers for a shared learning experience.

Product Trials

We create a strong "Reason to Believe" for our products by generating trials with opinion leading farmers. The immediate impact of desired results provides our customers with the confidence to convert onto our high yielding and genetically adaptable hybrid seed varieties. Similar trials are conducted at public sector research institutes to establish the impact of our products in benefiting farmers across the nation.

Our technical team actively engages growers and middlemen through farmer gatherings where we highlight the greater value proposition of produce that results from our seed. This is done by demonstrating that the produce our seeds generate commands a higher market value than that of conventional seed. This differentiation is based on the shape, size, color, and longer shelf life of the fruit.

Business Development

We benchmark our seed varieties against market leading brands. This research is conducted at a farm in Sahiwal and government research centers in Punjab, Sindh, and Khyber Pakhtoon Khawa, to evaluate crop performance in varied climatic conditions. Our technical team uses this research in assessing proper positioning of our own varieties in

appropriate segments. While at the same time, the product pipeline is augmented and more competitive varieties are brought to the market. Hence we help farmers in finding the most appropriate and climatically adaptable variety that maximizes outcome in terms of enhanced yields and profitability.

Local seed production of Okra and Pea seeds (OPV)

Sustainability is critical for our long term success. In order to ensure our future business health, a pilot project for local production was initiated under technical assistance from Advanta, India. This initiative was aimed at generating long term business strength by providing high quality seeds and sharing best agronomic practices with local farmers. The project is expected to save valuable foreign exchange and consolidate our margins. In addition, local seed production creates opportunities for farmers and the seed processing industry of Pakistan. In 2011, the segment has planned local production of Peas and Okra on approximately 250 acres of land across Punjab in order to fill the evident gap in the market for high quality open pollinated vegetable seeds.

New varieties introduced

To meet longer term business objectives, vegetable seeds segment has engaged Pureline Seeds, a US based company. This company specializes in Peas and Beans. We have conducted initial trials for 5 Peas varieties at government and private farms. These trials have provided promising results in varied settings. Our aim is to generate options for farmers with new varieties of Pea seeds with resistance to tough climatic conditions and better profit margins due to early maturity.

Future Outlook

- To be amongst the top 3 Vegetable Seed Companies in Pakistan.
- Create a new customer segment focused on quality seed as a priority concern.
- To be the leading supplier of quality open pollinated vegetable seed varieties in Pakistan.
- To improve farm economics of low income agriculture sector

The exciting thing for me is that Vegetable Seeds is a new segment, and we are doing everything for the first time; every challenge is fresh and vital and we are keen to take on new projects.

Saboor Ahmed
Manager Supply Chain
& Vegetable Seeds





Vegetable Seeds Team members during a visit to Advanta India



Vegetable Seeds Team during a crop handling activity with the farmers



Seeds Team members at Pacific Seeds in Australia



Catering to the sunflower market

Seeds

Market Overview

Seed industry is estimated at Rs 40bn where Open-Pollinated Variety (OPV) seed market is around Rs 36.7bn with 92% share and Hybrid seed market is reported at Rs 3.4bn with 8% share of total seed market. ICI is only present in the hybrid market segment along with few other major multinational companies. With increased level of awareness among farmers, share of hybrid seed market is gradually increasing. However, importance of OPV market cannot be overlooked, therefore Seeds segment is constantly striving to find suitable products that could be introduced in this segment of market.

Customer Focus

We take a keen interest in fulfilling customer needs and demands. In line with this we introduced small packs of corn products to effectively meet customer requirements. We also intend to introduce small packs of fodder products to cater to the needs of farmers with small land holdings. We provided free seeds drill plates to solve farmer's problem of seed sowing in sunflower growing areas of Sindh.

Business Development

We are working to promote the concept of intercropping of sunflower and canola with sugarcane. We have coordinated with government departments and sugar industries to establish the concept and benefit farmers by increasing their income. We have also

been working on developing the concept of silage for its corn products in coordination with Nestle and Engro staff. New areas were developed in upper Sindh and Punjab for sunflower and corn.

Business Performance

Our Seeds segment has shown good volume growth in all its products barring sunflower which was impacted by unfavorable conditions. Volume growth of 43% was recorded in corn, whereas volume growth of 10%, 110% and 100% was recorded in fodder, canola and MR Buster respectively. Segment also maintained strong GM/Sales ratio for 2010.

Challenges

Sunflower market faces many challenges which are hampering its growth. Government focus towards wheat affects farm economics making sunflower an unviable crop for farmers. The trend towards early BT cotton is also proving unfavorable for sunflower. Low cost and quality imports of fodder are also a major challenge for our fodder range.

Future outlook

We have chalked out an aggressive growth strategy, where we will strengthen our position in the current market and diversify into other markets to focus on sustainable growth. We are entering into the huge OPV market by

introducing corn fodder and rice varieties which would be followed by other varieties. We are also entering into the lucrative micronutrients market by introducing products like zinc and humic acid; many other micronutrient products are also in the pipeline.



Even though markets were turbulent and environmental factors adverse, we took this as an opportunity to create business diversity in any possible way.

Sajid Mehmood

Business Development Manager



The floods in 2010 greatly impacted the agriculture sector resulting in a tough business environment.

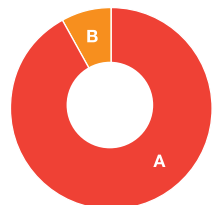
My biggest challenge was to keep my team's morale high and motivate them to excel.

Abdul Wahab

Marketing Manager

Seeds market 2010 in %
Rs. 40 bn

A	OPV	92
B	Hybrid	8
		100%



ICI Pakistan Limited Financial Statements



ICI Pakistan Limited is now part
of the AkzoNobel Group



AkzoNobel
Tomorrow's Answers Today

Auditors' Report to the Members

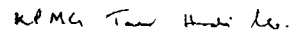
We have audited the annexed unconsolidated balance sheet of ICI Pakistan Limited ("the Company") as at 31 December 2010 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Date: 16 February, 2011
Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Amir Jamil Abbasi

Balance Sheet

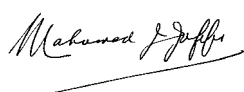
As at December 31, 2010

Amounts in Rs '000

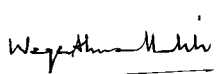
	Note	2010	2009
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised capital 1,500,000,000 ordinary shares of Rs 10 each		15,000,000	15,000,000
Issued, subscribed and paid-up capital	3	1,388,023	1,388,023
Capital reserves	4	465,845	465,845
Unappropriated profit		12,694,225	11,628,928
Total Equity		14,548,093	13,482,796
Surplus on Revaluation of Property, Plant and Equipment	5	907,352	931,846
LIABILITIES			
Non-Current Liabilities			
Provisions for non-management staff gratuity and eligible retired employees' medical scheme	6	222,942	183,019
Deferred tax liability - net	7	870,248	1,025,098
		1,093,190	1,208,117
Current Liabilities			
Trade and other payables	8	5,482,037	5,799,898
Contingencies and Commitments	9		
Total Equity and Liabilities		22,030,672	21,422,657

	Note	2010	2009
ASSETS			
Non-Current Assets			
Property, plant and equipment	10	8,895,091	9,225,110
Intangible assets	11	180,102	-
		9,075,193	9,225,110
Long-term investments	12	712,500	712,500
Long-term loans	13	324,264	330,801
Long-term deposits and prepayments	14	40,458	29,078
		1,077,222	1,072,379
		10,152,415	10,297,489
Current Assets			
Stores and spares	15	450,596	496,401
Stock-in-trade	16	3,786,345	3,244,525
Trade debts	17	792,867	919,463
Loans and advances	18	590,722	406,739
Trade deposits and short-term prepayments	19	443,674	452,438
Other receivables	20	606,280	677,111
Taxation recoverable		545,951	460,240
Cash and bank balances	21	4,661,822	4,468,251
		11,878,257	11,125,168
Total Assets		22,030,672	21,422,657

The annexed notes 1 to 46 form an integral part of these financial statements.



M J Jaffer
Chairman / Director



Waqar A Malik
Chief Executive



Feroz Rizvi
Chief Financial Officer

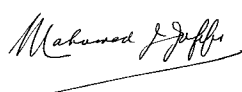
Profit and Loss Account

For the year ended December 31, 2010

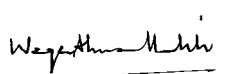
Amounts in Rs '000

	Note	2010	2009
Turnover	24	39,532,506	32,399,181
Sales tax, excise duty, commission and discounts	23	(4,402,526)	(3,969,284)
Net sales, commission and toll income		35,129,980	28,429,897
Cost of sales	24	(28,443,690)	(22,754,005)
Gross profit		6,686,290	5,675,892
Selling and distribution expenses	26	(1,674,719)	(1,470,174)
Administration and general expenses	27	(1,299,005)	(1,178,064)
Operating result		3,712,566	3,027,654
Financial charges	28	(163,880)	(167,541)
Other operating charges	29	(303,426)	(247,590)
		(467,306)	(415,131)
Other operating income	30	486,256	459,983
Profit before taxation		3,731,516	3,072,506
Taxation	31	(1,302,690)	(1,027,768)
Profit after taxation		2,428,826	2,044,738
		(Rupees)	(Rupees)
Earnings per share - Basic and diluted	32	17.50	14.73

The annexed notes 1 to 46 form an integral part of these financial statements.



M J Jaffer
Chairman / Director



Waqar A Malik
Chief Executive



Feroz Rizvi
Chief Financial Officer

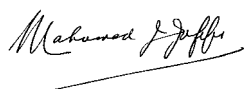
Statement of Comprehensive Income

For the year ended December 31, 2010

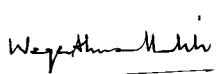
Amounts in Rs '000

	2010	2009
Profit for the year	2,428,826	2,044,738
Other comprehensive income	-	-
Total Comprehensive income for the year	2,428,826	2,044,738

The annexed notes 1 to 46 form an integral part of these financial statements.



M J Jaffer
Chairman / Director



Waqar A Malik
Chief Executive



Feroz Rizvi
Chief Financial Officer

Cash Flow Statement

For the year ended December 31, 2010

Amounts in Rs '000

	2010	2009
Cash Flows from Operating Activities		
Profit before taxation	3,731,516	3,072,506
Adjustments for:		
Depreciation and amortisation	943,811	870,688
Gain on disposal of property, plant and equipment	(10,211)	(5,293)
Provision for non-management staff gratuity and eligible retired employees' medical scheme	58,991	56,008
Mark-up on bank deposits and loan to subsidiary	(351,957)	(228,624)
Interest / mark-up expense	101,888	88,118
	4,474,038	3,853,403
Movement in:		
Working capital	(730,786)	1,083,497
Long-term loans	(15,685)	(196)
Long-term deposits and prepayments	(11,380)	1,606
Cash generated from operations	3,716,187	4,938,310
Payments for :		
Non-management staff gratuity and eligible retired employees' medical scheme	(19,068)	(15,239)
Taxation	(1,543,251)	(513,680)
Interest / mark-up	(101,888)	(97,097)
Profit / mark-up received on bank deposits	282,448	163,937
Net cash generated from operating activities	2,334,428	4,476,231
Cash Flows from Investing Activities		
Payments for capital expenditure	(854,342)	(826,402)
Proceeds from disposal of property, plant and equipment	33,033	17,148
Profit / mark-up received on loan to subsidiary	68,479	58,211
Loan / Standby finance facility to subsidiary company - net	-	(187,000)
Net cash used in investing activities	(752,830)	(938,043)

	2010	2009
Cash Flows from Financing Activities		
Dividend paid	(1,388,027)	(1,041,018)
Net cash used in financing activities	(1,388,027)	(1,041,018)
Net increase in cash and cash equivalents	193,571	2,497,170
Cash and cash equivalents at January 1	4,468,251	1,971,081
Cash and cash equivalents at December 31 - note 21	4,661,822	4,468,251

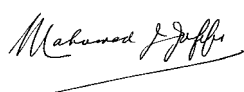
Movement in Working Capital**(Increase) / Decrease in current assets**

Stores and spares	45,805	42,139
Stock-in-trade	(541,820)	(292,569)
Trade debts	126,596	(112,851)
Loans and advances	(161,761)	(26,485)
Trade deposits and short-term prepayments	8,764	(47,776)
Other receivables	71,861	78,753
	(450,555)	(358,789)

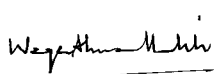
(Decrease) / Increase in current liability

Trade and other payables	(280,231)	1,442,286
	(730,786)	1,083,497

The annexed notes 1 to 46 form an integral part of these financial statements.



M J Jaffer
Chairman / Director



Waqar A Malik
Chief Executive



Feroz Rizvi
Chief Financial Officer

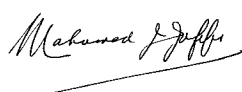
Statement of Changes in Equity

For the year ended December 31, 2010

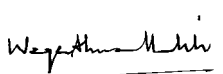
Amounts in Rs '000

	Issued, subscribed and paid-up capital	Capital reserves	Unappropriated profit	Total
Balance as on January 1, 2009	1,388,023	465,845	10,594,258	12,448,126
Final dividend for the year ended December 31, 2008 @ Rs 4.00 per share	-	-	(555,209)	(555,209)
Interim dividend for the year 2009 @ Rs 3.50 per share	-	-	(485,808)	(485,808)
Transactions with owners, recorded directly in equity	-	-	(1,041,017)	(1,041,017)
Total comprehensive income for the year ended December 31, 2009	-	-	2,044,738	2,044,738
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax - note 5	-	-	30,949	30,949
	-	-	2,075,687	2,075,687
Balance as on December 31, 2009	1,388,023	465,845	11,628,928	13,482,796
Final dividend for the year ended December 31, 2009 @ Rs 4.50 per share	-	-	(624,610)	(624,610)
Interim dividend for the year 2010 @ Rs 5.50 per share	-	-	(763,413)	(763,413)
Transactions with owners, recorded directly in equity	-	-	(1,388,023)	(1,388,023)
Total comprehensive income for the year ended December 31, 2010	-	-	2,428,826	2,428,826
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax - note 5	-	-	24,494	24,494
	-	-	2,453,320	2,453,320
Balance as on December 31, 2010	1,388,023	465,845	12,694,225	14,548,093

The annexed notes 1 to 46 form an integral part of these financial statements.



M J Jaffer
Chairman / Director



Waqar A Malik
Chief Executive



Feroz Rizvi
Chief Financial Officer

Notes to the Financial Statements

For the year ended December 31, 2010

1. Status and Nature of Business

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

2. Summary of Significant Accounting Policies

The accounting policies adopted are the same as those which were applied for the previous financial year.

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Basis of preparation

These financial statements have been prepared under the historical cost convention, except that certain property, plant and equipment have been included at revalued amounts and certain exchange elements referred to in note 2.8 have been recognised in the cost of the relevant property, plant & equipment.

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on 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 financial statements in subsequent years are discussed in note 42.

2.3 Staff retirement benefits

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

Defined benefit plans

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

An actuarial valuation of all defined benefit schemes is conducted every year. The valuation uses the Projected Unit Credit method. Actuarial gains and losses are amortised over the expected average remaining working lives of employees as allowed under the relevant provision of IAS 19 "Employee Benefits".

Past-service costs are recognised immediately in profit and loss account, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Defined contribution plans

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

Notes to the Financial Statements

For the year ended December 31, 2010

2.4 Provisions

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

2.5 Trade and other payables

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

2.6 Dividend

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

2.7 Taxation

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

Current

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

Deferred

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

The Company recognises a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Further, the Company recognises deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.

2.8 Property, plant and equipment and depreciation

Property, plant and equipment (except freehold land, leasehold land and plant & machinery) are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land, leasehold land and plant & machinery are stated at revalued amounts less accumulated depreciation. Capital work-in-progress is stated at cost. Cost of certain property, plant and equipment comprises historical cost, exchange differences recognised in accordance with the previous Fourth Schedule to the Ordinance, cost of exchange risk cover in respect of foreign currency loans obtained for the acquisition of property, plant and equipment upto the commencement of commercial production and the cost of borrowings during construction period in respect of loans taken for specific projects.

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 the residual value, if material. The cost of leasehold land is amortised 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, and adjusted if appropriate, at each balance sheet date.

Surplus on revaluation of property, plant and equipment is credited to the surplus on revaluation account. To the extent of the incremental depreciation charged on the revalued assets the related surplus on revaluation of property, plant and equipment (net of deferred taxation) is transferred directly to unappropriated profit.

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

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

2.9 Intangible asset and amortisation

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

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

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

2.10 Impairment

Financial assets (including receivables)

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

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

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

Non-Financial assets

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

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

Impairment loss recognised in prior periods is 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.

2.11 Investments

Investments in subsidiary (ICI Pakistan PowerGen Limited) and unquoted equity securities classified as available for sale are stated at cost less provision for impairment, if any.

Notes to the Financial Statements

For the year ended December 31, 2010

2.12 Stores and spares

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

2.13 Stock-in-trade

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

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

2.14 Trade debts and other receivables

Trade debts and other receivables are recognised initially at fair value plus directly attributable cost, if any. A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables (Refer note 39.6.1).

2.15 Foreign currency translation

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

2.16 Functional and presentation currency

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

2.17 Revenue recognition

- Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the customer. For those products which are often sold with a right of return, accumulated experience is used to estimate and provide for such returns at the time of sale.
- Commission income is recognised on the date of shipment from suppliers.
- Profit on short-term deposits and mark-up on loan to subsidiary is accounted for on a time-apportioned basis using the effective interest rate method.
- Dividend income is recognised when the right to receive dividend is established.
- Toll manufacturing income is recognised when services are rendered.

2.18 Financial expense and finance income

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

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

2.19 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the 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 period 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 risks and rewards of other segments. Segments reported are Polyester, Soda Ash, Paints, Life Sciences and Chemicals, which also reflects the management structure of the Company.

2.20 Finance lease

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases. Assets subject to finance lease are stated at amounts equal to the fair value or, if lower, the present value of the minimum lease payments. The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Assets acquired under finance leases are depreciated in accordance with the Company's depreciation policy on property, plant and equipment. The finance cost is charged to profit and loss account and is included under financial charges.

2.21 Operating lease / Ijarah contract

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

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

2.22 Cash and cash equivalents

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

2.23 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.

2.24 Financial liabilities

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

2.25 Derivative financial instruments

The Company uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

2.26 Off-setting

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

2.27 Earnings per Share

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

Notes to the Financial Statements

For the year ended December 31, 2010

Amounts in Rs '000

	2010 (Numbers)	2009		2010	2009
3. Issued, Subscribed and Paid-up Capital					
	125,840,190	125,840,190	Ordinary shares of Rs 10 each fully paid in cash	1,258,402	1,258,402
	318,492	318,492	Ordinary shares of Rs 10 each issued as fully paid for consideration other than cash under scheme of arrangement for amalgamation	3,185	3,185
	25,227	25,227	Ordinary shares of Rs 10 each issued as fully paid bonus shares	252	252
	12,618,391	12,618,391	Ordinary shares issued pursuant to the Scheme as fully paid for consideration of investment in associate (note 3.1)	126,184	126,184
	138,802,300	138,802,300		1,388,023	1,388,023
3.1	With effect from October 1, 2000 the Pure Terephthalic Acid (PTA) Business of the Company was demerged under a Scheme of Arrangement ("the Scheme") dated December 12, 2000 approved by the shareholders and sanctioned by the High Court of Sindh.				
3.2	ICI Omicron B.V., which is a wholly owned subsidiary of AkzoNobel N.V., held 105,229,125 (2009: 105,229,125) ordinary shares of Rs 10 each at December 31, 2010. AkzoNobel N.V., acquired ICI PLC, UK, effective January 2, 2008, the parent company of ICI Omicron B.V., and became the ultimate holding company of ICI Pakistan Limited. ICI Pakistan Limited continues to be the direct subsidiary of ICI Omicron B.V..				
4. Capital Reserves					
			Share premium - note 4.1	465,259	465,259
			Capital receipts - note 4.2	586	586
				465,845	465,845
4.1	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 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.				
4.2	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.				
5. Surplus on Revaluation of Property, Plant and Equipment					
			Balance as on January 1	931,846	962,795
			Less: Transfer to unappropriated profit in respect of incremental depreciation charged during the year net of deferred tax	(24,494)	(30,949)
			Balance as on December 31	907,352	931,846

	2010	2009
6. Provisions for non-management staff gratuity and eligible retired employees' medical scheme - note 6.1	222,942	183,019

6.1 Staff Retirement Benefits

	2010				2009			
	Pension	Funded Gratuity	Total	Unfunded	Pension	Funded Gratuity	Total	Unfunded
6.1.1 The amounts recognised in the profit and loss account against defined benefit schemes are as follows:								
Current service cost	47,010	31,885	78,895	9,741	24,526	26,223	50,749	7,535
Interest cost	156,844	56,301	213,145	40,426	153,634	62,926	216,560	41,173
Expected return on plan assets	(133,250)	(39,920)	(173,170)	-	(98,449)	(31,903)	(130,352)	-
Termination cost	-	-	-	-	13,043	-	13,043	-
Recognition of actuarial loss	105,175	12,060	117,235	8,824	101,997	13,582	115,579	7,300
Net charge for the year	175,779	60,326	236,105	58,991	194,751	70,828	265,579	56,008

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

Opening balance	319,437	33,867	353,304	(183,258)	238,716	62,148	300,864	(142,489)
Net Charge for the year - note 6.1.1	(175,779)	(60,326)	(236,105)	(58,991)	(194,751)	(70,828)	(265,579)	(56,008)
Contributions / payments during the year	198,926	46,294	245,220	19,068	275,472	42,547	318,019	15,239
Closing balance	342,584	19,835	362,419	(223,181)*	319,437	33,867	353,304	(183,258)*

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

Fair value of plan assets - note 6.1.5	1,380,173	391,304	1,771,477	-	1,037,319	317,150	1,354,469	-
Present value of defined benefit obligation - note 6.1.4	(1,547,841)	(553,363)	(2,101,204)	(381,842)	(1,285,827)	(462,971)	(1,748,798)	(340,084)
Deficit	(167,668)	(162,059)	(329,727)	(381,842)	(248,508)	(145,821)	(394,329)	(340,084)
Unrecognised actuarial loss	510,252	181,894	692,146	158,661	567,945	179,688	747,633	156,826
Recognised asset / (liability)	342,584	19,835	362,419	(223,181)*	319,437	33,867	353,304	(183,258)*

6.1.4 Movement in the present value of defined benefit obligation:

Opening balance	1,285,827	462,971	1,748,798	340,084	1,117,525	442,477	1,560,002	259,784
Current service cost	47,010	31,885	78,895	9,741	24,526	26,223	50,749	7,535
Interest cost	156,844	56,301	213,145	40,426	153,634	62,926	216,560	41,173
Benefits paid	(64,610)	(30,744)	(95,354)	(19,068)	(286,286)	(103,768)	(390,054)	(15,239)
Termination cost	-	-	-	-	13,043	-	13,043	-
Actuarial loss	122,770	32,950	155,720	10,659	263,385	35,113	298,498	46,831
Present value of defined benefit obligation at the end of the year	1,547,841	553,363	2,101,204	381,842	1,285,827	462,971	1,748,798	340,084

6.1.5 Movement in the fair value of plan assets:

Opening balance	1,037,319	317,150	1,354,469	-	815,658	310,404	1,126,062	-
Expected return	133,250	39,920	173,170	-	98,449	31,903	130,352	-
Contributions	198,926	46,294	245,220	-	275,472	42,547	318,019	-
Benefits paid	(64,610)	(30,744)	(95,354)	-	(286,286)	(103,768)	(390,054)	-
Actuarial gain	75,288	18,684	93,972	-	134,026	36,064	170,090	-
Fair value of plan assets at the end of the year	1,380,173	391,304	1,771,477	-	1,037,319	317,150	1,354,469	-

6.1.6 Historical information

As at December 31	2010	2009	2008	2007	2006
Present Value of defined benefit obligation	2,483,046	2,088,882	1,819,786	1,555,387	1,236,483
Fair value of plan assets	1,771,477	1,354,469	1,126,062	1,312,938	1,067,109
Deficit	711,569	734,413	693,724	242,449	169,374
Experience adjustments on plan liabilities	7%	3%	13%	16%	1%
Experience adjustments on plan assets	5%	13%	(27%)	7%	(9%)

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

	2010	2009
Debt instruments	62%	50%
Equity at market value	30%	32%
Cash	8%	18%

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

The return on plan assets was assumed to equal the discount rate. Actual (loss) / return on plan assets during 2010 was Rs 267.142 million (2009: Rs 300.442 million).

Notes to the Financial Statements

For the year ended December 31, 2010

Amounts in Rs '000

	2010	2009
6.1.8 The principal actuarial assumptions at the reporting date were as follows:		
Discount rate	14.25%	12.75%
Expected return on plan assets	14.25%	12.75%
Future salary increases	12.00%	10.60%
Future pension increases	8.75%	7.38%

6.1.9 Medical cost trend is assumed to follow inflation. The sensitivity to reflect the effect of a 1% movement in the assumed medical cost trend were as follows:

	2010	Increase	Decrease
	8.75%	9.75%	7.75%
Effect on the aggregate of the current service cost and interest cost	35,905	44,139	32,003
Effect on the defined benefit obligation	291,807	335,025	255,287

These figures are based on the latest actuarial valuation, as at December 31, 2010. The valuation uses the Projected Unit Credit method. Actuarial gains and losses are amortised over the expected future service life of current members.

* The unfunded liability included in the above table includes Rs 0.239 million (2009: Rs 0.239 million) pertaining to ICI Pakistan PowerGen Limited.

6.1.10 The Company contributed Rs 62.698 million (2009: Rs 55.553 million) and Rs 35.269 million (2009: Rs 29.321 million) to the provident fund and the defined contribution superannuation fund respectively during the year.

	2010			2009		
	Opening	Reversal	Closing	Opening	Charge	Closing
7. Deferred Tax (Liability) / Asset - net						
Deductible temporary differences						
Tax losses carried forward	-	-	-	272,421	(272,421)	-
Provisions for retirement benefits, doubtful debts and others	336,321	133,784	470,105	355,745	(19,424)	336,321
Taxable temporary differences						
Property, plant and equipment	(1,361,419)	21,066	(1,340,353)	(1,098,870)	(262,549)	(1,361,419)
	(1,025,098)	154,850	(870,248)	(470,704)	(554,394)	(1,025,098)

8. Trade and Other Payables	2010	2009
Trade creditors - note 8.1	1,020,565	963,992
Bills payable	1,987,933	2,270,321
Sales tax, excise and custom duties	125,567	177,618
Accrued interest / return on unsecured loan - note 8.2	305,109	299,647
Accrued expenses	1,155,649	1,150,995
Technical service fee / royalty	30,316	35,975
Workers' profit participation fund - note 8.3	204,104	164,599
Workers' welfare fund	76,153	119,760
Distributors' security deposits - payable on termination of distributorship - note 8.4	80,700	71,993
Contractors' earnest / retention money	11,653	10,103
Advances from customers	253,752	248,727
Unclaimed dividends	4,544	4,548
Payable for capital expenditure	99,184	136,810
Provision for compensated absences - note 8.5	20,000	20,000
Others	106,808	124,810
	5,482,037	5,799,898

	2010	2009
8.1 The above balances include amounts due to following associated undertakings:		
ICI Paints UK (part of AkzoNobel group)	174	6,911
ICI Paints (Asia Pacific) Pte Ltd (part of AkzoNobel group)	15	26,105
AkzoNobel Paints Malaysia	-	3,392
Marine Protective International Coating Malaysia (part of AkzoNobel group)	-	1,400
C&P Residual (part of AkzoNobel group)	1,197	-
AkzoNobel NV	36,280	-
AkzoNobel Functional Chemicals	3,995	-
International Paint Netherland (part of AkzoNobel group)	154	-
ICI Packaging Coatings (part of AkzoNobel group)	197	-
AkzoNobel Functional Chemicals BV	11,592	-
AkzoNobel Functional Chemicals Pte Ltd	2,827	-
AkzoNobel Surface Chemistry Pte Ltd	3,014	-
ICI Paints Thailand (part of AkzoNobel group)	25	-
ICI Paints Indonesia (part of AkzoNobel group)	-	101
CR Netherlands (part of AkzoNobel group)	-	5,339
AkzoNobel Car Refinishes BV	23,103	-
	82,573	43,248

8.2 This represents amount payable to Mortar Investments International Limited.

8.3 Workers' profit participation fund

Balance as on January 1	164,599	148,214
Allocation for the year - note 29	196,761	161,822
	361,360	310,036
Interest on funds utilised in the Company's businesses at 60.00 percent (2009: 41.25 percent) per annum - note 28	6,948	2,105
	368,308	312,141
Less:		
- Amount paid on behalf of the Fund	72,017	72,260
- Deposited with the Government of Pakistan	92,187	75,282
	164,204	147,542
Balance as on December 31	204,104	164,599

8.4 Interest on security deposits from certain distributors is payable at 11.5 percent (2009: 7.5 percent) per annum as specified in the respective agreements.

8.5 This figure is based on the actuarial valuation, as at December 31, 2009.

9. Contingencies and Commitments

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

Local bodies	14,178	14,631
Sales Tax authorities	91,336	93,323
Others	137,934	53,396
	243,448	161,350

9.2 A notice was issued by the Environmental Protection Authority (EPA) against the Paints factory located at Ferozpur Road, Lahore. Pursuant to this an order was passed by the EPA for violation of certain provisions of the 'Act'. The Company is of the opinion that the order was not justified and has filed an appeal against the order in the Environmental Tribunal in Lahore, which is pending.

9.3 Guarantees issued by the Company in respect of financial and operational obligations of Lotte Pakistan PTA Limited pursuant to the Scheme of arrangement, amounting to Rs 2,190 million (2009: Rs 2,280 million) against which Lotte Pakistan PTA Limited and KP Chemical Corporation Limited have issued counter guarantees to the Company.

Notes to the Financial Statements

For the year ended December 31, 2010

Amounts in Rs '000

	2010	2009
9.4	Guarantee issued by the Company to a bank in respect of financing obtained by Senior Executives amounted to Rs 35 million (2009: Rs 35 million), in accordance with the terms of employment.	
9.5	Guarantee issued by the Company of Rs 133 million (2009: Rs 133 million) to a bank on behalf of its subsidiary ICI Pakistan PowerGen Limited for availing funded facility.	
9.6	Commitments in respect of capital expenditure amounted to Rs 138.35 million (2009: Rs 23.875 million).	
9.7	Commitments for rentals under operating lease / ijarah contracts in respect of vehicles amounting to Rs 164.159 million (2009: Rs 195.166 million) are as follows:	
Year		
2010	-	66,746
2011	67,470	58,165
2012	56,785	45,305
2013	32,769	23,680
2014	7,135	1,270
	164,159	195,166
Payable not later than one year	67,470	66,746
Payable later than one year but not later than five years	96,689	128,420
	164,159	195,166

10. Property, Plant and Equipment

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

Operating property, plant and equipment - note 10.2	8,677,493	8,835,201
Capital work-in-progress - note 10.6	217,598	389,909
	8,895,091	9,225,110

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

	Land		Lime beds	Buildings		Plant and	Railway	Rolling	Furniture	Total
	Freehold	Leasehold	on freehold land	On freehold land	On leasehold land	machinery	sidings	stock and vehicles	and equipment	
	2010									
Net carrying value basis										
Year ended December 31, 2010										
Opening net book value (NBV)	836,702	2,837	68,515	223,211	725,377	6,789,648	-	26,082	162,829	8,835,201
Addition/transfer (at cost)	27,934	-	30,980	47,455	48,633	523,166	-	8,724	92,283	779,175
Disposal/transfer (at NBV)	-	-	(32)	-	-	(18,871)	-	(2,865)	(1,054)	(22,822)
Depreciation charge	-	(72)	(9,800)	(36,307)	(68,775)	(734,939)	-	(10,498)	(53,670)	(914,061)
Closing net book value (NBV)	864,636	2,765	89,663	234,359	705,235	6,559,004	-	21,443	200,388	8,677,493
Gross carrying value basis										
At December 31, 2010										
Cost/Revaluation	864,636	567,799	164,750	949,309	1,341,783	17,267,715	297	126,071	719,335	22,001,695
Accumulated Depreciation	-	(565,034)	(75,087)	(714,950)	(636,548)	(10,708,711)	(297)	(104,628)	(518,947)	(13,324,202)
Net book value	864,636	2,765	89,663	234,359	705,235	6,559,004	-	21,443	200,388	8,677,493
Depreciation rate % per annum	-	2 to 4	3.33 to 7.5	5 to 10	2.5 to 10	3.33 to 10	3.33	10 to 25	10 to 33.33	
	2009									
Net carrying value basis										
Year ended December 31, 2009										
Opening net book value (NBV)	836,702	7,149	78,256	224,676	455,945	5,753,476	-	31,742	128,812	7,516,758
Addition/transfer (at cost)	-	-	-	30,721	332,621	1,743,504	-	7,560	78,880	2,193,286
Disposal/transfer (at NBV)	-	-	-	-	-	(9,229)	-	(2,077)	(549)	(11,855)
Depreciation charge	-	(4,312)	(9,741)	(32,186)	(63,189)	(698,103)	-	(11,143)	(44,314)	(862,988)
Closing net book value (NBV)	836,702	2,837	68,515	223,211	725,377	6,789,648	-	26,082	162,829	8,835,201
Gross carrying value basis										
At December 31, 2009										
Cost/Revaluation	836,702	567,799	133,820	901,854	1,293,917	16,790,858	297	120,598	668,909	21,314,754
Accumulated Depreciation	-	(564,962)	(65,305)	(678,643)	(568,540)	(10,001,210)	(297)	(94,516)	(506,080)	(12,479,553)
Net book value	836,702	2,837	68,515	223,211	725,377	6,789,648	-	26,082	162,829	8,835,201
Depreciation rate % per annum	-	2 to 4	3.33 to 7.5	5 to 10	2.5 to 10	3.33 to 10	3.33	10 to 25	10 to 33.33	

		2010	2009			
10.3	Subsequent to revaluation on October 1, 1959 and September 30, 2000, which had resulted in a surplus of Rs 14.207 million and Rs 1,569.869 million respectively, the land and plant and machinery were revalued again on December 15, 2006 resulting in a net surplus of Rs 667.967 million. The valuation was conducted by independent valuers. Valuations for plant and machinery was the open market value of the asset based on estimated gross replacement cost, depreciated to reflect the residual service potential of the asset having paid due regard to age, condition and obsolescence. Land was valued on the basis of fair market value.					
10.4	As at December 31, 2010 plant and machinery included equipments held with Searle Pakistan Limited and Maple Pharmaceutical (Private) Limited (toll manufacturers), having cost and net book values as follows:					
	Cost	4,100	3,200			
	Net book value	3,100	2,500			
10.4.1	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	48,863	20,929			
	Plant and machinery	6,381,889	6,575,035			
	Rolling stock and vehicles	21,443	26,082			
	Furniture and equipment	200,388	162,829			
		6,652,583	6,784,875			
10.5	The depreciation charge for the year has been allocated as follows:					
	Cost of sales - note 25	858,479	815,543			
	Selling and distribution expenses - note 26	10,956	12,726			
	Administration and general expenses - note 27	44,626	34,719			
		914,061	862,988			
10.6	The following is a statement of capital work-in-progress:					
	Civil works and buildings	39,836	50,634			
	Plant and machinery	130,655	183,965			
	Miscellaneous equipment	8,993	33,664			
	Advances to suppliers / contractors	38,114	121,646			
		217,598	389,909			
10.7	Details of operating property, plant and equipment disposals having net book value in excess of Rs 50,000 are as follows:					
			2010			
	Mode of sale	Cost	Accumulated depreciation	Net book value	Sale proceeds	Particulars of buyers
Plant and machinery						
Gas condenser & Various items	Tender	27,095	12,157	14,938	4,917	Alfa Laval Middleeast Ltd. and Muhammad Akram Ghouri, Mandi Bahauddin
Tinting Machines & Dispenser	Negotiation	4,180	788	3,392	3,111	Al Habib, Awami Paints, Saad contractor, Asian Paints, Roomi Paints, Khurram Contractors, Lahore
Rolling stock and vehicles						
Honda City & Toyota Corolla	Auction	1,510	192	1,318	1,924	Murtaza Khan Babar and Syed Farhat Abbas Jafri, Karachi
Honda Motorcycle	Auction	80	3	77	70	Syed Ghulam Mustafa, Lahore
Furniture and equipment						
Water cooling coil and Chiller	Auction	467	323	144	194	Habibullah Khan, Karachi
2009						
Plant and machinery						
Dust extraction unit and other items	Auction	28,576	23,089	5,487	3,338	Hi-Tech Electronics & Machinery, Karachi
Tinting Machines	Negotiation	4,429	710	3,719	3,719	Jaffer and Sons., Chaudhry Paint House, Color Bank and Awan Brothers, Lahore
Rolling stock and vehicles						
Toyota Corolla - 2 nos	Negotiation	1,481	734	747	2,088	Tufail Iqbal & M Inam, Lahore
Hino Dump Trucks	Auction	8,808	7,519	1,289	1,902	Hi-Tech Electronics & Machinery, Karachi

Notes to the Financial Statements

For the year ended December 31, 2010

Amounts in Rs '000

11. Intangible Assets

	2010			
	Software	Licenses	Under development	Total
Net carrying value basis Year ended December 31				
Opening net book value (NBV)	-	-	-	-
Additions (at cost)	57,364	87,136	65,352	209,852
Amortisation charge	(8,605)	(21,145)	-	(29,750)
Closing net book value (NBV)	48,759	65,991	65,352	180,102
Gross carrying amount At December 31				
Cost	226,145	87,136	65,352	378,633
Accumulated amortisation	(177,386)	(21,145)	-	(198,531)
Net book value	48,759	65,991	65,352	180,102
Rate of amortisation % per annum	20	20 to 50	-	
2009				
Net carrying value basis Year ended December 31				
Opening net book value (NBV)	7,700	-	-	7,700
Additions (at cost)	-	-	-	-
Amortisation charge	(7,700)	-	-	(7,700)
Closing net book value (NBV)	-	-	-	-
Gross carrying amount At December 31				
Cost	168,781	-	-	168,781
Accumulated amortisation	(168,781)	-	-	(168,781)
Net book value	-	-	-	-
Rate of amortisation % per annum	20	-	-	
			2010	2009

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

Cost of sales - note 25	7,746	3,636
Selling and distribution expenses - note 26	2,565	639
Administration and general expenses - note 27	19,439	3,425
	29,750	7,700

12. Long Term Investments - at cost

Unquoted

Subsidiary

- ICI Pakistan PowerGen Limited (wholly owned) - note 12.1 7,100,000 ordinary shares (2009: 7,100,000) of Rs 100 each	710,000	710,000
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Others

Equity security available for sale

- Arabian Sea Country Club Limited	2,500	2,500
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712,500 712,500

12.1 The value of the Company's investment on the basis of net assets of the Subsidiary as disclosed in the audited financial statements for the year ended December 31, 2010 amounted to Rs. 306.706 million (2009: Rs 258.426 million).

	2010	2009		
13. Long-Term Loans - Considered good				
Due from Subsidiary - Unsecured				
- Long term portion - note 13.1	177,778	200,000		
Due from Executives and Employees - note 13.2	146,486	130,801		
	324,264	330,801		
13.1	This represents loan given to ICI Pakistan PowerGen Limited (wholly owned subsidiary) of Rs 200 million carrying mark-up at 3 months KIBOR + 2%. This loan is repayable in nine equal semi annual installments commencing from October 1, 2011.			
13.2 Due from Directors, Executives and Employees				
	Motor car	House building	Total	Total
Due from Directors and Executives - note 13.3	101,847	51,568	153,415	121,756
Less: Receivable within one year - note 18	19,270	25,424	44,694	25,119
	82,577	26,144	108,721	96,637
Due from Employees			65,762	54,237
Less: Receivable within one year - note 18			27,997	20,073
			37,765	34,164
			146,486	130,801
Outstanding for period:				
- less than three years but over one year			69,306	70,338
- more than three years			77,180	60,463
			146,486	130,801
13.3 Reconciliation of the carrying amount of loans to Directors and Executives:				
Opening balance at beginning of the year			121,756	102,117
Disbursements			84,215	79,293
Repayments			(52,556)	(59,654)
Balance at end of the year			153,415	121,756
The above loan balance includes an amount of Rs 0.319 million (2009: Rs 1.595 million) in respect of house building relating to key management personnel. Loan outstanding during the year relates to Mr. Ali A. Aga (Director), who was provided this loan as per his terms of employment.				
13.4	Loans for purchase of motor cars and house building are repayable between two to ten years. These loans are interest free and granted to the employees including executives of the Company in accordance with their terms of employment.			
13.5	The maximum aggregate amount of long-term loans due from the Executives at the end of any month during the year was Rs 161.509 million (2009: Rs 125.362 million).			
14. Long-Term Deposits and Prepayments				
Deposits			22,873	21,211
Prepayments			17,585	7,867
			40,458	29,078
15. Stores and Spares				
Stores (include in-transit Rs 20.058 million; 2009: Rs 11.688 million)			36,801	37,613
Spares			512,019	493,799
Consumables			77,547	76,660
			626,367	608,072
Less: Provision for slow moving and obsolete items - note 15.1			175,771	111,671
			450,596	496,401

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	2010	2009
15.1 Movement of provision in stores and spares		
Provision as at January 1	111,671	104,661
Charge for the year - note 27	64,100	40,000
Write-off	-	(32,990)
Provision as at December 31	175,771	111,671

16. Stock-in-Trade

Raw and packing material (include in-transit Rs 436.887 million; 2009: Rs 219.873 million) - note 16.2	1,786,092	1,282,701
Work-in-process	48,553	83,229
Finished goods (include in-transit Rs 9.490 million; 2009: Rs 9.23 million)	2,107,225	1,997,408
	3,941,870	3,363,338
Less: Provision for slow moving and obsolete stocks - note 16.1		
- Raw material	87,463	63,944
- Finished goods	68,062	54,869
	155,525	118,813
	3,786,345	3,244,525

16.1 Movement of provision in stock-in-trade

Provision as at January 1	118,813	113,865
Charge for the year - note 27	55,510	38,617
Reversal	-	(5,000)
Write-off	(18,798)	(28,669)
Provision as at December 31	155,525	118,813

Stocks amounting to Rs Nil (2009: Rs 18.663 million) are measured at net realisable value and has been written down by Rs Nil (2009: Rs 1.62 million) to arrive at its net realisable value.

16.2 Raw and packing materials include Rs 283.341 million (2009: Rs. 148.524 million) which are held with toll manufacturers namely Searle Pakistan Limited, Maple Pharmaceutical (Private) Limited, Epla Laboratories (Private) Limited, Breeze Pharma (Private) Limited, NovaMed Pharmaceuticals and Polymer International (Private) Limited.

17. Trade Debts

Considered good		
- Secured	267,755	356,608
- Unsecured	974,365	812,677
	1,242,120	1,169,285
Considered doubtful	343,490	277,631
	1,585,610	1,446,916
Less: Provision for:		
- Doubtful debts - note 39.6	343,490	277,631
- Discounts payable on sales	449,253	249,822
	792,743	527,453
	792,867	919,463

	2010	2009
18. Loans and Advances		
Considered good		
Loans due from:		
Directors and Executives - note 13.2	44,694	25,119
Employees - note 13.2	27,997	20,073
Due from Subsidiary:		
- Current portion of long term loan - note 13.1	22,222	-
- Unsecured - note 18.1	283,000	283,000
	377,913	328,192
Advances to:		
Directors and Executives - note 18.2	5,003	6,012
Employees	2,761	6,626
Contractors and suppliers	200,128	60,355
Others	4,917	5,554
	212,809	78,547
	590,722	406,739
Considered doubtful	10,620	8,120
	601,342	414,859
Less: Provision for doubtful loans and advances - note 39.6	10,620	8,120
	590,722	406,739
18.1	A standby finance facility of Rs 300 million (2009: Rs 300 million) is provided to ICI Pakistan PowerGen Limited (wholly owned subsidiary) which is repayable on demand at a markup rate of 3 months KIBOR + 1.65% (2009: 3 months KIBOR + 1.65%).	
18.2	The maximum aggregate amount of advances due from the Directors and Executives at the end of any month during the year were Rs 3.245 million and Rs 7.364 million (2009: Rs 3.967 million and Rs 4.446 million) respectively.	
19. Trade Deposits and Short-Term Prepayments		
Trade deposits	22,245	21,700
Short-term prepayments	421,429	430,738
	443,674	452,438
20. Other Receivables		
Considered good		
Duties, sales tax and octroi refunds due	269,815	212,244
Due from Associate - note 20.1 & 20.2	78,721	85,225
Insurance claims	9,965	11,887
Commission receivable	47,341	39,829
Interest income receivable from subsidiary	16,805	16,233
Interest income receivable	4,516	4,058
Rebates receivable	-	123,427
Others	179,117	184,208
	606,280	677,111
Considered doubtful	16,982	17,383
	623,262	694,494
Less: Provision for doubtful receivables - note 20.3	16,982	17,383
	606,280	677,111

Notes to the Financial Statements

For the year ended December 31, 2010

Amounts in Rs '000

	2010	2009	
20.1	The maximum aggregate amount due from ICI Omicron B.V. at the end of any month during the year was Rs 80.755 million (2009: Rs 81.978 million).		
20.2	The above balances include amounts due from following associated undertakings:		
	ICI Omicron B.V. wholly owned subsidiary of AkzoNobel N.V.	78,586	80,420
	ICI Swire Paints (Shanghai) Limited (part of AkzoNobel group)	89	4,805
	AkzoNobel Functional Chemicals	46	-
		78,721	85,225
20.3	Movement of provision for doubtful receivables		
	Provision as at January 1	17,383	17,533
	Charge for the year - note 27	1,004	-
	Reversal	(1,405)	(150)
	Provision as at December 31	16,982	17,383
21.	Cash and Bank Balances		
	Short term deposits - note 21.1	2,927,000	3,350,000
	Current accounts	1,489,720	936,795
	In hand		
	- Cheques	230,942	169,633
	- Cash	14,160	11,823
		4,661,822	4,468,251

21.1 These are placed with various banks with maturity up to January 2011. The markup return on these deposits ranges between 11.30% to 11.71%.

22. Short-Term Financing

The facilities for running finance available from various banks amounted to Rs 2,471 million (December 31, 2009: Rs 2,691 million) and carried mark-up during the period ranging from relevant KIBOR + 0.75% to 3.47% per annum with an average mark-up rate as on December 31, 2010 at relevant KIBOR + 1.30% per annum (December 31, 2009: 12.64 to 17.37 percent per annum). The facilities are secured by hypothecation charge over the present and future stock-in-trade and book debts of the Company and first pari passu charge over plant and machinery of Soda Ash Business of the Company.

23. Operating Segment Results

	Note	Polyester 2010	Polyester 2009	Soda Ash 2010	Soda Ash 2009	Paints 2010	Paints 2009	Life Sciences 2010	Life Sciences 2009	Chemicals 2010	Chemicals 2009	Company 2010	Company 2009
Sales													
Afghanistan		-	-	1,210	-	105,623	88,800	-	-	-	-	106,833	88,800
Bangladesh		-	-	156,953	86,476	-	-	-	-	1,692	6,888	158,645	93,364
India		-	-	419,359	27,882	-	-	-	-	-	-	419,359	27,882
South Africa		-	-	97,790	76,605	-	-	-	-	-	-	97,790	76,605
United Arab Emirates		-	-	28,934	16,556	-	-	-	-	-	158	28,934	16,714
Others		-	-	14,242	3,989	-	-	-	810	11,207	18,055	25,449	22,854
		-	-	718,488	211,508	105,623	88,800	-	810	12,899	25,101	837,010	326,219
Inter-segment		-	-	-	-	-	-	-	-	417,420	276,573	417,420	276,573
Local		18,033,688	13,242,345	7,350,542	6,360,285	6,516,258	6,136,722	4,115,180	3,740,030	2,580,289	2,508,705	38,595,957	31,988,087
		18,033,688	13,242,345	8,069,030	6,571,793	6,621,881	6,225,522	4,115,180	3,740,840	3,010,608	2,810,379	39,850,387	32,590,879
Commission / Toll income		-	-	-	-	-	-	-	-	99,539	84,875	99,539	84,875
Turnover		18,033,688	13,242,345	8,069,030	6,571,793	6,621,881	6,225,522	4,115,180	3,740,840	3,110,147	2,895,254	39,949,926	32,675,754
Sales tax		-	-	1,263,579	1,073,105	900,599	811,979	1,119	-	290,709	272,088	2,456,006	2,157,172
Excise Duty		-	-	60,160	52,328	54,115	49,947	-	-	7,546	7,010	121,821	109,285
Commission and discounts to distributors and customers		52,933	44,517	282,270	107,539	986,298	1,006,822	352,587	374,927	150,611	169,022	1,824,699	1,702,827
		52,933	44,517	1,606,009	1,232,972	1,941,012	1,868,748	353,706	374,927	448,866	448,120	4,402,526	3,969,284
Net sales, commission & toll income		17,980,755	13,197,828	6,463,021	5,338,821	4,680,869	4,356,774	3,761,474	3,365,913	2,661,281	2,447,134	35,547,400	28,706,470
Cost of sales	25	15,620,929	11,794,598	5,074,124	3,896,339	3,333,661	2,986,743	2,681,386	2,383,614	2,151,010	1,969,284	28,861,110	23,030,578
Gross profit		2,359,826	1,403,230	1,388,897	1,442,482	1,347,208	1,370,031	1,080,088	982,299	510,271	477,850	6,686,290	5,675,892
Selling and distribution expenses	26	72,543	75,236	203,173	112,223	765,075	725,114	493,036	424,700	140,892	132,901	1,674,719	1,470,174
Administration and general expenses	27	265,191	239,111	290,708	291,821	448,873	381,949	148,242	137,107	145,991	128,076	1,299,005	1,178,064
Operating result		2,022,092	1,088,883	895,016	1,038,438	133,260	262,968	438,810	420,492	223,388	216,873	3,712,566	3,027,654
23.1 Segment assets		1,172,960	6,262,004	6,369,128	6,042,615	6,007,580	2,317,535	2,872,583	1,429,433	1,344,384	767,910	17,766,635	16,819,497
23.2 Unallocated assets												4,264,037	4,603,160
												22,030,672	21,422,657
23.3 Segment liabilities		2,236,516	2,297,646	1,955,050	1,998,609	480,080	753,310	1,131,839	1,331,383	462,089	322,872	6,265,574	6,703,820
23.4 Unallocated liabilities												309,653	304,195
												6,575,227	7,008,015
23.5 Non-cash items (Provision for non-management staff gratuity and eligible retired employees' medical scheme)		10,795	10,249	28,493	27,052	8,554	8,121	5,309	5,041	5,840	5,545	58,991	56,008
23.6 Depreciation & amortisation		335,033	326,976	475,600	436,885	90,644	72,376	15,645	14,507	26,889	19,944	943,811	870,688
23.7 Capital expenditure		109,785	83,573	469,040	461,508	176,238	148,599	25,883	16,489	35,770	36,015	816,716	746,184
23.8 Inter-segment pricing													
Transactions among the business segments are recorded at arm's length prices using admissible valuation methods.													
23.9													
There was no major customer of the Company which formed 10 percent or more of the Company's revenue.													

Notes to the Financial Statements

For the year ended December 31, 2010

Amounts in Rs '000

	2010	2009
24. Reconciliations of reportable segment turnover, cost of sales, assets and liabilities		
24.1 Turnover		
Total turnover for reportable segments - note 23	39,949,926	32,675,754
Elimination of inter-segment turnover	(417,420)	(276,573)
Total turnover	39,532,506	32,399,181
24.2 Cost of sales		
Total cost of sales for reportable segments - note 25	28,861,110	23,030,578
Elimination of inter-segment purchases	(417,420)	(276,573)
Total cost of sales	28,443,690	22,754,005
24.3 Assets		
Total assets for reportable segments	17,766,635	16,819,497
Taxation recoverable	545,951	460,240
Bank deposits - note 21	2,927,000	3,350,000
Due from Associates - note 20.2	78,586	80,420
Long term Investments - note 12	712,500	712,500
Total Assets	22,030,672	21,422,657
24.4 Liabilities		
Total liabilities for reportable segments	6,265,574	6,703,820
Accrued interest / return on unsecured loan - note 8.2	305,109	299,647
Unclaimed dividends - note 8	4,544	4,548
Total liabilities	6,575,227	7,008,015

25. Cost of Sales

	Polyester		Soda Ash		Paints		Life Sciences		Chemicals		Company	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Raw and packing materials consumed												
Opening stock	612,350	512,080	74,436	370,987	285,368	324,080	146,489	111,021	100,114	104,334	1,218,757	1,422,502
Purchases												
Inter-segment	-	-	-	-	417,420	276,573	-	-	-	-	417,420	276,573
Others	13,674,630	10,263,852	1,877,621	1,251,854	2,489,024	2,328,255	973,217	776,709	930,155	840,470	19,944,647	15,461,140
	13,674,630	10,263,852	1,877,621	1,251,854	2,906,444	2,604,828	973,217	776,709	930,155	840,470	20,362,067	15,737,713
	14,286,980	10,775,932	1,952,057	1,622,841	3,191,812	2,928,908	1,119,706	887,730	1,030,269	944,804	21,580,824	17,160,215
Closing stock - note 16	(867,612)	(612,350)	(203,975)	(74,436)	(259,951)	(285,368)	(282,021)	(146,489)	(85,070)	(100,114)	(1,698,629)	(1,218,757)
Raw material consumed	13,419,368	10,163,582	1,748,082	1,548,405	2,931,861	2,643,540	837,685	741,241	945,199	844,690	19,882,195	15,941,458
Salaries, wages and benefits	336,069	332,146	540,016	499,952	96,312	81,234	3,078	3,037	39,211	37,879	1,014,686	954,248
Stores and spares consumed	118,723	90,109	119,593	114,679	3,704	4,476	-	-	3,510	2,801	245,530	212,065
Conversion fee paid to contract manufacturers	-	-	-	-	-	-	201,368	186,899	4,341	4,416	205,709	191,315
Oil, gas and electricity	1,394,075	841,024	1,962,927	1,406,785	28,851	28,235	-	-	7,523	8,128	3,393,376	2,284,172
Rent, rates and taxes	1,234	846	1,379	655	15,893	6,210	-	-	8,612	9,857	27,118	17,568
Insurance	17,722	15,497	16,236	12,755	27,849	26,518	2	3	973	300	62,782	55,073
Repairs and maintenance	1,670	950	695	43	15,585	18,190	9	11	3,242	3,174	21,201	22,368
Depreciation & amortisation charge - note 10.5 & 11.1	319,963	320,585	455,542	423,211	75,205	60,803	428	694	15,087	13,886	866,225	819,179
Technical fees	-	-	-	-	23,270	19,279	1,815	1,445	5,750	3,010	30,835	23,734
Royalty	-	-	-	-	-	-	2,076	1,008	24,862	24,470	26,938	25,478
General expenses	106,805	92,148	83,627	64,268	67,637	57,373	400	452	10,965	10,431	269,434	224,672
Opening stock of work-in-process	54,163	108,866	-	-	15,600	19,851	11,811	5,024	1,655	496	83,229	134,237
Closing stock of work-in-process - note 16	(24,388)	(54,163)	-	-	(10,976)	(15,600)	(12,464)	(11,811)	(725)	(1,655)	(48,553)	(83,229)
Cost of goods manufactured	15,745,404	11,911,590	4,928,097	4,070,753	3,290,791	2,950,109	1,046,208	928,003	1,070,205	961,883	26,080,705	20,822,338
Opening stock of finished goods	509,236	392,244	207,554	33,140	246,586	221,852	837,505	476,184	141,658	271,797	1,942,539	1,395,217
Finished goods purchased	91,316	-	-	-	64,800	85,700	1,583,188	1,826,217	1,193,235	882,262	2,932,539	2,794,179
	16,345,956	12,303,834	5,135,651	4,103,893	3,602,177	3,257,661	3,466,901	3,230,404	2,405,098	2,115,942	30,955,783	25,011,734
Closing stock of finished goods - note 16	(725,027)	(509,236)	(58,912)	(207,554)	(246,547)	(246,586)	(774,839)	(837,505)	(233,838)	(141,658)	(2,039,163)	(1,942,539)
Provision for obsolete stocks - note 27	-	-	(2,615)	-	(21,969)	(24,332)	(10,676)	(9,285)	(20,250)	(5,000)	(55,510)	(38,617)
	15,620,929	11,794,598	5,074,124	3,896,339	3,333,661	2,986,743	2,681,386	2,383,614	2,151,010	1,969,284	28,861,110	23,030,578

25.1 Staff retirement benefits

Salaries, wages and benefits include Rs 162.681 million (2009: Rs 193.055 million) in respect of staff retirement benefits.

Notes to the Financial Statements

For the year ended December 31, 2010

Amounts in Rs '000

26. Selling and Distribution Expenses

	Polyester		Soda Ash		Paints		Life Sciences		Chemicals		Company	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Salaries and benefits	46,473	40,591	21,759	24,581	220,879	195,676	197,442	184,344	61,696	63,531	548,249	508,723
Repairs and maintenance	14	122	1,079	1,063	3,933	3,537	2,179	1,862	1,381	1,033	8,586	7,617
Advertising and publicity expenses	1,163	15,480	10,948	896	253,121	262,189	86,049	64,513	817	987	352,098	344,065
Rent, rates and taxes	-	-	1,282	922	19,323	23,491	5,897	4,404	739	1,182	27,241	29,999
Insurance	-	-	1,028	434	-	-	6,522	3,866	3,530	3,340	11,080	7,640
Lighting, heating and cooling	15	17	1,088	873	6,683	4,807	2,297	1,969	2,164	1,980	12,247	9,646
Depreciation & amortisation charge - note 10.5 & 11.1	-	59	277	327	-	-	11,093	11,195	2,151	1,784	13,521	13,365
Outward freight and handling	9,626	7,078	149,095	69,972	179,945	172,953	35,329	22,395	31,538	28,089	405,533	300,487
Travelling expenses	7,022	3,206	2,703	1,882	30,082	30,588	68,932	63,407	12,171	11,567	120,910	110,650
Postage, telegram, telephone and telex	529	423	1,325	774	7,046	5,801	10,728	9,759	3,688	3,447	23,316	20,204
General expenses	7,701	8,260	12,589	10,499	44,063	26,072	66,568	56,986	21,017	15,961	151,938	117,778
	72,543	75,236	203,173	112,223	765,075	725,114	493,036	424,700	140,892	132,901	1,674,719	1,470,174

26.1 Staff retirement benefits

Salaries, wages and benefits include Rs 81.569 million (2009: Rs 67.593 million) in respect of staff retirement benefits.

27. Administration and General Expenses

Salaries and benefits	129,271	134,531	191,647	193,284	168,579	134,481	85,980	93,672	81,934	72,479	657,411	628,447
Repairs and maintenance	2,986	2,715	3,930	3,478	9,147	8,828	1,872	1,352	1,003	780	18,938	17,153
Advertising and publicity expenses	1,837	2,855	3,681	6,013	1,372	1,807	788	1,134	866	1,452	8,544	13,261
Rent, rates and taxes	2,675	2,551	2,954	2,877	5,060	6,302	649	543	680	587	12,018	12,860
Insurance	735	552	1,858	1,454	692	7,438	3,857	2,137	425	316	7,567	11,897
Lighting, heating and cooling	3,637	3,172	6,200	5,273	4,655	3,518	4,664	3,590	1,416	1,077	20,572	16,630
Depreciation & amortisation charge - note 10.5 & 11.1	15,070	6,332	19,781	13,347	15,439	11,573	4,124	2,618	9,651	4,274	64,065	38,144
Provision for doubtful debts - trade - note 39.6	-	5,610	-	-	138,262	69,040	477	7	401	641	139,140	75,298
- others - note 20.3 & 39.6	-	-	381	-	2,500	-	623	-	-	-	3,504	-
Provision for obsolete stocks - Note 16.1	-	-	2,615	-	21,969	24,332	10,676	9,285	20,250	5,000	55,510	38,617
Provision for obsolete spares - Note 15.1	59,100	40,000	-	-	5,000	-	-	-	-	-	64,100	40,000
Travelling expenses	10,138	6,491	9,652	8,142	12,732	14,626	6,192	5,631	6,791	5,349	45,505	40,239
Postage, telegram, telephone and telex	2,329	1,337	3,948	2,149	5,814	8,999	2,891	2,516	1,678	1,148	16,660	16,149
General expenses	37,413	32,965	44,061	55,804	57,652	91,005	25,449	14,622	20,896	34,973	185,471	229,369
	265,191	239,111	290,708	291,821	448,873	381,949	148,242	137,107	145,991	128,076	1,299,005	1,178,064

27.1 Staff retirement benefits

Salaries, wages and benefits include Rs 148.813 million (2009: Rs 132.772 million) in respect of staff retirement benefits.

	2010	2009
28. Financial Charges		
Mark-up on short-term financing	-	1,587
Interest on workers' profit participation fund - note 8.3	6,948	2,105
Discounting charges on receivables	94,940	82,383
Exchange losses	59,564	74,454
Interest on security deposits and others	2,428	7,012
	163,880	167,541
29. Other Operating Charges		
Auditors' remuneration - note 29.1	8,235	6,600
Donations - note 29.2	22,277	16,464
Workers' profit participation fund - note 8.3	196,761	161,822
Workers' welfare fund	76,153	62,704
	303,426	247,590
29.1 Auditors' remuneration		
Audit and Group reporting fee	5,770	4,950
Half yearly review and other certifications	1,815	1,015
Out of pocket expenses	650	635
	8,235	6,600
29.2 Donations include Rs 15.795 million (2009: Rs 13.97 million) to ICI Pakistan Foundation (Head office, Karachi). Mr. Waqar A Malik, Chief Executive; Mr. Ali Asrar Aga and Mr. Feroz Rizvi, Directors of the Company and Mr. Suhail Aslam Khan and Ms. Seemi Saad, Executives of the Company are amongst the Trustees of the Foundation.		
30. Other Operating Income		
Income from related parties		
Return on loan due from Subsidiary	69,051	60,629
Service fees from related parties - note 30.1	1,980	4,636
Return from other financial assets		
Profit on short-term and call deposits	282,906	167,995
Income from non-financial assets		
Scrap sales	48,724	56,988
Gain on disposal of property, plant and equipment	10,211	5,293
Others		
Provisions and accruals no longer required written back	15,964	104,768
Income on technical assistance	-	244
Income on sale of Adhesive to Henkel	-	14,662
Sundries	57,420	44,768
	486,256	459,983

30.1 This represents amount charged by the Company for certain management and other services rendered to its related parties (Lotte Pakistan PTA Limited, upto September 2009, and ICI Pakistan PowerGen Limited), in accordance with the Service Agreements based on commercial terms between the companies.

Notes to the Financial Statements

For the year ended December 31, 2010

Amounts in Rs '000

	2010	2009
31. Taxation		
Current	1,457,540	490,813
Prior years	-	(17,439)
Total current tax charge	1,457,540	473,374
Deferred - note 7	(154,850)	554,394
Net tax charged - note 31.1	1,302,690	1,027,768

31.1 Tax reconciliation

Profit before tax	3,731,516	3,072,506
Tax @ 35%	1,306,031	1,075,377
Prior years' tax charge	-	(17,439)
Tax impact on income under FTR of the current year	2,992	(40,712)
Permanent difference	-	5,762
Other	(6,333)	4,780
Net tax charged	1,302,690	1,027,768

32. Earnings per share - Basic and diluted

Profit after taxation for the year	2,428,826	2,044,738
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	Number of shares	
Weighted average number of ordinary shares in issue during the year	138,802,300	138,802,300

	Rupees	
Earnings per share	17.50	14.73

33. Remuneration of Directors and Executives

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

	Chairman		Chief Executive		Directors		Executives		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Managerial remuneration	1,230	1,162	25,363	21,135	34,209	33,863	501,721	418,814	562,523	474,974
Retirement benefits	-	-	6,362	5,321	7,555	7,383	144,796	107,981	158,713	120,685
Group insurance	-	-	42	42	84	126	5,062	4,512	5,188	4,680
Rent and house maintenance	-	-	6,022	5,268	-	-	148,163	122,368	154,185	127,636
Utilities	-	-	775	647	-	-	36,656	30,310	37,431	30,957
Medical expenses	-	-	91	203	221	419	19,661	15,410	19,973	16,032
	1,230	1,162	38,655	32,616	42,069	41,791	856,059	699,395	938,013	774,964
Number of persons	1	1	1	1	4	5	381	328	387	335

- 33.1** In addition to this, an amount of Rs 228.9 million (2009: Rs 209.8 million) on account of variable pay, to employees, has been recognised in the current year. This amount is payable in 2011 after verification of achievements against target. Further, a special bonus of Rs 12.0 million (2009: Rs 28.9 million) payable to certain employees has been recognised in the financial statements which is payable in 2011.

Out of variable pay recognised for 2009 and 2008 following payments were made:

	Paid in 2010 relating to 2009	Paid in 2009 relating to 2008
Chief Executive	13,163	11,765
Directors	33,529	11,400
Executives	125,444	92,752
Other employees	9,192	37,131
	181,328	153,048

- 33.2** The Directors and certain Executives are provided with free use of Company cars in accordance with their entitlement. The Chief Executive is provided with Company maintained furnished accommodation and free use of Company car.

- 33.3** Aggregate amount charged in the financial statements for remuneration to three Non-executive Directors was Rs 3.225 million (2009: Rs 3.228 million). This includes fees paid to directors amounting to Rs. 0.220 million (2009: Rs. 0.249 million) for attending board and other meetings which is not included above.

- 33.4** The above balances include an amount of Rs 188.114 million (2009: Rs 141.359 million) on account of remuneration of key management personnel out of which Rs 26.274 million (2009: Rs 24.356 million) relates to post employment benefits.

34. Transactions with Related Parties

The related parties comprise parent company (ICI Omicron B.V.), ultimate parent company (AkzoNobel N.V.), related group companies, local associated company, directors of the Company, companies where directors also hold directorship, key employees (note 33) and staff retirement funds (note 6). Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2010	2009
Subsidiary Company		
Purchase of goods, materials and services	956,672	676,003
Provision of services and other receipts	1,980	1,980
Return on loan to Subsidiary	69,051	60,629
Loan to subsidiary company - (net of repayment)	-	96,000
Stand by finance facility availed by Subsidiary	-	283,000
Associated companies		
Purchase of goods, materials and services	118,487	5,750,335
Provision of services and other receipts	4,600	6,440
Sale of goods and materials	131,099	126,429
Dividends	1,052,291	789,218
Donations	15,795	13,970

Notes to the Financial Statements

For the year ended December 31, 2010

Amounts in Rs '000

35. Plant Capacity and Annual Production

- in metric tonnes except Paints which is in thousands of litres:

	2010		2009	
	Annual Name Plate Capacity	Production	Annual Name Plate Capacity	Production
Polyester	122,000	129,445	122,000	123,642
Soda Ash - note 35.1	350,000	278,650	350,000	269,500
Paints - note 35.2	-	34,748	-	33,741
Chemicals - note 35.2	-	9,082	-	8,477
Sodium Bicarbonate	20,000	23,700	20,000	22,580

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

35.2 The capacity of Paints and Chemicals is indeterminable because these are multi-product plants.

36. Fair Value of Financial Assets and Liabilities

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

37. Financial Risk Management

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

37.1 Risk Management Framework

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

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

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

38. Market Risk

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

2010

2009

38.1 Interest Rate Risk

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

	Carrying Amount	
Fixed rate instruments		
Financial assets - Note 21	2,927,000	3,350,000
Financial liabilities - Note 8	(80,700)	(71,993)
	2,846,300	3,278,007
Variable rate instruments		
Financial assets - Note 13 & 18	483,000	483,000

Sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit and 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 after tax for the year would have been Rs 4.83 million (2009: Rs 4.83 million).

38.2 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 in foreign currencies. The Company is exposed to foreign currency risk on sales, purchases and borrowings, which, are entered in a currency other than Pak Rupees. However, the forward foreign exchange contracts were not available for imports in 2010 in accordance with State Bank of Pakistan instructions.

	SGD	EURO	USD	GBP	JPY
	2010				
Trade debts	-	-	9,641	-	-
Other receivables	-	10,859	17,665	11,812	-
Due from Associates - note 20.2	-	-	135	78,586	-
Cash and bank balances	-	-	98,227	-	-
	-	10,859	125,668	90,398	-
Trade and other payables	-	107,789	1,235,916	662,294	-
Accrued interest / return on unsecured loan - note 8.2	-	-	305,109	-	-
Due to Associates - note 8.1	15	59,580	21,607	1,371	-
	15	167,369	1,562,632	663,665	-
Gross balance sheet exposure	(15)	(156,510)	(1,436,964)	(573,267)	-
	2009				
Trade debts	-	2,800	11,667	-	-
Other receivables	-	-	123,427	-	-
Due from Associates - note 20.2	-	-	4,805	80,420	-
Cash and bank balances	-	-	62,287	-	-
	-	2,800	202,186	80,420	-
Trade and other payables	4,719	57,646	1,687,759	504,207	5,293
Accrued interest / return on unsecured loan - note 8.2	-	-	299,647	-	-
Due to Associates - note 8.1	26,105	5,340	4,774	7,029	-
	30,824	62,986	1,992,180	511,236	5,293
Gross balance sheet exposure	(30,824)	(60,186)	(1,789,994)	(430,816)	(5,293)

Significant exchange rates applied during the year were as follows:

	Average rate for the year		Spot rate as at December 31	
	2010	2009	2010	2009
Rupees per	Rupees		Rupees	
EURO	113.09	113.84	114.30	121.37
USD	85.18	81.69	85.75	84.24
GBP	131.75	127.85	132.72	137.81
JPY	0.97	0.87	1.05	0.91
SGD	62.55	56.52	66.87	60.06

Notes to the Financial Statements

For the year ended December 31, 2010

Amounts in Rs '000

	2010	2009
Sensitivity analysis		
Every 1% increase or decrease in exchange rate with all other variables held constant will increase or decrease profit after tax for the year by Rs 21.7 million (2009: Rs 23.2 million).		
39. Credit Risk		
Credit risk represents the accounting loss that would be recognised at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual counterparty. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. To mitigate the risk, the Company has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored. Business with customers is also secured, where possible, by way of inland letters of credit, cash security deposit and bank guarantees.		
The Company's maximum exposure to credit risk at the reporting date is as follows:		
39.1 Financial Assets		
Long Term Investments - note 12	712,500	712,500
Long term loans - note 13	324,264	330,801
Long term deposits - note 14	22,873	21,211
Trade debts - note 17	792,867	919,463
Loans and advances - note 18	590,722	406,739
Trade deposits - note 19	22,245	21,700
Other receivables - note 20	336,465	464,867
Bank balances - note 21	4,647,662	4,456,428
	7,449,598	7,333,709
39.2 The Company has placed its funds with banks which are rated A-1 by Standard & Poor's and P-1 by Moody's.		
39.3 Financial Assets		
- Secured	494,696	545,239
- Unsecured	6,954,902	6,788,470
	7,449,598	7,333,709
39.4 The ageing of bank balances, trade debts and loans and advances at the reporting date is as follows:		
Not past due	5,893,674	5,461,849
Past due but not Impaired:		
Not more than three months	122,131	281,317
Past due and Impaired:		
more than three months and not more than six months	30,893	63,002
more than six months and not more than nine months	12,327	25,352
more than nine months and not more than one year	27,165	43,378
more than one year	299,171	193,483
	491,687	606,532
Less: Provision for:		
- Doubtful debts	343,490	277,631
- Doubtful loans and advances	10,620	8,120
	354,110	285,751
	6,031,251	5,782,630

	2010	2009
39.5 The maximum exposure to credit risk for past due and impaired at the reporting date by type of counterparty was:		
Wholesale customers	202,884	138,510
Retail customers	109,691	284,408
End-user customers	179,112	183,614
	491,687	606,532
Less: Provision for:		
- Doubtful debts	343,490	277,631
- Doubtful loans and advances	10,620	8,120
	354,110	285,751
	137,577	320,781

39.6 Movement of provision for trade debts and loans and advances:

	Trade Debts	Loans and Advances	Total	
Opening	277,631	8,120	285,751	201,483
Additional provision - note 27	139,140	2,500	141,640	75,298
(Write-off) / Provision utilised against write-offs	(57,409)	-	(57,409)	9,646
Provision no longer required	(15,872)	-	(15,872)	(676)
	343,490	10,620	354,110	285,751

39.6.1 The recommended approach for provision is to assess the top layer (covering 50%) of trade receivables on an individual basis and apply a dynamic approach to the remainder of receivables. The procedure introduces a company-standard for dynamic provisioning:

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

39.7 Concentration Risk

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

Textile	66,590	217,085
Glass	14,415	22,679
Ceramics	-	2,985
Paper and Board	24,641	18,137
Chemicals	240,731	232,624
Pharmaceuticals	36,880	18,799
Construction	12,701	31,972
Transport	36,976	60,264
Paints	621,046	516,308
Bank	4,647,662	4,456,428
Subsidiary	283,000	283,000
Others	400,719	208,100
	6,385,361	6,068,381
Less: Provision for:		
- Doubtful debts	343,490	277,631
- Doubtful loans and advances	10,620	8,120
	354,110	285,751
	6,031,251	5,782,630

Notes to the Financial Statements

For the year ended December 31, 2010

Amounts in Rs '000

40. Liquidity Risk

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

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

	Carrying amount	Contractual cash flows	Less than one year
2010			
Financial liabilities			
Trade creditors - note 8	1,020,565	1,020,565	(1,020,565)
Bills payable - note 8	1,987,933	1,987,933	(1,987,933)
Accrued interest / return on unsecured loan - note 8.2	305,109	305,109	(305,109)
Accrued expenses - note 8	1,155,649	1,155,649	(1,155,649)
Technical service fee / Royalty - note 8	30,316	30,316	(30,316)
Distributors' security deposits - payable on termination of distributorship - note 8 & note 8.4	80,700	89,981	(89,981)
Contractors' earnest / retention money - note 8	11,653	11,653	(11,653)
Unclaimed dividends - note 8	4,544	4,544	(4,544)
Payable for capital expenditure - note 8	99,184	99,184	(99,184)
Others - note 8	106,808	106,808	(106,808)
	4,802,461	4,811,742	(4,811,742)

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

2009			
Financial liabilities			
Trade creditors - note 8	963,992	963,992	(963,992)
Bills payable - note 8	2,270,321	2,270,321	(2,270,321)
Accrued interest / return on unsecured loan - note 8.2	299,647	299,647	(299,647)
Accrued expenses - note 8	1,150,995	1,150,995	(1,150,995)
Technical service fee / Royalty - note 8	35,975	35,975	(35,975)
Distributors' security deposits - payable on termination of distributorship - note 8 & note 8.4	71,993	77,392	(77,392)
Contractors' earnest / retention money - note 8	10,103	10,103	(10,103)
Unclaimed dividends - note 8	4,548	4,548	(4,548)
Payable for capital expenditure - note 8	136,810	136,810	(136,810)
Others - note 8	124,810	124,810	(124,810)
	5,069,194	5,074,593	(5,074,593)

41. Capital Risk Management

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

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

42. Accounting Estimates and Judgements

Income Taxes

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

The Income Tax Appellate Tribunal earlier set aside the assessment for the assessment year 1998-99 on the issues of date of commissioning of PTA plant & depreciation thereon, restriction of cost of capitalisation of PTA plant and addition to income in respect of trial production stocks. The re-assessment was finalised by the department during the year giving rise to an additional tax demand. The Company has filed an appeal against the said order before the CIT(Appeals), hearing of appeal has been completed and the order is awaited.

The tax department reopened the income tax assessment for the assessment year 2001-2002 on the ground that demerger of PTA business from ICI Pakistan Ltd. was effective from the completion date i.e. August 6, 2001. This was challenged by the Company in the High Court which upheld the Company's contention that the department did not have the right to reopen this finalised assessment. The department filed an appeal in the Supreme Court against the High Court's order. The appeal was dismissed by the Supreme Court.

For the assessment year 2002-2003 on receipt of notice under section 62 of the Income Tax Ordinance, 1979, the Company had filed a writ petition in the Supreme Court challenging the tax department's notice that the effective date of PTA's demerger was August 6, 2001 rather than the effective date given in the Scheme of Arrangement as October 1, 2000. That notice had raised certain issues relating to vesting of PTA assets by the company which has been settled in the assessment year 2001-2002. While this case is pending for adjudication, in view of the Supreme Court's decision relating to assessment year 2001-2002 it is unlikely that the department can take an adverse action.

Whilst amending the assessment for the Tax Year 2003 and 2004, tax department has taken certain action in the order, considered by the department as "protective assessment" on the matter of unabsorbed depreciation carried forward. It is the Company's contention that such an action is unwarranted. An appeal before the CIT (Appeals), on the matter has been filed which is pending. The very basis of such an action have also been challenged before the High Court of Sindh which are pending for hearing. While this case is pending for adjudication, in view of the Supreme Court's decision relating to assessment year 2001-2002 it is unlikely that the department can take an adverse action.

Notice under section 221 of the Income Tax Ordinance 2001 for rectification of deemed assessment order for the Tax Year 2005 has been issued to disallow unabsorbed depreciation carried forward. A writ petition against the said notice has been filed with the High Court of Sindh which is pending for hearing. While this case is pending for adjudication, in view of the Supreme Court's decision relating to assessment year 2001-2002 it is unlikely that the department can take an adverse action.

Pension and Gratuity

Certain actuarial assumptions have been adopted as disclosed in note 6 to the financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might affect unrecognised gains and losses in those years.

Notes to the Financial Statements

For the year ended December 31, 2010

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 valuers and recommendation of technical teams of the Company. The said recommendations also include estimates with respect to residual values and depreciable lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. The future cash flows used in the impairment testing of assets is based on management's best estimates which may change in future periods. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipments with a corresponding affect on the depreciation charge and impairment.

43. Standards or Interpretations not yet effective

The following standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after January 1, 2011. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements:

Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (effective for annual periods beginning on or after February 01, 2010). The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. This interpretation has no impact on the Company's financial statements.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after July 01, 2010). This interpretation provides guidance on the accounting for debt for equity swaps. This interpretation has no impact on Company's financial statements.

IAS 24 Related Party Disclosures (revised 2009) – effective for annual periods beginning on or after January 01, 2011. The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The amendment in future may result in certain changes in disclosures.

Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after January 01, 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. This amendment is not likely to have any impact on Company's financial statements.

Improvements to IFRSs 2010 – In May 2010, the IASB issued improvements to IFRSs 2010, which comprise of 11 amendments to 7 standards. Effective dates, early application and transitional requirements are addressed on a standard by standard basis. The majority of amendments are effective for annual periods beginning on or after January 1, 2011. The amendments include list of events or transactions that require disclosure in the interim financial statements and fair value of award credits under the customer loyalty programmes to take into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits. Certain of these amendments will result in increased disclosures in the financial statements.

Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after January 1, 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The amendment has no impact on financial statements of the Company.

Amendments to IFRS 7 - Disclosures – Transfers of Financial Assets (effective for annual periods beginning on or after July 1, 2011). The amendments introduce new disclosure requirements about transfers of financial assets including disclosures for financial assets that are not derecognised in their entirety; and financial assets that are derecognised in their entirety but for which the entity retains continuing involvement. These amendments will result in increased disclosures in the financial statements.

44. Dividend

The directors in their meeting held on February 16, 2011 have recommended a final dividend of Rs 12.00 per share (2009: Rs 4.50 per share) in respect of year ended December 31, 2010. The financial statements for the year ended December 31, 2010 do not include the effect of the above dividend which will be accounted for in the period in which it is approved.

45. Date of Authorisation

These financial statements were authorised for issue in the Board of Directors meeting held on February 16, 2011.

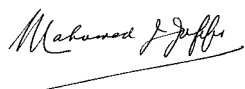
46. General

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

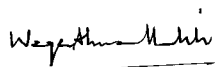
46.2 Corresponding Figures

Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure.

Reclassification from component	Reclassification to component	Amounts in Rs '000
Administration and General Expenses -General expenses	Administration and General Expenses -Advertising and publicity expenses	1,807
Selling and Distribution Expenses -General expenses	Selling and Distribution Expenses -Lighting, heating and cooling	1,774



M J Jaffer
Chairman / Director



Waqar A Malik
Chief Executive



Feroz Rizvi
Chief Financial Officer

Comparison of Results for Ten Years

As at December 31

		2001	2002	
Balance Sheet				
Equity and Revaluation Reserve		5,384,581	6,775,438	
Non Current Liability		66,173	78,895	
Current Liabilities		7,945,475	6,932,541	
Total Equity and Liabilities		13,396,229	13,786,874	
Non Current Assets		8,685,242	9,168,174	
Current Assets		4,710,987	4,618,700	
Total Assets		13,396,229	13,786,874	
Profit and Loss Account				
Turnover		12,815,431	15,073,813	
Net sales, commission & toll income		10,569,573	12,218,937	
Cost of sales		8,104,169	9,891,842	
Gross profit		2,465,404	2,327,095	
Operating result		1,398,862	1,077,114	
Profit before taxation		619,777	723,094	
Profit after taxation		566,618	1,854,732	
Summary of Cash Flows				
Cash generated from operations		2,142,354	1,819,224	
Net cash generated from operating activities		980,784	1,026,536	
Net cash used in investing activities		(788,962)	(32,549)	
Net cash used in financing activities		70,652	(965,730)	
Cash and cash equivalents at December 31		447,555	475,812	
Ratios				
Profitability Ratios				
Gross margin	%	23.33	19.04	
Gross profit turnover	%	19.24	15.44	
Operating margin	%	13.23	8.82	
Net Profit margin	%	5.36	15.18	
Profit markup	%	30.42	23.53	
Profit before tax margin	%	5.86	5.92	
Return on equity	%	24.05	40.40	
Return on capital employed	%	25.66	15.71	
Return on assets	%	4.23	13.45	
Return on fixed assets	%	23.53	18.76	
Growth Ratios				
Net sales	%	8.03	15.60	
Operating results	%	(9.29)	(23.00)	
EBITDA	%	(41.64)	(15.42)	
Profit after tax	%	(52.88)	227.33	
Operating working capital	%	(31.08)	(11.43)	

2003*	2004*	2005** Restated	2006	2007 Restated	2008 Restated	2009	2010
6,141,682 74,568 7,915,577	8,641,044 82,601 5,205,018	9,987,387 90,604 5,891,930	11,389,230 104,079 5,436,275	12,380,997 119,571 6,263,805	13,410,921 612,954 4,446,810	14,414,642 1,208,117 5,799,898	15,455,445 1,093,190 5,482,037
14,131,827	13,928,663	15,969,921	16,929,584	18,764,373	18,470,685	21,422,657	22,030,672
8,825,935 5,305,892	6,738,979 7,189,684	9,469,783 6,500,138	9,905,729 7,023,855	9,741,603 9,022,770	10,435,258 8,035,427	10,297,489 11,125,168	10,152,415 11,878,257
14,131,827	13,928,663	15,969,921	16,929,584	18,764,373	18,470,685	21,422,657	22,030,672
17,572,075 18,127,295 15,462,928 2,664,367 1,087,681 806,552 766,244	20,865,798 17,639,480 14,883,771 2,755,709 1,346,788 1,110,450 1,057,868	21,054,298 18,476,457 15,124,759 3,351,698 1,842,542 1,612,401 1,572,257	21,947,688 19,574,118 15,492,648 4,081,470 2,479,018 2,117,797 1,455,628	25,988,351 23,024,123 18,205,369 4,818,754 2,984,004 2,768,523 1,784,800	31,921,873 27,798,915 22,303,138 5,495,777 3,052,360 2,812,778 1,862,738	32,399,181 28,429,897 22,754,005 5,675,892 3,027,654 3,072,506 2,044,738	39,532,506 35,129,980 28,443,690 6,686,290 3,712,566 3,731,516 2,428,826
2,139,564 1,933,065 (103,226) (1,261,623) 1,044,028	1,916,503 1,823,927 3,379,171 (4,542,451) 1,704,675	2,666,900 2,521,959 (1,420,757) (1,118,221) 1,687,656	3,554,048 3,477,093 (1,040,183) (2,337,028) 1,787,538	4,312,406 4,093,537 (1,397,436) (868,583) 3,615,056	1,188,392 969,809 (1,780,969) (832,815) 1,971,081	4,938,310 4,476,231 (938,043) (1,041,018) 4,468,251	3,716,187 2,334,428 (752,830) (1,388,027) 4,661,822
14.70 15.16 6.00 4.23 17.23 4.45 14.03 17.50 5.42 19.68	15.62 13.21 7.64 6.00 18.51 6.30 13.13 15.44 7.59 25.01	18.14 15.92 9.97 8.51 22.16 8.73 16.56 18.28 9.85 25.18	20.85 18.60 12.66 7.44 26.34 10.82 14.18 21.57 8.60 29.46	20.93 18.54 12.96 7.75 26.47 12.02 15.70 23.87 9.51 34.92	19.77 17.22 10.98 6.70 24.64 10.12 14.96 21.77 10.08 32.61	19.96 17.52 10.65 7.19 24.94 10.81 15.17 19.38 9.54 32.82	19.03 16.91 10.57 6.91 23.51 10.62 16.70 22.43 11.02 40.91
48.35 0.98 1.61 (58.69) 53.16	(2.69) 23.82 16.80 38.06 (104.67)	4.74 36.81 25.34 48.63 (324.95)	5.94 34.54 25.95 (7.42) (199.82)	17.63 20.37 20.58 22.61 (118.86)	20.74 2.29 - 4.37 218.10	2.27 (0.81) 1.04 9.77 (82.19)	23.57 22.62 19.45 18.78 320.64

Comparison of Results for Ten Years

As at December 31

		2001	2002	
Efficiency Ratios				
Asset turnover	Times	0.79	0.89	
Fixed asset turnover	Times	1.78	2.13	
Inventory turnover	Times	3.16	4.14	
Current asset turnover	Times	2.24	2.65	
Capital employed turnover	Times	2.35	2.20	
Operating working capital turnover	Times	16.74	21.85	
Debtor turnover ratio	Days	17.66	19.07	
Creditor turnover ratio	Days	58.03	79.58	
Inventory turnover ratio	Days	104.41	91.37	
Operating cycle	Days	64.03	30.86	
Revenue per employee	Rs'000	7,438	9,264	
Net income per employee	Rs'000	399	1406	
Capex to sales	%	8.01	4.09	
Cost Ratios				
Operating costs (% of sales)	%	86.77	91.18	
Administration costs (% of sales)	%	4.14	4.20	
Selling costs (% of sales)	%	5.95	6.03	
Interest cost (% of sales) ***	%	5.99	3.44	
Equity Ratios				
Price earnings ratio	Rs	8.25	4.04	
Earnings per share	Rs	4.28	13.36	
Dividend per share	Rs	2.00	2.25	
Dividend cover	Times	2.14	5.94	
Dividend (Declared for the year) Yield	%	5.67	4.17	
Dividend (Declared for the year) Payout	%	48.99	16.84	
Market value per share	Rs	35.30	53.95	
Break-up value per share with surplus on revaluation	Rs	40.64	48.81	
Break-up value per share excluding surplus on revaluation	Rs	17.78	33.08	
Liquidity Ratios				
Current ratio	Ratio	0.59:1	0.67:1	
Quick / Acid test ratio	Ratio	0.27:1	0.32:1	
Cash ratio	Ratio	0.06:1	0.07:1	
Leverage Ratios				
Debt to equity	%	25.43	7.44	
Total debt to capital ratio	Ratio	44:56	33:67	
Interest cover ***	Times	1.98	2.72	

* Excluding turnover of discontinued furnace oil and coal businesses. Also excluding oneoff profit on sale of PPTA shares in 2004.

** Excluding recognition of deferred tax credit in 2005

*** Interest cover and Interest cost (% of Sales) is zero in 2009 and 2010 due to net interest income

The comparatives (2002 to 2004) have not been restated due to change in accounting policy on adoption of IFRIC 4.

2003*	2004*	2005** Restated	2006	2007 Restated	2008 Restated	2009	2010
1.28	1.27	1.16	1.16	1.23	1.51	1.33	1.59
3.28	3.28	2.52	2.33	2.69	2.97	3.08	3.87
5.73	4.16	4.73	5.07	6.24	6.39	6.08	6.71
3.42	2.45	2.84	2.79	2.55	3.46	2.56	2.96
2.83	2.39	2.09	1.91	2.08	2.28	2.07	2.39
21.16	(440.62)	(108.61)	(38.38)	(20.62)	21.09	121.06	35.56
13.25	15.09	14.44	12.84	13.65	11.81	11.08	8.90
56.35	75.62	78.70	75.90	78.24	50.52	41.00	40.06
60.06	76.94	81.77	73.67	59.85	52.43	58.00	51.19
16.96	16.41	17.52	10.62	(4.74)	13.72	28.08	20.03
13,568	13,434	14,137	15,304	17,946	21,044	21,852	26,878
574	806	1,203	1,138	1,391	1,410	1,572	1,858
2.53	3.12	7.77	5.53	4.65	5.45	2.91	2.43
94.00	92.36	90.03	87.34	87.04	89.02	89.35	89.43
3.26	3.77	3.75	3.71	3.30	4.05	4.14	3.70
5.43	4.22	4.41	4.48	4.67	4.74	5.17	4.77
2.11	1.44	1.50	1.45	0.44	0.32	-	-
15.40	11.76	12.40	11.01	15.29	5.12	11.44	8.24
5.52	7.62	11.33	10.49	12.86	13.42	14.73	17.50
2.50	4.00	5.00	5.50	6.00	6.50	8.00	17.50
2.21	1.91	2.27	1.91	2.14	2.06	1.84	1.00
2.94	4.46	3.56	4.76	3.05	9.46	4.75	12.13
45.29	52.48	44.14	52.45	46.66	48.43	54.31	100.01
85.00	89.65	140.50	115.50	196.65	68.71	168.49	144.24
44.25	62.25	71.95	82.05	89.20	96.62	103.85	111.35
39.35	58.02	68.39	73.95	81.91	89.68	97.14	104.81
0.67:1	1.38:1	1.10:1	1.29:1	1.44:1	1.81:1	1.92:1	2.17:1
0.33:1	0.69:1	0.56:1	0.73:1	0.97:1	1.02:1	1.27:1	1.39:1
0.13:1	0.33:1	0.29:1	0.33:1	0.58:1	0.44:1	0.77:1	0.85:1
-	1.39	-	0.04	-	-	-	-
40:60	1:99	0:100	0:100	0:100	0:100	0:100	0:100
3.11	5.36	6.82	8.44	28.42	32.29	-	-

Pattern of Shareholding

as at December 31, 2010

No. of Shareholders	Categories		No. of Shares
	From	To	
6,019	1	100	210,680
3,952	101	500	951,275
1,103	501	1,000	827,890
1,194	1,001	5,000	2,589,118
157	5,001	10,000	1,167,584
57	10,001	15,000	706,314
36	15,001	20,000	641,154
20	20,001	25,000	462,120
16	25,001	30,000	452,616
6	30,001	35,000	187,953
7	35,001	40,000	260,510
5	40,001	45,000	209,766
7	45,001	50,000	332,693
5	50,001	55,000	265,210
5	55,001	60,000	290,532
2	60,001	65,000	122,284
1	65,001	70,000	68,579
7	70,001	75,000	512,497
1	75,001	80,000	75,700
2	80,001	85,000	167,000
1	85,001	90,000	89,282
1	90,001	95,000	92,101
1	95,001	100,000	100,000
1	100,001	105,000	104,830
2	110,001	115,000	224,634
1	115,001	120,000	116,600
2	145,001	150,000	300,000
1	150,001	155,000	150,217
2	165,001	170,000	337,800
2	170,001	175,000	350,000
1	175,001	180,000	179,873
1	190,001	195,000	191,500

No. of Shareholders	Categories		No. of Shares
	From	To	
1	195,001	200,000	200,000
1	220,001	225,000	225,000
1	270,001	275,000	270,979
1	290,001	295,000	294,749
1	295,001	300,000	300,000
1	310,001	315,000	313,228
1	330,001	335,000	331,990
1	335,001	340,000	335,915
1	345,001	350,000	347,000
1	355,001	360,000	358,300
1	385,001	390,000	386,237
1	395,001	400,000	400,000
1	410,001	415,000	412,532
1	415,001	420,000	418,000
1	440,001	445,000	443,214
1	445,001	450,000	450,000
1	505,001	510,000	505,489
1	530,001	535,000	533,800
1	570,001	575,000	574,231
1	595,001	600,000	600,000
1	605,001	610,000	610,000
1	655,001	660,000	655,115
1	775,001	780,000	775,083
1	870,001	875,000	872,750
1	905,001	910,000	909,900
1	1,095,001	1,100,000	1,100,000
1	1,400,001	1,405,000	1,401,711
1	1,575,001	1,580,000	1,579,044
1	1,970,001	1,975,000	1,970,374
1	3,260,001	3,265,000	3,260,222
1	105,225,001	105,230,000	105,229,125
12,649			138,802,300

Pattern of Shareholding

as at December 31, 2010

S.No.	Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
1	Associated Companies (a)	1	105,229,125	75.81
2	Investment Companies	12	5,788	0.00
3	Insurance Companies	7	2,694	0.00
4	Joint Stock Companies	25	9,122	0.01
5	Others	25	314,042	0.23
6	Financial Institutions	12	18,453	0.01
7	Modaraba Companies	3	176	0.00
8	Mutual Funds	6	764	0.00
9	Individuals	8,307	2,462,577	1.77
10	Central Depository Company (b)	4,251	30,759,559	22.16
	TOTAL	12,649	138,802,300	100.00

(a) Represents the 75.81% shareholding of ICI Omicron, B.V. a subsidiary of AkzoNobel N.V.

(b) Categories of Account Holders and Sub Account Holders as per Central Depository Register.

1	Insurance Companies	15	5,679,588	18.46
2	Investment Companies	4	59,179	0.19
3	Joint Stock Companies	97	873,582	2.84
4	Modaraba Management Companies	2	5,001	0.02
5	Modarabas	5	89,325	0.29
6	Mutual Fund	50	11,458,351	37.25
7	Others	39	1,000,051	3.25
8	Financial Institutions	20	5,631,095	18.31
9	Cooperative Societies	1	2,200	0.01
10	Charitable Trusts	6	85,731	0.28
11	Individuals	4,012	5,875,456	19.10
	TOTAL	4,251	30,759,559	100.00

Pattern of Shareholding

(Under clause (i) of sub-regulation (XIX) of Regulation 35 of chapter (XI) of the Listing Regulations of the Karachi Stock Exchange (Guarantee) Ltd.
As at December 31, 2010

ADDITIONAL INFORMATION

Shareholder's Category	Number of Shareholders / folios	Number of Shares Held
Associated Companies, Undertakings and Related Parties		
ICI OMICRON B.V.	1	105,229,125
NIT and ICP (name wise detail)		
National Bank of Pakistan, Trustee Deptt. NI(U)T Fund	1	1,579,044
Directors, CEO and their spouse and minor children (name wise detail)		
Mahomed J. Jaffer	1	21,325
Mr. Waqar A Malik	1	1
Mr. M Nawaz Tiwana	1	1
Mr. Feroz Rizvi	2	15,001
Mr. Mueen Afzal	1	1
Mr. Ali A Aga	1	1
Ms. Khatoon M. Jaffer w/o M J Jaffer	1	15,989
Mr. Akbar Jaffer s/o M J Jaffer	1	15,081
Executives	42	12,114
Public Sector Companies and Corporations	4	3,262,284
Banks, Development Finance Institutions, Non-Banking Finance Institutions Insurance Companies, Modarabas and Mutual Funds	118	17,063,045
Shareholders holding 10% or more voting interest		
ICI OMICRON B.V.	1	105,229,125

ICI Pakistan Limited and its Subsidiary Company



ICI Pakistan Limited is now part
of the AkzoNobel Group



AkzoNobel
Tomorrow's Answers Today

Report of the Directors

for the year ended December 31, 2010

The Directors are pleased to present their report together with the audited Group results of ICI Pakistan Limited for the year ended December 31, 2010. The ICI Pakistan Group comprises of ICI Pakistan Limited and ICI Pakistan PowerGen Limited, a wholly owned subsidiary.

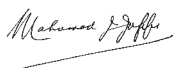
The Directors report, giving a commentary on the performance of ICI Pakistan Limited for the year ended December 31, 2010 has been presented separately.

During the year, crude oil prices remained above the price levels of 2009. In 2010, crude oil prices at Rs 43,650/tonne was on an average higher by 39 percent compared with Rs 31,453/tonne in 2009. Gas tariff was increased in early Q1 2010, however, it remained fairly stable there onwards.

Electricity sales volume for the year was 6 percent higher compared to 2009. This was due to higher demand from the Polyester plant of ICI Pakistan Limited. This along with revision in electricity tariff at the beginning of the year enabled the Company to achieve an operating result of Rs 121.3 million which was 37 percent higher compared to last year.

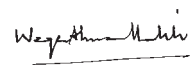
Future Outlook

Crude oil prices and furnace oil prices are expected to increase with the worsening of political unrest in Middle East.



M J Jaffer
Chairman

February 16, 2011
Karachi



Waqar A Malik
Chief Executive

Auditors' Report to the Members

We have audited the annexed consolidated financial statements of ICI Pakistan Limited and its subsidiary (the "Group") comprising consolidated balance sheet as at 31 December 2010 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.

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.

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

In our opinion, the consolidated financial statements present fairly the consolidated financial position of the Group as at 31 December 2010, and the consolidated results of its operations, consolidated cash flows and consolidated changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

February 16, 2011
Karachi

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
Amir Jamil Abbasi

Consolidated Balance Sheet

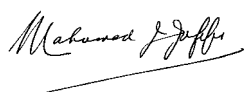
As at December 31, 2010

Amounts in Rs '000

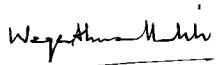
	Note	2010	2009
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised capital 1,500,000,000 ordinary shares of Rs 10 each		15,000,000	15,000,000
Issued, subscribed and paid-up capital	4	1,388,023	1,388,023
Capital reserves	5	465,845	465,845
Unappropriated profit		12,279,401	11,163,577
Total Equity		14,133,269	13,017,445
Surplus on Revaluation of Property, Plant and Equipment	6	917,380	944,124
LIABILITIES			
Non-Current Liabilities			
Provisions for non-management staff gratuity and eligible retired employees' medical scheme	7	223,181	183,258
Deferred tax liability - net	8	870,248	1,025,098
		1,093,429	1,208,356
Current Liabilities			
Short-term financing	9	-	36,038
Trade and other payables	10	5,566,621	5,873,490
		5,566,621	5,909,528
Contingencies and Commitments	11		
Total Equity and Liabilities		21,710,699	21,079,453

	Note	2010	2009
ASSETS			
Non-Current Assets			
Property, plant and equipment	12	9,510,300	9,862,870
Intangible assets	13	180,103	-
		9,690,403	9,862,870
Long-term investment	14	2,500	2,500
Long-term loans	15	148,265	131,430
Long-term deposits and prepayments	16	40,458	29,078
		191,223	163,008
		9,881,626	10,025,878
Current Assets			
Stores and spares	17	518,978	554,581
Stock-in-trade	18	3,816,680	3,253,345
Trade debts	19	818,351	944,879
Loans and advances	20	286,655	124,940
Trade deposits and short-term prepayments	21	455,232	454,433
Other receivables	22	647,669	713,444
Taxation recoverable		545,951	460,240
Cash and bank balances	23	4,739,557	4,547,713
		11,829,073	11,053,575
Total Assets		21,710,699	21,079,453

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



M J Jaffer
Chairman / Director



Waqar A Malik
Chief Executive



Feroz Rizvi
Chief Financial Officer

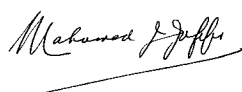
Consolidated Profit and Loss Account

For the year ended December 31, 2010

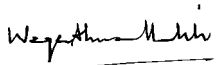
Amounts in Rs '000

	Note	2010	2009
Turnover	25	39,532,506	32,399,181
Sales tax, excise duty, commission and discounts	24	(4,538,017)	(4,062,526)
Net sales, commission and toll income		34,994,489	28,336,655
Cost of sales	25	(28,182,149)	(22,569,672)
Gross profit		6,812,340	5,766,983
Selling and distribution expenses	27	(1,674,719)	(1,470,174)
Administration and general expenses	28	(1,301,775)	(1,178,370)
Operating result		3,835,846	3,118,439
Financial charges	29	(165,416)	(185,742)
Other operating charges	30	(307,243)	(248,436)
		(472,659)	(434,178)
Other operating income	31	416,606	397,837
Profit before taxation		3,779,793	3,082,098
Taxation	32	(1,302,690)	(1,027,768)
Profit after taxation		2,477,103	2,054,330
		(Rupees)	(Rupees)
Earnings per share - Basic and diluted	33	17.85	14.80

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



M J Jaffer
Chairman / Director



Waqar A Malik
Chief Executive



Feroz Rizvi
Chief Financial Officer

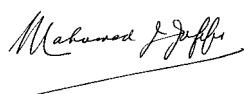
Consolidated Statement of Comprehensive Income

For the year ended December 31, 2010

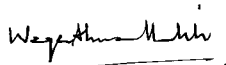
Amounts in Rs '000

	2010	2009
Profit for the year	2,477,103	2,054,330
Other comprehensive income	-	-
Total Comprehensive income for the year	2,477,103	2,054,330

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



M J Jaffer
Chairman / Director



Waqar A Malik
Chief Executive



Feroz Rizvi
Chief Financial Officer

Consolidated Cash Flow Statement

For the year ended December 31, 2010

Amounts in Rs '000

	2010	2009
Cash Flows from Operating Activities		
Profit before taxation	3,779,793	3,082,098
Adjustments for:		
Depreciation and amortisation	1,027,499	957,309
Gain on disposal of property, plant and equipment	(10,211)	(5,293)
Provision for non-management staff gratuity and eligible retired employees' medical scheme	58,991	56,008
Mark-up on bank deposits	(282,906)	(167,995)
Interest / mark-up expense	103,424	106,496
	4,676,590	4,028,623
Movement in:		
Working capital	(765,443)	1,086,307
Long-term loans	(16,835)	(116)
Long-term deposits and prepayments	(11,380)	1,606
Cash generated from operations	3,882,932	5,116,420
Payments for :		
Non-management staff gratuity and eligible retired employees' medical scheme	(19,068)	(15,239)
Taxation	(1,543,251)	(514,838)
Interest / mark-up	(104,350)	(119,395)
Profit / mark-up received on bank deposits	282,448	163,937
Net cash generated from operating activities	2,498,711	4,630,885
Cash Flows from Investing Activities		
Payments for capital expenditure	(915,834)	(839,156)
Proceeds from disposal of property, plant and equipment	33,032	17,148
Net cash used in investing activities	(882,802)	(822,008)

	2010	2009
Cash Flows from Financing Activities		
Dividend paid	(1,388,027)	(1,041,018)
Net cash used in financing activities	(1,388,027)	(1,041,018)
Net increase in cash and cash equivalents	227,882	2,767,859
Cash and cash equivalents at January 1	4,511,675	1,743,816
Cash and cash equivalents at December 31 - note 23	4,739,557	4,511,675

Movement in Working Capital**(Increase) / Decrease in current assets**

Stores and spares	35,603	26,892
Stock-in-trade	(563,335)	(287,646)
Trade debts	126,528	(112,817)
Loans and advances	(161,715)	(26,570)
Trade deposits and short-term prepayments	(799)	(48,414)
Other receivables	66,233	80,573
	(497,485)	(367,982)

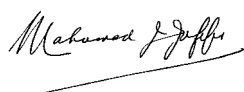
(Decrease) / Increase in current liabilities

Trade and other payables	(267,958)	1,454,289
	(765,443)	1,086,307

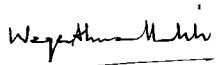
Cash and cash equivalents at December 31 comprise of:

Cash and bank balances - note 23	4,739,557	4,547,713
Running finances utilised under mark-up arrangements - note 9	-	(36,038)
	4,739,557	4,511,675

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



M J Jaffer
Chairman / Director



Waqar A Malik
Chief Executive



Feroz Rizvi
Chief Financial Officer

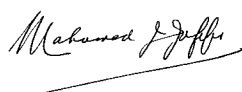
Consolidated Statement of Changes in Equity

For the year ended December 31, 2010

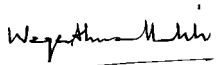
Amounts in Rs '000

	Issued, subscribed and paid-up capital	Capital reserves	Unappropriated profit	Total
Balance as on January 1, 2009	1,388,023	465,845	10,117,065	11,970,933
Final dividend for the year ended December 31, 2008 @ Rs 4.00 per share	-	-	(555,209)	(555,209)
Interim dividend for the year 2009 @ Rs 3.50 per share	-	-	(485,808)	(485,808)
Transactions with owners, recorded directly in equity	-	-	(1,041,017)	(1,041,017)
Total comprehensive income for the year ended December 31, 2009	-	-	2,054,330	2,054,330
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax - note 6	-	-	33,199	33,199
	-	-	2,087,529	2,087,529
Balance as on December 31, 2009	1,388,023	465,845	11,163,577	13,017,445
Final dividend for the year ended December 31, 2009 @ Rs 4.50 per share	-	-	(624,610)	(624,610)
Interim dividend for the year 2010 @ Rs 5.50 per share	-	-	(763,413)	(763,413)
Transactions with owners, recorded directly in equity	-	-	(1,388,023)	(1,388,023)
Total comprehensive income for the year ended December 31, 2010	-	-	2,477,103	2,477,103
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax - note 6	-	-	26,744	26,744
	-	-	2,503,847	2,503,847
Balance as on December 31, 2010	1,388,023	465,845	12,279,401	14,133,269

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



M J Jaffer
Chairman / Director



Waqar A Malik
Chief Executive



Feroz Rizvi
Chief Financial Officer

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

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, paints, specialty chemicals, sodium bicarbonate, 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. Basis of preparation

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except that certain property, plant and equipment have been included at revalued amounts and certain exchange elements referred to in note 3.7 have been recognised in the cost of the relevant property, plant & equipment.

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on 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 financial statements in subsequent years are discussed in note 43.

3. Summary of Significant Accounting Policies

The accounting policies adopted are the same as those which were applied for the previous financial year.

3.1 Consolidation

The financial statements of the Subsidiary have been consolidated on a line-by-line basis and all intra-group balances and transactions have been eliminated.

3.2 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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

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 amortised over the expected average remaining working lives of employees as allowed under the relevant provision of IAS 19 "Employee Benefits".

Past-service costs are recognised immediately in profit and loss account, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

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.

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

3.4 Trade and other payables

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

3.5 Dividend

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

3.6 Taxation

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

Current

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

Deferred

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

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. 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.

3.7 Property, plant and equipment and depreciation

Property, plant and equipment (except freehold land, leasehold land and plant & machinery) are stated at cost less accumulated depreciation and impairment losses. Freehold land, leasehold land and plant & machinery are stated at revalued amounts less accumulated depreciation. Capital work-in-progress is stated at cost. Cost of certain property, plant and equipment comprises historical cost, exchange differences recognised in accordance with the previous Fourth Schedule to the Ordinance, cost of exchange risk cover in respect of foreign currency loans obtained for the acquisition of property, plant and equipment upto the commencement of commercial production and the cost of borrowings during construction period in respect of loans taken for specific projects.

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

amortised 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, and adjusted if appropriate, at each balance sheet date.

Surplus on revaluation of property, plant and equipment is credited to the surplus on revaluation account. To the extent of the incremental depreciation charged on the revalued assets the related surplus on revaluation of property, plant and equipment (net of deferred taxation) is transferred directly to unappropriated profit.

Maintenance and normal repairs are charged to income 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 on revaluation of property, plant and equipment is transferred directly to retained earnings (unappropriated profits).

3.8 Intangible asset and amortisation

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

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

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

3.9 Impairment

Financial assets (including receivables)

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

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

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

Non-Financial assets

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

The 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 loss recognised in prior periods is 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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

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.

3.10 Investment

Investment in unquoted equity security is classified as available for sale is stated at cost less provision for impairment, if any.

3.11 Stores and spares

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

3.12 Stock-in-trade

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

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

3.13 Trade debts and other receivables

Trade debts and other receivables are recognised initially at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables (Refer note 40.5.1).

3.14 Foreign currency translation

Transactions denominated in foreign currencies are translated to Pak Rupees, which is the Group's functional currency, at the foreign exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the foreign exchange rates at the balance sheet date. All exchange differences are taken to the profit and loss account.

3.15 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.

3.16 Revenue recognition

- 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.

3.17 Financial expense and finance income

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

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

3.18 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 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 period 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 risks and rewards of other segments. Segments reported are Polyester, Soda Ash, Paints, Life Sciences, Chemicals and others (PowerGen), which also reflects the management structure of the Group.

3.19 Finance lease

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset are classified as finance lease. Assets subject to finance lease are stated at amounts equal to the fair value or, if lower, the present value of the minimum lease payments. The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Assets acquired under finance leases are depreciated in accordance with the Group's depreciation policy on property, plant and equipment. The finance cost is charged to profit and loss account and is included under financial charges.

3.20 Operating lease / Ijarah contracts

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

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

3.21 Cash and cash equivalents

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

3.22 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.

3.23 Financial liabilities

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

3.24 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. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

3.25 Off-setting

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

3.26 Earnings per Share

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

Amounts in Rs '000

	2010 (Numbers)	2009		2010	2009
4. Issued, Subscribed and Paid-up Capital					
	125,840,190	125,840,190	Ordinary shares of Rs 10 each fully paid in cash	1,258,402	1,258,402
	318,492	318,492	Ordinary shares of Rs 10 each issued as fully paid for consideration other than cash under scheme of arrangement for amalgamation	3,185	3,185
	25,227	25,227	Ordinary shares of Rs 10 each issued as fully paid bonus shares	252	252
	12,618,391	12,618,391	Ordinary shares issued pursuant to the Scheme as fully paid for consideration of investment in associate (note 4.1)	126,184	126,184
	138,802,300	138,802,300		1,388,023	1,388,023
4.1	With effect from October 1, 2000 the Pure Terephthalic Acid (PTA) Business of the Company was demerged under a Scheme of Arrangement ("the Scheme") dated December 12, 2000 approved by the shareholders and sanctioned by the High Court of Sindh.				
4.2	ICI Omicron B.V., which is a wholly owned subsidiary of AkzoNobel N.V., held 105,229,125 (2009: 105,229,125) ordinary shares of Rs 10 each at December 31, 2010. AkzoNobel N.V., acquired ICI PLC, UK, effective January 2, 2008, the parent company of ICI Omicron B.V., and became the ultimate holding company of ICI Pakistan Limited. ICI Pakistan Limited continues to be the direct subsidiary of ICI Omicron B.V.				
5. Capital Reserves					
			Share premium - note 5.1	465,259	465,259
			Capital receipts - note 5.2	586	586
			-	465,845	465,845
5.1	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 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.				
5.2	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.				
6. Surplus on Revaluation of Property, Plant and Equipment					
			Balance as on January 1	944,124	977,323
			Less: Transfer to unappropriated profit in respect of incremental depreciation charged during the year net of deferred tax	(26,744)	(33,199)
			Balance as on December 31	917,380	944,124

	2010	2009
7. Provisions for non-management staff gratuity and eligible retired employees' medical scheme - note 7.1	223,181	183,258

7.1 Staff Retirement Benefits

	2010				2009			
	Pension	Funded Gratuity	Total	Unfunded	Pension	Funded Gratuity	Total	Unfunded
7.1.1 The amounts recognised in the profit and loss account against defined benefit schemes are as follows:								
Current service cost	47,010	31,885	78,895	9,741	24,526	26,223	50,749	7,535
Interest cost	156,844	56,301	213,145	40,426	153,634	62,926	216,560	41,173
Expected return on plan assets	(133,250)	(39,920)	(173,170)	-	(98,449)	(31,903)	(130,352)	-
Termination cost	-	-	-	-	13,043	-	13,043	-
Recognition of actuarial loss	105,175	12,060	117,235	8,824	101,997	13,582	115,579	7,300
Net charge for the year	175,779	60,326	236,105	58,991	194,751	70,828	265,579	56,008

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

Opening balance	319,437	33,867	353,304	(183,258)	238,716	62,148	300,864	(142,489)
Net Charge for the year - note 7.1.1	(175,779)	(60,326)	(236,105)	(58,991)	(194,751)	(70,828)	(265,579)	(56,008)
Contributions / payments during the year	198,926	46,294	245,220	19,068	275,472	42,547	318,019	15,239
Closing balance	342,584	19,835	362,419	(223,181)	319,437	33,867	353,304	(183,258)

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

Fair value of plan assets - note 7.1.5	1,380,173	391,304	1,771,477	-	1,037,319	317,150	1,354,469	-
Present value of defined benefit obligation - note 7.1.4	(1,547,841)	(553,363)	(2,101,204)	(381,842)	(1,285,827)	(462,971)	(1,748,798)	(340,084)
Deficit	(167,668)	(162,059)	(329,727)	(381,842)	(248,508)	(145,821)	(394,329)	(340,084)
Unrecognised actuarial loss	510,252	181,894	692,146	158,661	567,945	179,688	747,633	156,826
Recognised asset / (liability)	342,584	19,835	362,419	(223,181)	319,437	33,867	353,304	(183,258)

7.1.4 Movement in the present value of defined benefit obligation:

Opening balance	1,285,827	462,971	1,748,798	340,084	1,117,525	442,477	1,560,002	259,784
Service cost	47,010	31,885	78,895	9,741	24,526	26,223	50,749	7,535
Interest cost	156,844	56,301	213,145	40,426	153,634	62,926	216,560	41,173
Benefits paid	(64,610)	(30,744)	(95,354)	(19,068)	(286,286)	(103,768)	(390,054)	(15,239)
Termination cost	-	-	-	-	13,043	-	13,043	-
Actuarial loss	122,770	32,950	155,720	10,659	263,385	35,113	298,498	46,831
Present value of the defined benefit obligation at the end of the year	1,547,841	553,363	2,101,204	381,842	1,285,827	462,971	1,748,798	340,084

7.1.5 Movement in the fair value of plan assets:

Opening balance	1,037,319	317,150	1,354,469	-	815,658	310,404	1,126,062	-
Expected return	133,250	39,920	173,170	-	98,449	31,903	130,352	-
Contributions	198,926	46,294	245,220	-	275,472	42,547	318,019	-
Benefits paid	(64,610)	(30,744)	(95,354)	-	(286,286)	(103,768)	(390,054)	-
Actuarial gain	75,288	18,684	93,972	-	134,026	36,064	170,090	-
Fair value of plan assets at the end of the year	1,380,173	391,304	1,771,477	-	1,037,319	317,150	1,354,469	-

7.1.6 Historical information

As at December 31	2010	2009	2008	2007	2006
Present Value of defined benefit obligation	2,483,046	2,088,882	1,819,786	1,555,387	1,236,483
Fair value of plan assets	1,771,477	1,354,469	1,126,062	1,312,938	1,067,109
Deficit	711,569	734,413	693,724	242,449	169,374
Experience adjustments on plan liabilities	7%	3%	13%	16%	1%
Experience adjustments on plan assets	5%	13%	(27%)	7%	(9%)

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

	2010	2009
Debt instruments	62%	50%
Equity at market value	30%	32%
Cash	8%	18%

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

The return on plan assets was assumed to equal the discount rate. Actual (loss) / return on plan assets during 2010 was Rs 267.142 million (2009: Rs 300.442 million).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

Amounts in Rs '000

	2010	2009
7.1.8 The principal actuarial assumptions at the reporting date were as follows:		
Discount rate	14.25%	12.75%
Expected return on plan assets	14.25%	12.75%
Future salary increases	12.00%	10.60%
Future pension increases	8.75%	7.38%

7.1.9 Medical cost trend is assumed to follow inflation. The sensitivity to reflect the effect of a 1% movement in the assumed medical cost trend were as follows:

	2010	Increase	Decrease
	8.75%	9.75%	7.75%
Effect on the aggregate of the current service cost and interest cost	35,905	44,139	32,003
Effect on the defined benefit obligation	291,807	335,025	255,287

These figures are based on the latest actuarial valuation, as at December 31, 2010. The valuation uses the Projected Unit Credit method. Actuarial gains and losses are amortised over the expected future service life of current members.

7.1.10 The Group contributed Rs 63.200 million (2009: Rs 56.006 million) and Rs 35.528 million (2009: Rs 29.564 million) to the provident fund and the defined contribution superannuation fund respectively during the year.

	2010			2009		
	Opening	Reversal	Closing	Opening	Charge	Closing
8. Deferred Tax (Liability) / Asset - net						
<i>Deductible temporary differences</i>						
Tax losses carried forward	-	-	-	214,425	(214,425)	-
Provisions for retirement benefits, doubtful debts and others	336,321	133,784	470,105	413,741	(77,420)	336,321
<i>Taxable temporary differences</i>						
Property, plant and equipment	(1,361,419)	21,066	(1,340,353)	(1,098,870)	(262,549)	(1,361,419)
	(1,025,098)	154,850	(870,248)	(470,704)	(554,394)	(1,025,098)

	2010	2009
9. Short-Term Financing		
Running finances utilised under mark-up arrangements - note 9.1	-	36,038

9.1 Running Finance

The facilities for running finance available from various banks amounted to Rs 2,806 million (December 31, 2009: Rs 2,991 million) and carried mark-up during the period ranging from relevant KIBOR + 0.75% to 3.47% per annum with an average mark-up rate as on December 31, 2010 at relevant KIBOR + 1.26% per annum (December 31, 2009: 12.64 to 17.37 percent per annum). The facilities are secured by hypothecation charge over the present and future stock-in-trade and book debts of the Group and first pari passu charge over plant and machinery of Soda Ash Business of the Group.

	2010	2009
10. Trade and Other Payables		
Trade creditors - note 10.1	1,082,075	977,600
Bills payable	1,988,466	2,270,855
Sales tax, excise and custom duties	125,570	177,618
Mark-up accrued on short-term financing	1,786	2,712
Accrued interest / return on unsecured loan - note 10.2	305,109	299,647
Accrued expenses	1,169,705	1,177,342
Technical service fee / royalty	30,316	35,975
Workers' profit participation fund - note 10.3	206,645	165,103
Workers' welfare fund	77,139	119,954
Distributors' security deposits - payable on termination of distributorship - note 10.4	80,700	71,993
Contractors' earnest / retention money	11,653	10,103
Advances from customers	253,752	248,727
Unclaimed dividends	4,544	4,548
Payable for capital expenditure	101,551	139,532
Provision for compensated absences - note 10.5	20,000	20,000
Others	107,610	151,781
	5,566,621	5,873,490

10.1 The above balances include amounts due to following associated undertakings:

ICI Paints UK (part of AkzoNobel group)	174	6,911
ICI Paints (Asia Pacific) PTE Ltd (part of AkzoNobel group)	15	26,105
AkzoNobel Paints Malaysia	-	3,392
Marine Protective International Coating Malaysia (part of AkzoNobel group)	-	1,400
C&P Residual (part of AkzoNobel group)	1,197	-
AkzoNobel NV	36,280	-
AkzoNobel Functional Chemicals	3,995	-
International Paint Netherland (part of AkzoNobel group)	154	-
ICI Packaging Coatings (part of AkzoNobel group)	197	-
AkzoNobel Functional Chemicals BV	11,592	-
AkzoNobel Functional Chemicals Pte Ltd	2,827	-
AkzoNobel Surface Chemistry Pte Ltd	3,014	-
ICI Paints Thailand (part of AkzoNobel group)	25	-
ICI Paints Indonesia (part of AkzoNobel group)	-	101
CR Netherlands (part of AkzoNobel group)	-	5,339
AkzoNobel Car Refinishes BV	23,103	-
	82,573	43,248

10.2 This represents amount payable to Mortar Investments International Limited.

10.3 Workers' profit participation fund

Balance as on January 1	165,103	148,214
Allocation for the year - note 30	199,302	162,326
	364,405	310,540
Interest on funds utilised in the Group's businesses at 60.00 percent (2009: 41.25 percent) per annum - note 29	6,948	2,105
	371,353	312,645
Less:		
- Amount paid on behalf of the fund	72,521	72,260
- Deposited with the Government of Pakistan	92,187	75,282
	164,708	147,542
Balance as on December 31	206,645	165,103

10.4 Interest on security deposits from certain distributors is payable at 11.5 percent (2009: 7.5 percent) per annum as specified in the respective agreements.

10.5 This figure is based on the actuarial valuation, as at December 31, 2009.

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For the year ended December 31, 2010

Amounts in Rs '000

	2010	2009
11. Contingencies and Commitments		
11.1 Claims against the Group not acknowledged as debts are as follows:		
Local bodies	91,336	32,342
Sales tax authorities	31,889	93,323
Others	137,934	53,396
	261,159	179,061
11.2 A notice was issued by the Environmental Protection Authority (EPA) against the Paints factory located at Ferozpur Road, Lahore. Pursuant to this an order was passed by the EPA for violation of certain provisions of the 'Act'. The Company is of the opinion that the order was not justified and has filed an appeal against the order in the Environmental Tribunal in Lahore, which is pending.		
11.3 Guarantees issued by the Company in respect of financial and operational obligations of Lotte Pakistan PTA Limited pursuant to the Scheme of arrangement, amounting to Rs 2,190 million (2009: Rs 2,280 million) against which Lotte Pakistan PTA Limited and KP Chemicals Corporation have issued counter guarantees to the Company.		
11.4 Guarantee issued by the Company to a bank in respect of financing obtained by Senior Executives amounted to Rs 35 million (2009: Rs 35 million), in accordance with the terms of employment.		
11.5 Guarantee issued by the Company of Rs 133 million (2009: Rs 133 million) to a bank on behalf of its subsidiary ICI Pakistan PowerGen Limited for availing funded facility.		
11.6 Commitments in respect of capital expenditure amounted to Rs 152.646 million (2009: Rs 33.875 million).		
11.7 Commitments for rentals under operating lease / ijarah contracts in respect of vehicles amounting to Rs 165.144 million (2009: Rs 196.685 million) are as follows:		
Year		
2010	-	67,213
2011	67,908	58,633
2012	57,223	45,772
2013	32,878	23,797
2014	7,135	1,270
	165,144	196,685
Payable not later than one year	67,908	67,213
Payable later than one year but not later than five years	97,236	129,472
	165,144	196,685
12. Property, Plant and Equipment		
12.1 The following is a statement of property, plant and equipment:		
Operating property, plant and equipment - note 12.2	9,224,944	9,445,987
Capital work-in-progress - note 12.6	285,356	416,883
	9,510,300	9,862,870

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

	Land		Lime beds	Buildings		Plant and	Railway	Rolling	Furniture	Total
	Freehold	Leasehold	on freehold land	On freehold land	On leasehold land	machinery	sidings	stock and vehicles	and equipment	
2010										
Net carrying value basis										
Year ended December 31, 2010										
Opening net book value (NBV)	836,702	2,837	68,515	241,246	725,377	7,382,392	-	26,082	162,836	9,445,987
Addition/transfer (at cost)	27,934	-	30,980	47,954	48,633	543,019	-	8,724	92,283	799,527
Disposal/transfer (at NBV)	-	-	(32)	-	-	(18,871)	-	(2,863)	(1,055)	(22,821)
Depreciation charge	-	(72)	(9,800)	(37,391)	(68,775)	(817,535)	-	(10,500)	(53,676)	(997,749)
Closing net book value (NBV)	864,636	2,765	89,663	251,809	705,235	7,089,005	-	21,443	200,388	9,224,944
Gross carrying value basis										
At December 31, 2010										
Cost/Revaluation	864,636	567,799	164,750	994,957	1,341,783	18,511,237	297	126,071	720,011	23,291,541
Accumulated Depreciation	-	(565,034)	(75,087)	(743,148)	(636,548)	(11,422,232)	(297)	(104,628)	(519,623)	(14,066,597)
Net book value	864,636	2,765	89,663	251,809	705,235	7,089,005	-	21,443	200,388	9,224,944
Depreciation rate % per annum	-	2 to 4	3.33 to 7.5	5 to 10	2.5 to 10	3.33 to 10	3.33	10 to 25	10 to 33.33	

2009

Net carrying value basis										
Year ended December 31, 2009										
Opening net book value (NBV)	836,702	7,149	78,256	243,783	455,945	6,431,761	-	31,742	128,825	8,214,163
Addition/transfer (at cost)	-	-	-	30,721	332,621	1,743,506	-	7,560	78,880	2,193,288
Disposal/transfer (at NBV)	-	-	-	-	-	(9,229)	-	(2,077)	(549)	(11,855)
Depreciation charge	-	(4,312)	(9,741)	(33,258)	(63,189)	(783,646)	-	(11,143)	(44,320)	(949,609)
Closing net book value (NBV)	836,702	2,837	68,515	241,246	725,377	7,382,392	-	26,082	162,836	9,445,987
Gross carrying value basis										
At December 31, 2009										
Cost/Revaluation	836,702	567,799	133,820	947,003	1,293,917	18,014,527	297	120,598	669,585	22,584,248
Accumulated Depreciation	-	(564,962)	(65,305)	(705,757)	(568,540)	(10,632,135)	(297)	(94,516)	(506,749)	(13,138,261)
Net book value	836,702	2,837	68,515	241,246	725,377	7,382,392	-	26,082	162,836	9,445,987
Depreciation rate % per annum	-	2 to 4	3.33 to 7.5	5 to 10	2.5 to 10	3.33 to 10	3.33	10 to 25	10 to 33.33	

12.3 Subsequent to revaluation on October 1, 1959 and September 30, 2000, which had resulted in a surplus of Rs 14.207 million and Rs 1,569.869 million respectively, the land and plant and machinery were revalued again on December 15, 2006 resulting in a net surplus of Rs 667.967 million. The valuation was conducted by independent valuers. Valuations for plant and machinery was the open market value of the asset based on estimated gross replacement cost, depreciated to reflect the residual service potential of the asset having paid due regard to age, condition and obsolescence. Land was valued on the basis of fair market value.

12.4 As at December 31, 2010 plant and machinery included equipments held with Searle Pakistan Limited and Maple Pharmaceutical (Private) Limited (toll manufacturers), having cost and net book values as follows:

	2010	2009
Cost	4,100	3,200
Net book value	3,100	2,500

12.4.1 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	48,863	20,929
Plant and machinery	6,901,861	7,155,501
Rolling stock and vehicles	21,443	26,082
Furniture and equipment	200,388	162,836
	7,172,555	7,365,348

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

Cost of sales - note 26	942,167	902,164
Selling and distribution expenses - note 27	10,956	12,726
Administration and general expenses - note 28	44,626	34,719
	997,749	949,609

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

Amounts in Rs '000

	2010	2009
12.6 The following is a statement of capital work-in-progress:		
Civil works and buildings	40,261	51,121
Plant and machinery	197,464	209,638
Miscellaneous equipment	8,993	33,664
Advances to suppliers / contractors	38,638	122,460
	285,356	416,883

12.7 Details of operating property, plant and equipment disposals having net book value in excess of Rs 50,000 are as follows:

2010						
	Mode of sale	Cost	Accumulated depreciation	Net book value	Sale proceeds	Particulars of buyers
Plant and machinery						
Gas condenser & Various items	Tender	27,095	12,157	14,938	4,917	Alfa Laval Middleeast Ltd. and Muhammad Akram Ghouri, Mandi Bahauddin
Tinting Machines & Dispenser	Negotiation	4,180	788	3,392	3,111	Al Habib, Awami Paints, Saad contractor, Asian Paints, Roomi Paints, Khurram Contractors, Lahore
Rolling stock and vehicles						
Honda City & Toyota Corolla	Auction	1,510	192	1,318	1,924	Murtaza Khan Babar and Syed Farhat Abbas Jafri, Karachi
Honda Motorcycle	Auction	80	3	77	70	Syed Ghulam Mustafa, Lahore
Furniture and equipment						
Water cooling coil and Chiller	Auction	467	323	144	194	Habibullah Khan, Karachi
2009						
Plant and machinery						
Dust extraction unit and other items	Auction	28,576	23,089	5,487	3,338	Hi-Tech Electronics & Machinery, Karachi
Tinting Machines	Negotiation	4,429	710	3,719	3,719	Jaffer and Sons., Chaudhry Paint House, Color Bank and Awan Brothers
Rolling stock and vehicles						
Toyota Corolla - 2 nos	Negotiation	1,481	734	747	2,088	Tufail Iqbal & M Inam, Lahore
Hino Dump Trucks	Auction	8,808	7,519	1,289	1,902	Hi-Tech Electronics & Machinery, Karachi

13. Intangible Assets

	2010			
	Software	Licenses	Under development	Total
Net carrying value basis Year ended December 31				
Opening net book value (NBV)	-	-	-	-
Additions (at cost)	57,365	87,136	65,352	209,853
Amortisation charge	(8,605)	(21,145)	-	(29,750)
Closing net book value (NBV)	48,760	65,991	65,352	180,103
Gross carrying amount At December 31				
Cost	226,146	87,136	65,352	378,634
Accumulated amortisation	(177,386)	(21,145)	-	(198,531)
Net book value	48,760	65,991	65,352	180,103
Rate of amortisation % per annum	20	20 to 50	-	
2009				
Net carrying value basis Year ended December 31				
Opening net book value (NBV)	7,700	-	-	7,700
Additions (at cost)	-	-	-	-
Amortisation charge	(7,700)	-	-	(7,700)
Closing net book value (NBV)	-	-	-	-
Gross carrying amount At December 31				
Cost	168,781	-	-	168,781
Accumulated amortisation	(168,781)	-	-	(168,781)
Net book value	-	-	-	-
Rate of amortisation % per annum	20	-	-	
			2010	2009

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

Cost of sales - note 26	7,746	3,636
Selling and distribution expenses - note 27	2,565	639
Administration and general expenses - note 28	19,439	3,425
	29,750	7,700

14. Long-Term Investment - At cost**Unquoted**

Equity security available for sale

- Arabian Sea Country Club Limited

2,500

2,500

15. Long-Term Loans - Considered good

Due from Executives and Employees - note 15.1

148,265

131,430

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

Amounts in Rs '000

	2010	2009
15.1 Due from Directors, Executives and Employees		
	Motor car	House building
		Total
Due from Directors and Executives - note 15.2	101,847	51,568
Less: Receivable within one year - note 20	19,270	25,424
	82,577	26,144
	153,415	121,756
Due from Employees	67,778	55,156
Less: Receivable within one year - note 20	28,234	20,363
	39,544	34,793
	148,265	131,430
Outstanding for period:		
- less than three years but over one year	69,982	70,636
- more than three years	78,283	60,794
	148,265	131,430
15.2 Reconciliation of the carrying amount of loans to Directors and Executives:		
Opening balance at beginning of the year	121,756	102,117
Disbursements	84,215	79,293
Repayments	(52,556)	(59,654)
Balance at end of the year	153,415	121,756
The above loan balance includes an amount of Rs 0.319 million (2009: Rs 1.595 million) in respect of house building relating to key management personnel. Loan outstanding during the year relates to Mr. Ali A. Aga (Director), who was provided this loan as per his terms of employment.		
15.3	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.	
15.4	The maximum aggregate amount of long-term loans due from the Executives at the end of any month during the year was Rs 161.509 million (2009: Rs 125.362 million).	
16. Long-Term Deposits and Prepayments		
Deposits	22,873	21,211
Prepayments	17,585	7,867
	40,458	29,078
17. Stores and Spares		
Stores (include in-transit Rs 20.058 million; 2009: Rs 11.628 million)	36,570	37,563
Spares	589,833	562,708
Consumables	89,046	86,681
	715,449	686,952
Less: Provision for slow moving and obsolete items - note 17.1	196,471	132,371
	518,978	554,581
17.1 Movement of provision in stores and spares		
Opening	132,371	125,361
Charge - note 28	64,100	40,000
Write-off	-	(32,990)
Closing	196,471	132,371

	2010	2009
18. Stock-in-Trade		
Raw and packing material (include in-transit Rs 436.887 million; 2009: Rs 219.830 million) - note 18.2	1,816,427	1,291,521
Work-in-process	48,553	83,229
Finished goods (include in-transit Rs 9.490 million; 2009: Rs 9.23 million)	2,107,225	1,997,408
	3,972,205	3,372,158
Less: Provision for slow moving and obsolete stocks - note 18.1		
- Raw materials	87,463	63,944
- Finished goods	68,062	54,869
	155,525	118,813
	3,816,680	3,253,345
18.1 Movement of provision in stock-in-trade		
Opening	118,813	113,865
Charge - note 28	55,510	38,617
Reversal	-	(5,000)
Write-off	(18,798)	(28,669)
Closing	155,525	118,813
Stocks amounting to Rs Nil (2009: Rs 18.663 million) are measured at net realisable value and has been written down by Rs Nil (2009: Rs 1.62 million) to arrive at its net realisable value.		
18.2 Raw and packing materials include Rs 283.341 million (2009: Rs. 148.524 million) which are held with toll manufacturers namely Searle Pakistan Limited, Maple Pharmaceutical (Private) Limited, Epla Laboratories (Private) Limited, Breeze Pharma (Private) Limited, NovaMed Pharmaceuticals and Polymer International (Private) Limited.		
19. Trade Debts		
Considered good		
- Secured	293,528	382,380
- Unsecured	974,076	812,321
	1,267,604	1,194,701
Considered doubtful	343,490	277,631
	1,611,094	1,472,332
Less: Provision for:		
- Doubtful debts - note 40.4	343,490	277,631
- Discounts payable on Sales	449,253	249,822
	792,743	527,453
	818,351	944,879
20. Loans and Advances		
Considered good		
Loans due from:		
Executives - note 15.1	44,694	25,119
Employees - note 15.1	28,234	20,363
	72,928	45,482
Advances to:		
Directors and Executives - note 20.1	5,314	6,012
Employees	2,710	6,808
Contractors and suppliers	200,792	61,019
Others	4,911	5,619
	213,727	79,458
	286,655	124,940
Considered doubtful	10,620	8,120
	297,275	133,060
Less: Provision for doubtful loans and advances - note 40.4	10,620	8,120
	286,655	124,940

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For the year ended December 31, 2010

Amounts in Rs '000

	2010	2009
20.1	The maximum aggregate amount of advances due from the Directors and Executives at the end of any month during the year were Rs 3.245 million and Rs 7.364 million (2009: Rs 3.967 million and Rs 4.446 million) respectively.	
21. Trade Deposits and Short-Term Prepayments		
Trade deposits	22,451	9,768
Short-term prepayments	432,781	444,665
	455,232	454,433
22. Other Receivables		
<i>Considered good</i>		
Duties, sales tax and octroi refunds due	315,403	254,775
Due from Associate - note 22.1 & note 22.2	78,721	85,225
Insurance claims	9,965	11,887
Commission receivable	47,341	39,829
Interest income receivable	4,516	4,058
Rebates receivable	-	123,427
Others	191,723	194,243
	647,669	713,444
<i>Considered doubtful</i>	16,982	17,383
	664,651	730,827
Less: Provision for doubtful receivables - note 22.3	16,982	17,383
	647,669	713,444
22.1	The maximum aggregate amount due from ICI Omicron B.V. at the end of any month during the year was Rs 80.755 million (2009: Rs 81.978 million).	
22.2	The above balances include amounts due from following associated undertakings:	
ICI Omicron B.V. wholly owned subsidiary of AkzoNobel N.V.	78,586	80,420
ICI Paints Vietnam (Part of AkzoNobel group)	89	4,805
AkzoNobel Functional Chemicals	46	-
	78,721	85,225
22.3	Movement of provision for doubtful receivables	
Provision as at January 1	17,383	17,533
Charge for the year - note 28	1,004	-
Reversal	(1,405)	(150)
Provision as at December 31	16,982	17,383
23. Cash and Bank Balances		
Short term deposits - note 23.1	2,927,000	3,350,000
Current accounts	1,567,365	1,016,353
In hand		
- Cheques	230,942	169,633
- Cash	14,250	11,727
	4,739,557	4,547,713
23.1	These are placed with various banks with maturity up to January 2011. The markup return on these deposits ranges between 11.30% to 11.71%.	

24. Operating Segment Results

	Polyester		Soda Ash		Paints		Life Sciences		Chemicals		Others-PowerGen		Group	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Sales														
Afghanistan	-	-	1,210	-	105,623	88,800	-	-	-	-	-	-	106,833	88,800
Bangladesh	-	-	156,953	86,476	-	-	-	-	1,692	6,888	-	-	158,645	93,364
India	-	-	419,359	27,882	-	-	-	-	-	-	-	-	419,359	27,882
South Africa	-	-	97,790	76,605	-	-	-	-	-	-	-	-	97,790	76,605
United Arab Emirates	-	-	28,934	16,556	-	-	-	-	-	158	-	-	28,934	16,714
Others	-	-	14,242	3,989	-	-	-	810	11,207	18,055	-	-	25,449	22,854
	-	-	718,488	211,508	105,623	88,800	-	810	12,899	25,101	-	-	837,010	326,219
Inter-segment	-	-	-	-	-	-	-	-	417,420	276,573	956,672	676,003	1,374,092	952,576
Local	18,033,688	13,242,345	7,350,542	6,360,285	6,516,258	6,136,722	4,115,180	3,740,030	2,580,289	2,508,705	-	-	38,595,957	31,988,087
	18,033,688	13,242,345	8,069,030	6,571,793	6,621,881	6,225,522	4,115,180	3,740,840	3,010,608	2,810,379	956,672	676,003	40,807,059	33,266,882
Commission / Toll income	-	-	-	-	-	-	-	-	99,539	84,875	-	-	99,539	84,875
Turnover	18,033,688	13,242,345	8,069,030	6,571,793	6,621,881	6,225,522	4,115,180	3,740,840	3,110,147	2,895,254	956,672	676,003	40,906,598	33,351,757
Sales tax	-	-	1,263,579	1,073,105	900,599	811,979	1,119	-	290,709	272,088	135,491	93,242	2,591,497	2,250,414
Excise Duty	-	-	60,160	52,328	54,115	49,947	-	-	7,546	7,010	-	-	121,821	109,285
Commission and discounts to distributors and customers	52,933	44,517	282,270	107,539	986,298	1,006,822	352,587	374,927	150,611	169,022	-	-	1,824,699	1,702,827
	52,933	44,517	1,606,009	1,232,972	1,941,012	1,868,748	353,706	374,927	448,866	448,120	135,491	93,242	4,538,017	4,062,526
Net sales, commission & toll income	17,980,755	13,197,828	6,463,021	5,338,821	4,680,869	4,356,774	3,761,474	3,365,913	2,661,281	2,447,134	821,181	582,761	36,368,581	29,289,231
Cost of sales - note 26 & 26.2	15,620,929	11,794,598	5,074,124	3,896,339	3,333,661	2,986,743	2,681,386	2,383,614	2,151,010	1,969,284	696,871	493,410	29,556,241	23,522,248
Gross profit	2,359,826	1,403,230	1,388,897	1,442,482	1,347,208	1,370,031	1,080,088	982,299	510,271	477,850	124,310	89,351	6,812,340	5,766,983
Selling and distribution expenses - note 27	72,543	75,236	203,173	112,223	765,075	725,114	493,036	424,700	140,892	132,901	-	-	1,674,719	1,470,174
Administration and general expenses - note 28 & 28.2	265,191	239,111	290,708	291,821	448,873	381,949	148,242	137,107	145,991	128,076	3,010	546	1,301,775	1,178,370
Operating result	2,022,092	1,088,883	895,016	1,038,438	133,260	262,968	438,810	420,492	223,388	216,873	121,300	88,805	3,835,846	3,118,439
24.1 Segment assets	1,172,960	6,262,004	6,369,128	6,042,615	6,007,580	2,317,535	2,872,583	1,429,433	1,344,384	767,910	390,027	366,796	18,156,662	17,186,293
24.2 Unallocated assets													3,554,037	3,893,160
													21,710,699	21,079,453
24.3 Segment liabilities	2,236,516	2,297,646	1,955,050	1,998,609	480,080	753,310	1,131,839	1,331,383	462,089	322,872	84,823	109,869	6,350,397	6,813,689
24.4 Unallocated liabilities													309,653	304,195
													6,660,050	7,117,884
24.5 Non-cash items (Provision for non-management staff gratuity and eligible retired employees' medical scheme)	10,795	10,249	28,493	27,052	8,554	8,121	5,309	5,041	5,840	5,545	-	-	58,991	56,008
24.6 Depreciation & amortisation	335,033	326,976	475,600	436,885	90,644	72,376	15,645	14,507	26,889	19,944	83,688	86,621	1,027,499	957,309
24.7 Capital expenditure	109,785	83,573	469,040	461,508	176,238	148,599	25,883	16,489	35,770	36,015	61,137	8,766	877,853	754,950
24.8 Inter-segment pricing														
Transactions among the business segments are recorded at arm's length prices using admissible valuation methods.														
24.9														
There was no major customer of the Group which formed 10 per cent or more of the Group's revenue.														

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	2010	2009
25. Reconciliations of reportable segment revenues, cost of sales, assets and liabilities		
25.1 Turnover		
Total turnover for reportable segments - note 24	40,906,598	33,351,757
Elimination of inter-segment turnover	(417,420)	(276,573)
Elimination of inter-segment turnover from subsidiary	(956,672)	(676,003)
Total turnover	39,532,506	32,399,181
25.2 Cost of sales		
Total cost of sales for reportable segments - note 26	29,556,241	23,522,248
Elimination of inter-segment purchases	(417,420)	(276,573)
Elimination of inter-segment purchases from subsidiary	(956,672)	(676,003)
Total cost of sales	28,182,149	22,569,672
25.3 Assets		
Total assets for reportable segments	18,156,662	17,186,293
Taxation recoverable	545,951	460,240
Bank deposits - note 23	2,927,000	3,350,000
Due from Associates - note 22.2	78,586	80,420
Long term Investments - note 14	2,500	2,500
Total Assets	21,710,699	21,079,453
25.4 Liabilities		
Total liabilities for reportable segments	6,350,397	6,813,689
Accrued interest / return on unsecured loan - note 10.2	305,109	299,647
Unclaimed dividends - note 10	4,544	4,548
Total Liabilities	6,660,050	7,117,884

26. Cost of Sales

	Polyester		Soda Ash		Paints		Life Sciences		Chemicals		Others-PowerGen		Group	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Raw and packing materials consumed														
Opening stock	612,350	512,080	74,436	370,987	285,368	324,080	146,489	111,021	100,114	104,334	8,820	13,743	1,227,577	1,436,245
Purchases														
Inter-segment	-	-	-	-	417,420	276,573	-	-	-	-	-	-	417,420	276,573
Others	13,674,630	10,263,852	1,877,621	1,251,854	2,489,024	2,328,255	973,217	776,709	930,155	840,470	357,265	86,268	20,301,912	15,547,408
	13,674,630	10,263,852	1,877,621	1,251,854	2,906,444	2,604,828	973,217	776,709	930,155	840,470	357,265	86,268	20,719,332	15,823,981
	14,286,980	10,775,932	1,952,057	1,622,841	3,191,812	2,928,908	1,119,706	887,730	1,030,269	944,804	366,085	100,011	21,946,909	17,260,226
Closing stock - note 18	(867,612)	(612,350)	(203,975)	(74,436)	(259,951)	(285,368)	(282,021)	(146,489)	(85,070)	(100,114)	(30,335)	(8,820)	(1,728,964)	(1,227,577)
Raw material consumed	13,419,368	10,163,582	1,748,082	1,548,405	2,931,861	2,643,540	837,685	741,241	945,199	844,690	335,750	91,191	20,217,945	16,032,649
Salaries, wages and benefits	336,069	332,146	540,016	499,952	96,312	81,234	3,078	3,037	39,211	37,879	14,456	14,767	1,029,142	969,015
Stores and spares consumed	118,723	90,109	119,593	114,679	3,704	4,476	-	-	3,510	2,801	26,707	15,293	272,237	227,358
Conversion fee paid to contract manufacturers	-	-	-	-	-	-	201,368	186,899	4,341	4,416	-	-	205,709	191,315
Oil, gas and electricity	1,394,075	841,024	1,962,927	1,406,785	28,851	28,235	-	-	7,523	8,128	225,316	271,999	3,618,692	2,556,171
Rent, rates and taxes	1,234	846	1,379	655	15,893	6,210	-	-	8,612	9,857	832	1,036	27,950	18,604
Insurance	17,722	15,497	16,236	12,755	27,849	26,518	2	3	973	300	954	1,518	63,736	56,591
Repairs and maintenance	1,670	950	695	43	15,585	18,190	9	11	3,242	3,174	128	151	21,329	22,519
Depreciation and amortisation - note 12.5 & 13.1	319,963	320,585	455,542	423,211	75,205	60,803	428	694	15,087	13,886	83,688	86,621	949,913	905,800
Excise duty	-	-	-	-	-	-	-	-	-	-	8,124	5,854	8,124	5,854
Technical fees	-	-	-	-	23,270	19,279	1,815	1,445	5,750	3,010	-	-	30,835	23,734
Royalty	-	-	-	-	-	-	2,076	1,008	24,862	24,470	-	-	26,938	25,478
General expenses - note 26.2	106,805	92,148	83,627	64,268	67,637	57,373	400	452	10,965	10,431	916	4,980	268,610	227,912
Opening stock of work-in-process	54,163	108,866	-	-	15,600	19,851	11,811	5,024	1,655	496	-	-	83,229	134,237
Closing stock of work-in-process - note 18	(24,388)	(54,163)	-	-	(10,976)	(15,600)	(12,464)	(11,811)	(725)	(1,655)	-	-	(48,553)	(83,229)
Cost of goods manufactured	15,745,404	11,911,590	4,928,097	4,070,753	3,290,791	2,950,109	1,046,208	928,003	1,070,205	961,883	696,871	493,410	26,775,836	21,314,008
Opening stock of finished goods	509,236	392,244	207,554	33,140	246,586	221,852	837,505	476,184	141,658	271,797	-	-	1,942,539	1,395,217
Finished goods purchased	91,316	-	-	-	64,800	85,700	1,583,188	1,826,217	1,193,235	882,262	-	-	2,932,539	2,794,179
	16,345,956	12,303,834	5,135,651	4,103,893	3,602,177	3,257,661	3,466,901	3,230,404	2,405,098	2,115,942	696,871	493,410	31,650,914	25,503,404
Closing stock of finished goods - note 18	(725,027)	(509,236)	(58,912)	(207,554)	(246,547)	(246,586)	(774,839)	(837,505)	(233,838)	(141,658)	-	-	(2,039,163)	(1,942,539)
Provision for obsolete stocks - note 28	-	-	(2,615)	-	(21,969)	(24,332)	(10,676)	(9,285)	(20,250)	(5,000)	-	-	(55,510)	(38,617)
	15,620,929	11,794,598	5,074,124	3,896,339	3,333,661	2,986,743	2,681,386	2,383,614	2,151,010	1,969,284	696,871	493,410	29,556,241	23,522,248

26.1 Staff retirement benefits

Salaries, wages and benefits include Rs 163.442 million (2009: Rs 193.055 million) in respect of staff retirement benefits.

26.2 Service Charges from subsidiary

This includes amount Rs 1.740 million charged by the Company for certain administrative service charges in accordance with the service level agreement which have been eliminated from the total.

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27. Selling and Distribution Expenses

	Polyester 2010	2009	Soda Ash 2010	2009	Paints 2010	2009	Life Sciences 2010	2009	Chemicals 2010	2009	Others-PowerGen 2010	2009	Group 2010	2009
Salaries and benefits	46,473	40,591	21,759	24,581	220,879	195,676	197,442	184,344	61,696	63,531	-	-	548,249	508,723
Repairs and maintenance	14	122	1,079	1,063	3,933	3,537	2,179	1,862	1,381	1,033	-	-	8,586	7,617
Advertising and publicity	1,163	15,480	10,948	896	253,121	262,189	86,049	64,513	817	987	-	-	352,098	344,065
Rent, rates and taxes	-	-	1,282	922	19,323	23,491	5,897	4,404	739	1,182	-	-	27,241	29,999
Insurance	-	-	1,028	434	-	-	6,522	3,866	3,530	3,340	-	-	11,080	7,640
Lighting, heating and cooling	15	17	1,088	873	6,683	4,807	2,297	1,969	2,164	1,980	-	-	12,247	9,646
Depreciation and amortisation - note 12.5 & 13.1	-	59	277	327	-	-	11,093	11,195	2,151	1,784	-	-	13,521	13,365
Outward freight and handling	9,626	7,078	149,095	69,972	179,945	172,953	35,329	22,395	31,538	28,089	-	-	405,533	300,487
Travelling expenses	7,022	3,206	2,703	1,882	30,082	30,588	68,932	63,407	12,171	11,567	-	-	120,910	110,650
Postage, telegram, telephone and telex	529	423	1,325	774	7,046	5,801	10,728	9,759	3,688	3,447	-	-	23,316	20,204
General expenses	7,701	8,260	12,589	10,499	44,063	26,072	66,568	56,986	21,017	15,961	-	-	151,938	117,778
	72,543	75,236	203,173	112,223	765,075	725,114	493,036	424,700	140,892	132,901	-	-	1,674,719	1,470,174

27.1 Staff retirement benefits

Salaries, wages and benefits include Rs 81.569 million (2009: Rs 67.593 million) in respect of staff retirement benefits.

28. Administration and General Expenses

Salaries and benefits	129,271	134,531	191,647	193,284	168,579	134,481	85,980	93,672	81,934	72,479	-	-	657,411	628,447
Repairs and maintenance	2,986	2,715	3,930	3,478	9,147	8,828	1,872	1,352	1,003	780	-	-	18,938	17,153
Advertising and publicity	1,837	2,855	3,681	6,013	1,372	1,807	788	1,134	866	1,452	-	-	8,544	13,261
Rent, rates and taxes	2,675	2,551	2,954	2,877	5,060	6,302	649	543	680	587	-	-	12,018	12,860
Insurance	735	552	1,858	1,454	692	7,438	3,857	2,137	425	316	-	-	7,567	11,897
Lighting, heating and cooling	3,637	3,172	6,200	5,273	4,655	3,518	4,664	3,590	1,416	1,077	-	-	20,572	16,630
Depreciation and amortisation - note 12.5 & 13.1	15,070	6,332	19,781	13,347	15,439	11,573	4,124	2,618	9,651	4,274	-	-	64,065	38,144
Provision for doubtful debts - trade - note 40.4	-	5,610	-	-	138,262	69,040	477	7	401	641	-	-	139,140	75,298
- others - note 22.3 & 40.4	-	-	381	-	2,500	-	623	-	-	-	-	-	3,504	-
Provision for obsolete stock - Note 18.1	-	-	2,615	-	21,969	24,332	10,676	9,285	20,250	5,000	-	-	55,510	38,617
Provision for obsolete spares - Note 17.1	59,100	40,000	-	-	5,000	-	-	-	-	-	-	-	64,100	40,000
Travelling expenses	10,138	6,491	9,652	8,142	12,732	14,626	6,192	5,631	6,791	5,349	-	-	45,505	40,239
Postage, telegram, telephone and telex	2,329	1,337	3,948	2,149	5,814	8,999	2,891	2,516	1,678	1,148	-	-	16,660	16,149
General expenses note 28.2	37,413	32,965	44,061	55,804	57,652	91,005	25,449	14,622	20,896	34,973	3,010	546	188,241	229,675
	265,191	239,111	290,708	291,821	448,873	381,949	148,242	137,107	145,991	128,076	3,010	546	1,301,775	1,178,370

28.1 Staff retirement benefits

Salaries, wages and benefits include Rs 148.813 million (2009: Rs 132.772 million) in respect of staff retirement benefits.

28.2 Service Charges from subsidiary

This includes Rs 0.240 million charged by the Company for certain administrative service charges in accordance with the service level agreement which have been eliminated from the total.

	2010	2009
29. Financial Charges		
Mark-up on short-term financing	1,536	19,965
Interest on workers' profit participation fund - note 10.3	6,948	2,105
Discounting charges on receivables	94,940	82,383
Exchange losses	59,564	74,454
Interest on security deposits and others	2,428	6,835
	165,416	185,742
30. Other operating charges		
Auditors' remuneration - note 30.1	8,525	6,750
Donations - note 30.2	22,277	16,464
Workers' profit participation fund - note 10.3	199,302	162,326
Workers' welfare fund	77,139	62,896
	307,243	248,436
30.1 Auditors' remuneration		
Audit and Group reporting fee	6,060	5,080
Half yearly review and other certifications	1,815	1,015
Out of pocket expenses	650	655
	8,525	6,750
30.2	Donations include Rs 15.795 million (2009: Rs 13.97 million) to ICI Pakistan Foundation (Head office, Karachi). Mr. Waqar A Malik, Chief Executive; Mr. Ali Asrar Aga and Mr. Feroz Rizvi, Directors of the Company and Mr. Suhail Aslam Khan and Ms. Seemi Saad, Executives of the Company are amongst the Trustees of the Foundation.	
31. Other operating income		
Income from related parties		
Service fees from related party - note 31.1	-	2,656
Return from financial assets		
Profit on short-term and call deposits	282,906	167,995
Income from non-financial assets		
Scrap sales	49,543	57,259
Gain on disposal of property, plant and equipment	10,211	5,293
Others		
Provisions and accruals no longer required written back	16,527	104,960
Income on technical assistance	-	244
Income on sale of Adhesive to Henkel	-	14,662
Sundries	57,419	44,768
	416,606	397,837

31.1 This represents amount charged by the Group for certain management and other services rendered to its related party Lotte Pakistan PTA Limited, upto September 2009, in accordance with the Service Agreement based on commercial terms between the Companies.

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	2010	2009
32. Taxation		
Current	1,457,540	490,813
Prior years	-	(17,439)
Total current tax charge	1,457,540	473,374
Deferred - note 8	(154,850)	554,394
Net tax charged - note 32.1	1,302,690	1,027,768

32.1 Tax reconciliation

Profit before tax	3,779,793	3,082,098
Tax @ 35%	1,322,928	1,078,734
Prior years' tax charge	-	(17,439)
Permanent difference	-	5,762
Tax impact on profit of subsidiary - note 32.2	(16,897)	(3,357)
Tax impact on income under FTR of the current year	2,992	(40,712)
Others	(6,333)	4,780
Net tax charged	1,302,690	1,027,768

32.2 The turnover tax at the rate of 0.5% of turnover has been waived under second schedule of the income tax ordinance 2001.

33. Earnings per Share - Basic and diluted

Profit after taxation for the year	2,477,103	2,054,330
	Number of shares	
Weighted average number of ordinary shares in issue during the year	138,802,300	138,802,300
	Rupees	
Earnings per share	17.85	14.80

34. Remuneration of Directors and Executives

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

	Chairman		Chief Executive		Directors		Executives		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Managerial remuneration	1,230	1,162	25,363	21,135	34,209	33,863	503,348	418,814	564,150	474,974
Retirement benefits	-	-	6,362	5,321	7,555	7,383	145,226	107,981	159,143	120,685
Group insurance	-	-	42	42	84	126	5,083	4,512	5,209	4,680
Rent and house maintenance	-	-	6,022	5,268	-	-	148,819	122,368	154,841	127,636
Utilities	-	-	775	647	-	-	36,802	30,310	37,577	30,957
Medical expenses	-	-	91	203	221	419	19,661	15,410	19,973	16,032
	1,230	1,162	38,655	32,616	42,069	41,791	858,939	699,395	940,893	774,964
Number of persons	1	1	1	1	4	5	382	328	388	335

- 34.1** In addition to this, an amount of Rs 228.9 million (2009: Rs 209.8 million) on account of variable pay, to employees, has been recognised in the current year. This amount is payable in 2011 after verification of achievements against target. Further, a special bonus of Rs 12.0 million (2009: Rs 28.9 million) payable to certain employees has been recognised in the financial statements which is payable in 2011.

Out of variable pay recognised for 2009 and 2008 following payments were made:

	Paid in 2010 relating to 2009	Paid in 2009 relating to 2008
Chief Executive	13,163	11,765
Directors	33,529	11,400
Executives	125,444	92,752
Other employees	9,192	37,131
	181,328	153,048

- 34.2** The Directors and certain Executives are provided with free use of Company cars in accordance with their entitlement. The Chief Executive is provided with Company maintained furnished accommodation and free use of Company car.

- 34.3** Aggregate amount charged in the financial statements for remuneration to three Non-executive Directors (not included above) was Rs 3.225 million (2009: Rs 3.228 million). This includes fees paid to directors amounting to Rs. 0.220 million (2009: Rs. 0.249 million) for attending board and other meetings which is not included above.

- 34.4** The above balances include an amount of Rs 188.114 million (2009: Rs 141.359 million) on account of remuneration of key management personnel out of which Rs 26.274 million (2009: Rs 24.356 million) relates to post employment benefits.

35. Transactions with Related Parties

The related parties comprise parent company (ICI Omicron B.V.), ultimate parent company (Akzo Nobel N.V.), 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 7). Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these consolidated financial statements are as follows:

	2010	2009
Associated companies		
Purchase of goods, materials and services	118,487	5,750,335
Provision of services and other receipts	4,600	6,440
Sale of goods and materials	131,099	126,429
Dividends	1,052,291	789,218
Donations	15,795	13,970

36. Plant Capacity and Annual Production

- in metric tones except Paints which is in thousands of liters and PowerGen which is in thousand of Kilowatts:

	2010		2009	
	Annual Name Plate Capacity	Production	Annual Name Plate Capacity	Production
Polyester	122,000	129,445	122,000	123,642
Soda Ash - note 36.1	350,000	278,650	350,000	269,500
Paints - note 36.2	-	34,748	-	33,741
Chemicals - note 36.2	-	9,082	-	8,477
Sodium Bicarbonate	20,000	23,700	20,000	22,580
PowerGen - note 36.3	221,978	67,343	221,978	63,765

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

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

- 36.3** Electricity by PowerGen is produced as per demand.

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37. Fair Value of Financial Assets and Liabilities

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

38. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price 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 of 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. At the reporting date the interest rate profile of Group's interest-bearing financial instruments were:

	Carrying Amount	
	2010	2009
Fixed rate instruments		
Financial assets - Note 23	2,927,000	3,350,000
Financial liabilities - Note 10	(80,700)	(71,993)
	2,846,300	3,278,007

Sensitivity analysis for fixed rate instruments

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

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 in foreign currencies. The Group is exposed to foreign currency risk on sales, purchases and borrowings, which, are entered in a currency other than Pak Rupees. However the forward foreign exchange contracts were not available for imports in 2010 in accordance with State Bank of Pakistan instructions.

	SGD	EURO	USD	GBP	JPY
2010					
Trade debts	-	-	9,641	-	-
Other receivables	-	10,859	17,665	11,812	-
Due from Associate - note 22.2	-	-	135	78,586	-
Cash and bank balances	-	-	98,227	-	-
	-	10,859	125,668	90,398	-
Trade and other payables	-	107,789	1,235,916	662,294	-
Accrued interest / return on unsecured loan - note 10.2	-	-	305,109	-	-
Due to Associates - note 10.1	15	59,580	21,607	1,371	-
	15	167,369	1,562,632	663,665	-
Gross balance sheet exposure	(15)	(156,510)	(1,436,964)	(573,267)	-
2009					
Trade debts	-	2,800	11,667	-	-
Other receivables	-	-	123,427	-	-
Due from Associate - note 22.2	-	-	4,805	80,420	-
Cash and bank balances	-	-	62,287	-	-
	-	2,800	202,186	80,420	-
Trade and other payables	4,719	57,646	1,687,759	504,207	5,293
Accrued interest / return on unsecured loan - note 10.2	-	-	299,647	-	-
Due to Associates - note 10.1	26,105	5,340	4,774	7,029	-
	30,824	62,986	1,992,180	511,236	5,293
Gross balance sheet exposure	(30,824)	(60,186)	(1,789,994)	(430,816)	(5,293)

Significant exchange rates applied during the year were as follows:

	Average rate for the year		Spot rate as at December 31	
	2010	2009	2010	2009
Rupees per	Rupees		Rupees	
EURO	113.09	113.84	114.30	121.37
USD	85.18	81.69	85.75	84.24
GBP	131.75	127.85	132.72	137.81
JPY	0.97	0.87	1.05	0.91
SGD	62.55	56.52	66.87	60.06

Sensitivity analysis

Every 1% increase or decrease in exchange rate with all other variables held constant will increase or decrease profit after tax for the year by Rs 21.7 million (2009: Rs 23.2 million).

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 counterparty. 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. Business with customers is also secured, where possible, by way of inland letters of credit, cash security deposit and bank guarantees.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

Amounts in Rs '000

	2010	2009
The Group's maximum exposure to credit risk at the reporting date is as follows:		
40.1 Financial Assets		
Long-Term Investment - note 14	2,500	2,500
Long term loans - note 15	148,265	131,430
Long term deposits - note 16	22,873	21,211
Trade debts - note 19	818,351	944,879
Loans and advances - note 20	286,655	124,940
Trade deposits - note 21	22,451	9,768
Other receivables - note 22	332,266	458,669
Bank balances - note 23	4,725,307	4,535,986
	6,358,668	6,229,383

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

40.2 Financial Assets		
- Secured	496,973	546,340
- Unsecured	5,861,695	5,683,043
	6,358,668	6,229,383

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

Not past due	5,692,736	5,259,252
Past due but not impaired:		
Not more than three months	122,131	281,317
Past due and Impaired:		
more than three months and not more than six months	30,893	63,002
more than six months and not more than nine months	12,327	25,352
more than nine months and not more than one year	27,165	43,378
more than one year	299,171	219,255
	491,687	632,304
Less: Provision for:	343,490	277,631
- Doubtful debts	10,620	8,120
- Doubtful loans and advances	354,110	285,751
	5,830,313	5,605,805

40.4 Movement of provision for trade debts and loans and advances

	Trade Debts	Loans and Advances	Total	
Opening	277,631	8,120	285,751	201,483
Additional provision - note 28	139,140	2,500	141,640	75,298
Provision utilised against write offs	(57,409)	-	(57,409)	9,646
Provision no longer required	(15,872)	-	(15,872)	(676)
	343,490	10,620	354,110	285,751

	2010	2009
40.5 The maximum exposure to credit risk for past due and impaired at the reporting date by type of counterparty was:		
Wholesale customers	202,884	164,282
Retail customers	109,691	284,408
End-user customers	179,112	183,614
	491,687	632,304
Less: Provision for:		
- Doubtful debts	343,490	277,631
- Doubtful loans and advances	10,620	8,120
	354,110	285,751
	137,577	346,553

- 40.5.1** 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 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.

40.6 Concentration Risk

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

Textile	92,073	217,085
Glass	14,415	22,679
Ceramics	-	2,985
Paper and Board	24,641	18,137
Chemicals	240,731	232,624
Pharmaceuticals	36,880	18,799
Construction	12,701	31,972
Transport	36,976	60,264
Paints	621,046	516,308
Bank	4,725,307	4,535,986
Others	379,653	234,717
	6,184,423	5,891,556
Less: Provision for:		
- Doubtful debts	343,490	277,631
- Doubtful loans and advances	10,620	8,120
	354,110	285,751
	5,830,313	5,605,805

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

Amounts in Rs '000

41. Liquidity Risk

Liquidity Risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Group's 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
		2010	
Financial liabilities			
Trade creditors - note 10	1,082,075	1,082,075	(1,082,075)
Bills payable	1,988,466	1,988,466	(1,988,466)
Mark-up accrued on short term financing	1,786	1,786	(1,786)
Accrued interest / return on unsecured loan - note 10.2	305,109	305,109	(305,109)
Accrued expenses	1,169,705	1,169,705	(1,169,705)
Technical service fee / Royalty	30,316	30,316	(30,316)
Distributors' security deposits - payable on termination of distributorship - note 10.4	80,700	89,981	(89,981)
Contractors' earnest / retention money	11,653	11,653	(11,653)
Unclaimed dividends	4,544	4,544	(4,544)
Payable for capital expenditure	101,551	101,551	(101,551)
Others	107,610	107,610	(107,610)
	4,883,515	4,892,796	(4,892,796)

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

		2009	
Financial liabilities			
Trade creditors - note 10	977,600	977,600	(977,600)
Bills payable	2,270,855	2,270,855	(2,270,855)
Mark-up accrued on short term financing	2,712	2,712	(2,712)
Accrued interest / return on unsecured loan - note 10.2	299,647	299,647	(299,647)
Accrued expenses	1,177,342	1,177,342	(1,177,342)
Technical service fee / Royalty	35,975	35,975	(35,975)
Distributors' security deposits - payable on termination of distributorship - note 10.4	71,993	77,392	(77,392)
Contractors' earnest / retention money	10,103	10,103	(10,103)
Unclaimed dividends	4,548	4,548	(4,548)
Payable for capital expenditure	139,532	139,532	(139,532)
Others	151,781	151,781	(151,781)
	5,142,088	5,147,487	(5,147,487)

42. Capital Risk Management

The Group's objective when managing capital is to safe guard 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 dividend paid to shareholders or issue new shares.

43. Accounting Estimates and Judgements

Income Taxes

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

The Income Tax Appellate Tribunal earlier set aside the assessment for the assessment year 1998-99 on the issues of date of commissioning of PTA plant & depreciation thereon, restriction of cost of capitalisation of PTA plant and addition to income in respect of trial production stocks. The re-assessment was finalised by the department during the year giving rise to an additional tax demand. The Company has filed an appeal against the said order before the CIT(Appeals), hearing of appeal has been completed and the order is awaited.

The tax department reopened the income tax assessment for the assessment year 2001-2002 on the ground that demerger of PTA business from ICI Pakistan Ltd. was effective from the completion date i.e. August 6, 2001. This was challenged by the Group in the High Court which upheld the Group's contention that the department did not have the right to reopen this finalised assessment. The department has however filed an appeal in the Supreme Court against the High Court's order. The appeal was dismissed by the Supreme Court.

For the assessment year 2002-2003 on receipt of notice under section 62 of the Income Tax Ordinance, 1979, the Company had filed a writ petition in the Supreme Court challenging the tax department's notice that the effective date of PTA's demerger was August 6, 2001 rather than the effective date given in the Scheme of Arrangement as October 1, 2000. That notice had raised certain issues relating to vesting of PTA assets by the Company which has been settled in the assessment year 2001-2002. While this case is pending for adjudication, review of the Supreme Court's decision relating to assessment year 2001-2002 it is unlikely that the department can take an adverse action.

Whilst amending the assessment for the Tax Year 2003 and 2004, tax department has taken certain action in the order, considered by the department as "protective assessment" on the matter of unabsorbed depreciation carried forward. It is the Group's contention that such an action is unwarranted. An appeal before the CIT (Appeals), on the matter has been filed which is pending. The very basis of such an action have also been challenged before the High Court of Sindh which are pending for hearing. While this case is pending for adjudication, review of the Supreme Court's decision relating to assessment year 2001-2002 it is unlikely that the department can take an adverse action.

Notice under section 221 of the Income Tax Ordinance 2001 for rectification of deemed assessment order for the Tax Year 2005 has been issued to disallow unabsorbed depreciation carried forward. A writ petition against the said notice has been filed with the High Court of Sindh which is pending for hearing. While this case is pending for adjudication, in view of the Supreme Court's decision relating to assessment year 2001-2002 it is unlikely that the department can take an adverse action.

Pension and Gratuity

Certain actuarial assumptions have been adopted as disclosed in note 7 to the financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might affect unrecognised 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 valuers and recommendation of technical teams of the Group. The said recommendations also include estimates with respect to residual values and depreciable lives. Further, the Group reviews the value of the assets for possible impairment on an annual basis. The future cash flows used in the impairment testing of assets is based on management's best estimates which may change in future periods. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipments with a corresponding affect on the depreciation charge and impairment.

44. Standards or Interpretations not yet effective

The following standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after January 1, 2011. These standards are either not relevant to the Group's operations or are not expected to have significant impact on the Group's financial statements:

Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (effective for annual periods beginning on or after February 01, 2010). The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. This interpretation has no impact on the Group's financial statements.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after July 01, 2010). This interpretation provides guidance on the accounting for debt for equity swaps. This interpretation has no impact on Group's financial statements.

IAS 24 Related Party Disclosures (revised 2009) – effective for annual periods beginning on or after January 01, 2011. The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The amendment in future may result in certain changes in disclosures.

Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after January 01, 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. This amendment is not likely to have any impact on Group's financial statements.

Improvements to IFRSs 2010 – In May 2010, the IASB issued improvements to IFRSs 2010, which comprise of 11 amendments to 7 standards. Effective dates, early application and transitional requirements are addressed on a standard by standard basis. The majority of amendments are effective for annual periods beginning on or after January 1, 2011. The amendments include list of events or transactions that require disclosure in the interim financial statements and fair value of award credits under the customer loyalty programmes to take into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits. Certain of these amendments will result in increased disclosures in the financial statements.

Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after January 1, 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The amendment has no impact on financial statements of the Group.

Amendments to IFRS 7 - Disclosures – Transfers of Financial Assets (effective for annual periods beginning on or after July 1, 2011). The amendments introduce new disclosure requirements about transfers of financial assets including disclosures for financial assets that are not derecognised in their entirety; and financial assets that are derecognised in their entirety but for which the entity retains continuing involvement. These amendments will result in increased disclosures in the financial statements.

45. Dividend

The directors in their meeting held on February 16, 2011 have recommended a final dividend of Rs 12.00 per share (2009: Rs 4.50 per share) in respect of year ended December 31, 2010. The consolidated financial statements for the year ended December 31, 2010 do not include the effect of the above dividend which will be accounted for in the period in which it is approved.

46. Date of Authorisation

These consolidated financial statements were authorised for issue in the Board of Directors meeting held on February 16, 2011.

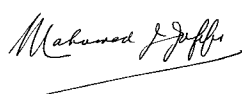
47. General

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

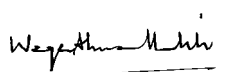
47.2 Corresponding Figures

Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure.

Reclassification from component	Reclassification to component	Amounts in Rs '000
Administration and General Expenses -General expenses	Administration and General Expenses -Advertising and publicity expenses	1,807
Selling and Distribution Expenses -General expenses	Selling and Distribution Expenses -Lighting, heating and cooling	1,774



M J Jaffer
Chairman / Director



Waqar A Malik
Chief Executive



Feroz Rizvi
Chief Financial Officer

Notice of Meeting

Notice is hereby given that the Fifty-Ninth Annual General Meeting of ICI PAKISTAN LIMITED will be held on Wednesday, April 27, 2011 at 11:00 a.m. at the Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Clifton, Karachi, to transact the following business;

ORDINARY BUSINESS

1. To receive, consider and adopt the accounts of the Company for the year ended December 31, 2010, the report of the Auditors thereon and the report of the Directors.
2. To declare and approve Final cash dividend @ 120% i.e., Rs. 12.00 per ordinary share of Rs 10/- each for the year ended December 31, 2010 as recommended by the Directors, payable to the Members whose names appear in the Register of Members as at April 20, 2011.
3. To appoint the Auditors of the Company and to fix their remuneration.
4. To elect eight Directors in accordance with the provisions of the Companies Ordinance 1984 for a period of three years commencing from April 29, 2011.

The retiring Directors are Messrs M J Jaffer, Waqar A Malik, Mueen Afzal, Ali A Aga, Bart Kaster, James R Rees, Feroz Rizvi, Rogier M G Roelen, M Nawaz Tiwana, Derek W Welch.

SPECIAL BUSINESS

5. To authorize the Executive Directors to hold their respective offices of profit in the Company.

A statement as required by section 160(1)(b) of the Companies Ordinance 1984 in respect of the special business to be considered at the Annual General Meeting is annexed.

By Order of the Board



Saira Nishtar
Company Secretary

March 21, 2011
Karachi

Notes:

1. Share Transfer Books of the Company will remain closed from April 20, 2011 to April 27, 2011 (both days inclusive). Transfers received in order at the office of our Shares Registrar, FAMCO Associates (Pvt) Limited, State Life Building 1-A, 1st Floor, I.I. Chundrigar Road, Karachi-74000, by the close of business on April 19, 2011 will be in time to entitle the transferees to the final dividend and to attend the meeting.
2. All Members are entitled to attend and vote at the meeting.
3. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote for him/her. A proxy must be a Member of the Company.
4. An instrument of proxy applicable for the meeting is being provided with the notice sent to Members. Further copies of the instrument of proxy may be obtained from the Registered Office of the Company during normal office hours.
5. An instrument of proxy must, to be valid, be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.
6. Members are requested to submit a copy of their Computerized National Identity Card (CNIC), if not already provided and notify immediately changes, if any, in their registered address to our Shares Registrar, FAMCO Associates (Pvt) Ltd.
7. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting:

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

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

B. For Appointing Proxies:

- (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
 - (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - (iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - (iv) The proxy shall produce his original CNIC or original passport at the time of the meeting.
 - (v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
8. Any person who seeks to contest the election of Directors shall file with the Company at its registered office not later than fourteen days before the above said meeting his / her intention to offer himself / herself for the election of the Directors in terms of Section 178 (3) of the Companies Ordinance, 1984 together with (a) consent in Form 28, (b) a Declaration with consent to act as a Director in the manner as provided under clause (ii) of the Code of Corporate Governance, (c) a Declaration in terms of clause (iii), (iv) and (v) of the Code of Corporate Governance.

STATEMENT UNDER SECTION 160 (1) (b) OF THE COMPANIES ORINANCE, 1984

This statement sets out the material facts concerning the Special Business to be transacted at the Annual General Meeting to be held on April 27, 2011.

AGENDA ITEM 5

The Executive Directors are to be authorized to hold their respective offices of profit in the Company under their respective contracts of service. For this purpose, it is proposed that the following resolutions be considered and passed as an ordinary resolution:

RESOLVED THAT approval be and is hereby granted for holding of offices of profit in the Company by the Executive Directors, including the Chief Executive and Alternate Directors (if any), and the payment of remuneration to them for their respective periods of service in accordance with their respective contracts of service and the applicable service rules of the Company (including without limitation salary, bonuses, incentives, perquisites, allowances and retirement benefits).

FUTHER RESOLVED THAT in the event of any of the aforesaid offices of profit falling vacant, the approval hereby given shall, subject to the terms of appointment, be equally applicable to any other person appointed to fill such vacancy.



ICI Pakistan Limited is now part
of the AkzoNobel Group



AkzoNobel

Tomorrow's Answers Today

Admission Slip

The Fifty-ninth Annual General Meeting of ICI Pakistan Limited will be held on Wednesday, April 27, 2011 at 11:00 a.m. at the Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Clifton, Karachi.

Company's transport will wait at the corner of Karachi Stock Exchange Road, between 9:45 a.m. and 10:15 a.m. on the date of Meeting. Shareholders desirous of attending the Meeting may avail this facility.

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

Company Secretary

Name _____

Shareholder No. _____ Signature _____

Note:

- i) The signature of the shareholder must tally with the specimen signature on the Company's record.
- ii) Shareholders are requested to hand over duly completed admission slips at the counter before entering the Meeting premises.

CDC Account Holders / Proxies / Corporate Entities:

- a) The CDC Account Holder / Proxy shall authenticate his identity by showing his / her identity by showing his / her original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.
- b) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the Meeting (unless it has been provided earlier).

This Admission Slip is Not Transferable

Form of Proxy 59th Annual General Meeting

I / We _____
of _____
being member(s) of ICI Pakistan Limited holding _____
ordinary shares hereby appoint _____
of _____ or failing him / her _____
of _____ who is / are also member(s) of ICI Pakistan Limited as my / our
proxy in my / our absence to attend and vote for me / us and on my / our behalf at the Fifty-ninth Annual
General Meeting of the Company to be held on April 27, 2011 and at any adjournment thereof.

As witness my / our hand / seal this _____ day of _____ 2011

Signed by the said _____

in the presence of 1. _____

2. _____

Folio / CDC Account No.

Signature on
Revenue Stamp
of Appropriate
Value

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

Important:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, ICI House, 5 West Wharf, Karachi, not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he himself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

For CDC Account Holders / Corporate Entities:

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

- i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iii) The proxy shall produce his original CNIC or original passport at the time of the meeting.
- iv) In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

**The Company Secretary
ICI Pakistan Limited
ICI House
5 West Wharf
Karachi-74000**

**Affix
Correct
Postage**



ICI Pakistan Limited is now part of the AkzoNobel Group

Sustainability Report 2010



AkzoNobel

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Employee Engagement



Community Investment



Behavior Based Safety



Effluent Treatment Plant



Reverse Osmosis

We have used the G3 Reporting Framework issued by the Global Reporting Initiative (GRI) and are applying the GRI Reporting Framework at Application Level C+

		C	C+	B	B+	A	A+
Mandatory	Self declared						
Optional	Third party checked		Report Externally Assured		Report Externally Assured		
	GRI checked		Report Externally Assured		Report Externally Assured		

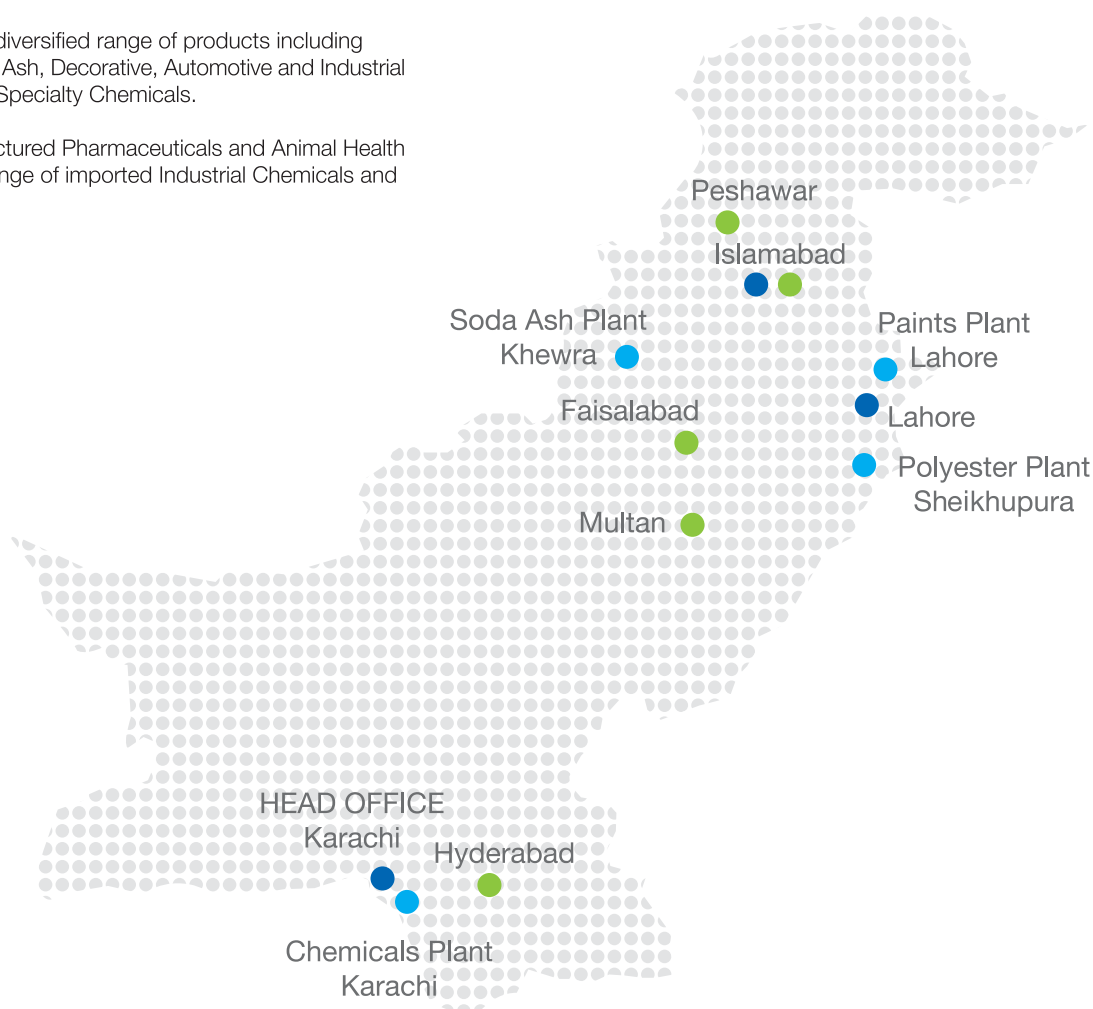
(Third-Party-Checked)

"United Registrar of Systems (URS)" has checked our reporting and has confirmed it to be Application Level C+

About us

We manufacture and sell a diversified range of products including Polyester Staple Fiber, Soda Ash, Decorative, Automotive and Industrial Paints, Agrochemicals and Specialty Chemicals.

We also market toll-manufactured Pharmaceuticals and Animal Health products, in addition to a range of imported Industrial Chemicals and Seeds.



- Head offices and corporate offices
- Plants and manufacturing sites
- Regional and business offices

 1308 employees

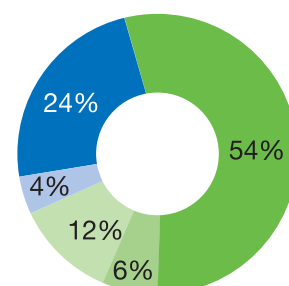
Operating Result: Rs. 3.71 billion

Profit After Tax: Rs. 2.42 billion

Operating result by business

Total operating result Rs. 3.71 billion

	%
Polyester	54
Soda Ash	24
Paints	4
Life Sciences	12
Chemicals	6



Key Performance Indicators

		2009	2010	2015 Target
Integrity Management				
Code of Conduct confirmed incidents	number	10	23	0
Code of Conduct trained*	% employees	100	100	100**
Management audits including reassurance audits	number	6	11	6
Serious incidents – Level 3	number	1	1	0
Serious incidents – Level 1, 2	number	0	2	0
Serious loss of containment – Level 4	number	0	0	0
Regulatory actions – Level 3	number	0	0	0
Sourcing				
Vendor Policy signed by key suppliers	%	88	83.8	96
Vendor Policy signed by central NPR suppliers***	%	****	-	-
Supportive supplier visits since 2007	number	21	79	146
Employment Practices				
Women executives*****	%	0	0	12
On-line P&D Dialog participation	%	77	80	90
Management development program	No of managers	34	121	338
Employee engagement index	% favorable	-	75	80
Community Investment				
Community Program Investment	PKR Million	16.464	42.5*****	30
Health, Safety & Security				
Fatalities employees	number	0	0	0
Total reportable injury rate employees/supervised contractors	/million hours	0.28	0.28	0
Lost time injury rate employees/ supervised contractors	/million hours	0	0.14	0.
Occupational illness rate employees	/million hours	0	0	0
Total illness absence rate employees	%	1.79	1.92	1.76
Fatalities contractors (supervised and independent)	number	1	0	0
Total reportable injury rate independent contractors	/million hours	0.52	0	0
Lost time injury incidence independent contractors	number	1	0	0
% sites with BBS program	%	0	100	100
Distribution incidents	number	1	1	0
Motor vehicle incidents with injury	number	0	1	0

		2009	2010	2015 Target
Emissions Control				
COD emissions per ton production	te	105.37	52.59	49.96
	kg/te	0.15	0.11	0.10
VOC emissions per ton production	te	161.25	81.81	77.72
	kg/te	0.23	0.18	0.16
NOx emissions per ton production	te	422.42	430.70	409
	kg/te	0.61	0.93	0.83
SOx emissions per ton production	te	1431.40	2209.11	2430
	kg/te	2.05	4.76	4.95
Direct CO2 emissions (Scope 1) per ton production	million te	0.47	0.39	0.37
	kg/te	676.13	834.70	753
Indirect CO2 emissions (Scope 2) per ton production	te	39,907	2447.82	2324.65
	kg/te	57.3	5.3	4.73
Water Usage				
Fresh water use per ton production	million m3	6.49	4.59	4.36
	m3/te	9.8	9.9	8.9
% sites with sustainable fresh water	%	25	25	100
Waste Management				
Total waste per ton production	kiloton	19.015	4.412	4.191
	kg/ton	27.32	9.53	8.53
Total hazardous waste per ton production	kiloton	0.31	0.54	0.51
	kg/ton	0.45	1.17	1.04
Non-reusable waste per ton production	kiloton	0.408	0.295	0.280
	kg/ton	0.59	0.64	0.57
Hazardous non-reusable waste per ton production	kiloton	0.151	0.251	0.238
	kg/ton	0.22	0.54	0.48
Hazardous waste to landfill per ton production	kiloton	0	0	0
	kg/ton	0	0	0
Product Stewardship				
Product Eco-premium solutions	% sales	-	-	-

* Number of Management and Non-Management Employees

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

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

**** Monitoring started 2010

***** Functional and Business Head Positions

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

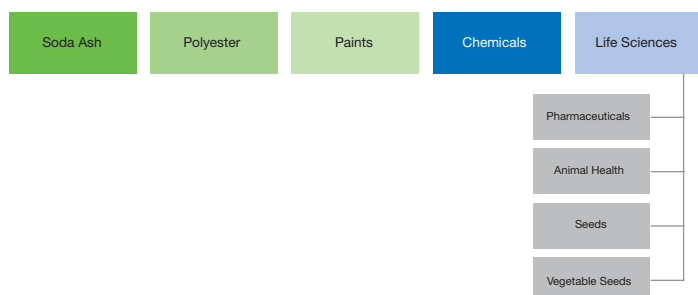
About the Report

We began voluntary reporting on sustainability for the first time in 2008 with the first report published along with the Annual Report covering the period 1 January 2008 to 31 December 2008. This was followed by a second report in 2009 covering the period January 2009 to 31 December 2009.

This is our third effort on presenting a Sustainability Report and we have used the G3 Reporting Framework issued by the Global Reporting Initiative (GRI) and are applying the GRI Reporting Framework at Application Level C+.

Report Boundary

This report covers our five Businesses and all our Corporate Functions. ICI Pakistan Limited has four manufacturing sites, three corporate offices and five regional/business offices.



The text and statistics in this Report cover sites owned and operated wholly by ICI Pakistan Limited during the period 1 January 2010 to 31 December 2010. Employee data includes management and non-management staff. Community Investment is handled by the ICI Pakistan Foundation which is a separate legal entity registered as a Trust. All monetary amounts in this Report are Pakistani Rupees, unless otherwise indicated.

Reporting Period

The reporting period is January 01, 2010 to December 31, 2010 and data has mainly been obtained from our financial management reporting systems, corporate HR information management system and the AkzoNobel and former ICI corporate reporting systems for Health, Safety, Environment & Security (HSE&S) performance indicators.

Report Content

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

Data Collection

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

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

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

Assurance & Verification

Our sustainability performance is monitored through a multi-disciplinary Sustainability Council. This year, we also had Ernst & Young conducting an independent sustainability audit results of which have been incorporated in our improvement plans.

This Sustainability Summary Report forms part of our sustainability reporting and is designed for general readership only. United Registrar Systems (URS) has conducted an independent verification and assurance of data presented in this report.

The indicators for our sustainability reporting are selected from the G3 Reporting Framework issued by the Global Reporting Initiative (GRI). The GRI is a large multi-stakeholder international network of thousands of sustainability experts. The GRI G3 Reporting Framework is the most widely accepted global standard for corporate responsibility reporting.

Contact Us

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

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

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

Seemi Saad - Manager Corporate Communications & Public Affairs
5 West Wharf, Karachi, Pakistan
9221-32313524

Syed Iqbal Haider - Group Technical Manager
ICI House
63 Mozang, Lahore, Pakistan
9242-36369382

Sustainability Strategy

During 2010 we put in place a framework built around the triple bottom line concept of economic, social and environmental factors. Based on the framework we conducted a stakeholder engagement program and developed KPIs for each segment in complete alignment with our parent company. A company wide awareness of the sustainability framework was created to unify understanding of the sustainability agenda. The next step is to restructure the Sustainability Council broadening the base and extending the scope and functionality within the organization to bring about a more defined action based approach.

Our Sustainability guiding principle is:

We're committed to reducing our impact on the planet and delivering more sustainable products and solutions to our customers. And we can only do this if sustainability is at the heart of everything we do. That's why we aim to integrate sustainability into every area of our business - for the benefit of our customers, shareholders, employees and the world around us.

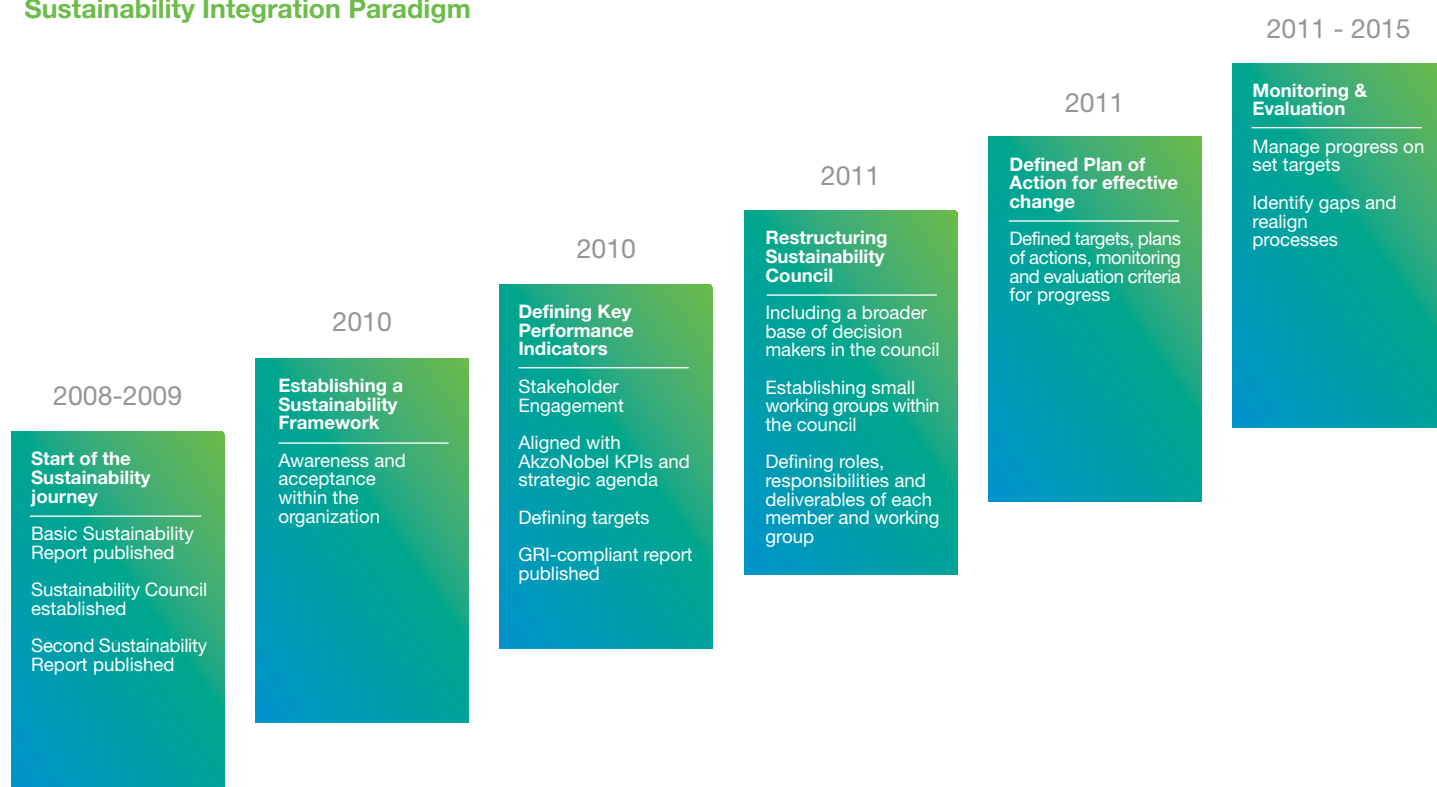
Establishing KPIs and Restructuring the Sustainability Council is the first step towards integrating sustainability within the organization. Once this is achieved, a formal plan of action and deliverables shall be set to achieve

the overall objective of embedding sustainability into every area of our business.

The Sustainability Roadmap we have drafted for ourselves is based on the following steps:

- Establishing a Sustainability Framework
- Obtaining Stakeholder Feedback
- Defining Key Performance Indicators
- Setting Targets
- Restructuring Sustainability Council
 - Including a broader base of decision makers in the council
 - Establishing small working groups within the council
 - Defining roles, responsibilities and deliverables of each member and working group
- Monitoring progress against targets

Sustainability Integration Paradigm



Sustainability Framework

Economic Performance

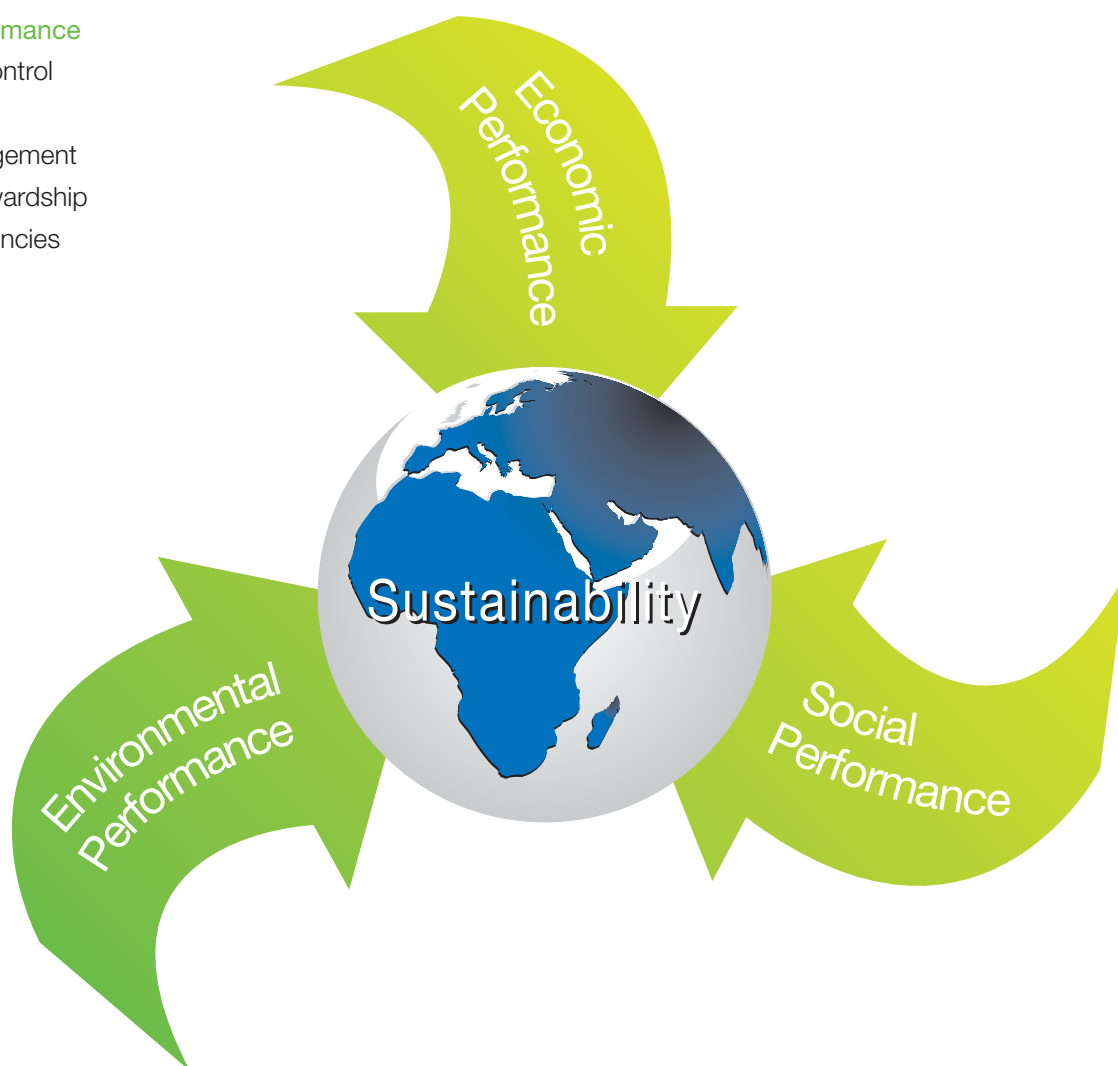
- Integrity Management
- Sourcing

Social Performance

- Health, Safety and Security
- Employment Practices
- Community Investment

Environmental Performance

- Emissions Control
- Water Usage
- Waste Management
- Product Stewardship
- Energy Efficiencies



Stakeholder Dialogue

Dialogue is a unique learning experience and is the first step towards building lasting, healthy relationships with stakeholders. Our most important stakeholders are our customers, employees, suppliers, owners and regulators. Equally important are the people who live close to our sites, local communities and non-governmental organizations (NGOs). Their claims and expectations vary greatly depending on their individual interests.

Sustainable solutions can only be developed if all societal groups work together. That's why this year we initiated a formal stakeholder dialogue with our key stakeholders. We commissioned United Registrar of Systems (URS) to conduct the dialogue for us. A comprehensive engagement process was initiated with one on one interviews, individual and group meetings conducted by the URS team. A detailed feedback report was shared with us which will now serve as a path finder in our journey of sustainability. The following stakeholder groups were addressed in the dialogue:

We also conducted an Employee Engagement Survey for our staff in 2010. A companywide online survey was held and feedback from staff was sought on various areas to gauge engagement levels. The feedback received has been consolidated into an action plan for all managers.

Stakeholder	Target Group	Focus Area
Community	Community around Soda Ash plant in Khewra	How has ICI's presence affected their lives and what improvements can be further made
Customers	Industrial paints customers	Gauge service and customer satisfaction levels and what more can be done to improve
Contractors	Contractual Services including Manpower Suppliers and Transporters at the Polyester Business	Measure impact and progress of safety and environmental programs extended to contractors
Suppliers	Printers and Packagers of Life Sciences Business	Gain feedback on effectiveness of supplier supportive programs and other sourcing issues
Regulators	Environmental Protection Agency Pakistan	Environmental performance and how to improve own and industry standards

Economic Performance

Integrity Management

Compliance and integrity management are the backbone of our governance process and form the basis for our license to operate.

At its core is our Code of Conduct that details the requirements on employees and on the company to operate with integrity, and lays out rules and principles governing issues such as business integrity, labor relations, health, safety and the environment, and community involvement.

Monitoring Compliance

To ensure effective compliance, integrated procedures and management processes are in place:

Speak Up: A procedure which allows employees to express their concerns on (alleged) breaches of the Code of Conduct. A global supplier operates a confidential telephone and web-based reporting system. All breaches of the Code of Conduct are fully investigated under the supervision of the Compliance Manager.

Non-financial letter of representation: Each Business Unit has processes in place to assure compliance with the Code of Conduct and other corporate requirements. At the end of the year each senior manager and finally the business unit manager signs the non-financial letter of representation to confirm compliance. The outcome is reviewed with the General Counsel and the results are reported to the Executive Committee and the Audit Committee.

Compliance audits: These are conducted within the company; the outcome is shared with the Compliance Manager.

Key Performance Indicators

2010 Overview

In 2008 all Management and Non-Management employees were given Code of Conduct training. For all new employees Code of Conduct training is mandatory at the time of induction and HR Managers across the company ensure this. For staff having access to email, an online training program is also available for refresher training.

Our gauge for Code of Conduct incidents is Speak up. The number of Speak Up incidents rose from 10 in 2009 to 23 in 2010. The main reason behind this is that we conducted various ethics and Code of Conduct awareness sessions highlighting our Speak Up process. Consequent to this, the number people availing the Speak Up option has increased.

Also in 2010 audits of all five businesses, corporate functions, Sustainability audit and four Special / investigative audits were conducted by Ernst & Young. The agreed plan of action for future years is to have six audits (five businesses and one corporate) and that is our 2015 target.

The Sustainability audit was conducted for the first time. This audit will further help us identify areas of development.

Future Plans

Put in place a companywide robust Code of Conduct training process with effective monitoring. Also, we aim to extend code of conduct training to all contractual staff as well. Also, refresher sessions for all non-management staff are planned for 2011.

		2009	2010	2015 Target
Code of Conduct confirmed incidents	number	10	23	0
Code of Conduct trained*	% employees	100	100	100**
Management audits including reassurance audits	number	6	11	6
Serious incidents - Level 3	number	1	1	0
Serious incidents - Level 1, 2	number	0	2	0
Serious loss of containment - Level 4	number	0	0	0
Regulatory actions - Level 3	number	0	0	0

* Number of Management and Non-Management Employees

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

Sourcing

In order to achieve sustainable growth, it is essential for us to build strong business relationships with suppliers whose actual working practices should meet our requirements. We aim to do business with partners who endorse our ethical values and our social and environmental standards.

Measuring Progress

To measure our progress, we have created the following building blocks:

Vendor Compliance Letter

By signing the Vendor Code of Code, our suppliers endorse and agree to follow the Health, Safety, Environmental and Security standards, as formulated in our Code of Conduct and legislative requirements of the country. On an annual basis, we review and strive to maximize the number of compliant suppliers.

Supplier Supportive Visits

In line with our Global Supplier Engagement program, we have established a program of on-site visits to Critical Suppliers. The objective of these "Supplier Support Visits" is to identify and nurture these critical suppliers as sustainable business partners. As a part of the formal process, we also conduct HSE assessments which outline a two year process as to where they are at present and where they need to be. A comprehensive checklist is used to find strengths and weaknesses after which we help identify actions and offer support and guidance on how to achieve improvements. Through formal feed-back reports and follow-up visits, we work together with our suppliers to improve their overall sustainability.

Key Performance Indicators

		2009	2010	2015 Target
Vendor Policy signed by key suppliers	%	88	83.8	96
Vendor Policy signed by central NPR suppliers*	%	**		
Supportive supplier visits since 2007	number	21	79	146

*Major Public Sector Utility suppliers not included in this analysis

** Monitoring started 2010

2010 Overview

In 2010, we expanded the focus of sourcing to include Non Product Related (NPR) suppliers. We made a shift towards centralized compliance by including the assortment of NPR suppliers we engage with on a regular basis. This has introduced formalized processes for greater efficiency, transparency as well as better buying synergies.

Future Plans

Our critical suppliers with whom we work on improving their sustainability, have appreciated the efforts. This encourages us to further extend such visits to more suppliers. While we work towards this end of widening the base, we would like to continue our current focus in 2011 through increased monitoring.

Social Performance

Employment Practices

It is our ambition to be recognized by our employees - and those looking to join us - as a company which offers opportunity to its people for ongoing learning, development and growth in an environment that's defined by our company values. We believe that growing our people is the way to grow our business for the long term and we focus our effort on developing a solid Talent Factory.

Measuring Development

In 2010 we focused our efforts on two main areas:

1. Excellence in people development - ensuring our managers are given the right support to develop themselves through a range of local and global development programs.
2. Stronger employee engagement - creating a working environment where people feel valued and are given the right conditions to perform at their best.

Excellence in People Development

Performance and Development Dialog (P&D Dialog)

The P&D Dialog incorporates both a performance review and development planning. Our company Values and Success Factors (behavioral competencies) are an integral part of all development discussions and have been integrated into the system and annual performance appraisal process.

Management development programs

In 2009, we launched Management Development Programs; Management Essentials Program (MEP) and Advanced Management Program (AMP) to create common understanding of leadership and management competencies. The program is a global standardized best practice with AkzoNobel and is being implemented across 32 countries.

Key Performance Indicators:

		2009	2010	2015 Target
Women executives*	%	0	0	12
On-line P&D Dialog participation**	%	77	80	90
Management development program	Number of managers	34	121	338
Employee engagement index	% favorable		75	80

* Functional and Business Head positions

** Management staff

Core development Program

We provide our employees the tools to help them meet customer expectations and position the company as customers' clear choice. Employees seeking functional learning opportunities committed to a total of over 8,000 man hours of training on these programs in 2010.

Diversity and Inclusion

Diversity is about embracing the human attributes that make us unique and Inclusion is the foundation that makes Diversity possible. An inclusive environment is one where these differences are valued and where everyone has the opportunity to develop their skills and talents. While not excluding other groups, our initial focus is on improving gender diversity and further strengthening our company's engaging environment.

Leadership pipeline

A strong leadership pipeline is crucial to supporting the company's growth ambitions. Our Leadership Talent Reviews in our businesses and functions play an important role in identifying potential talent early, managing succession planning and structuring individual development. Capability Groups within the company have been formed to ascertain bench strength of each functional area and plan future roadmaps for our key talent ensuring a strong line of succession within the organization as well as building capability.

Employee engagement

Engagement is the measure of our people's commitment to their roles. It involves knowing what's expected of employees, enabling them to do their best and feeling valued. In 2010 we launched the ViewPoint Employee Engagement - a program that will play a vital role in building the Talent Factory we need. Much more than just a survey, ViewPoint is a long-term program that will help empower employees to make a difference and give them a tool to improve the morale, productivity and performance of their teams.

Employment Practices as per our Code of Conduct

We are committed to an attractive working environment for our employees. In this respect, it is our responsibility to recruit, hire and promote employees solely on the basis of their suitability for the job, to stimulate their individual and professional development and to provide safe and healthy working conditions. It is also our responsibility to prohibit harassment of any kind and exploitation of labor. We also adhere to the minimum legal age requirements.

	2009	2010	2015 Target
Total no. of employees		1308	
Categories of employees			
Management		784	
Non-Management		524	
Male / Female Ratio		28/1	
% of employees in collective bargaining agreements, 100% of non - management employees.			

2010 Overview

At ICI Pakistan, we take pride in being an equal opportunity employer. Currently, our female employees constitute 7% of our workforce in management cadre. Females also constitute 7% of our senior management positions however, at present; we have no female executives (defined as Business or Functional Heads). Going forward, it is our intention to continue to further support diversity within our Businesses and Functions and increase the percentage to at least 12% by 2015.

In 2010, 80 percent (2009: 77 percent) of employees used the web-based process, with a paper system available for the remainder. Ideally online P&DD should be at 100% but however due to a large geographic spread and remote locations, this has been difficult to achieve. The focus for 2011 will be on continuing to increase the number of online users along with maintaining our current achievement of 100% overall completion within given timelines of the process and the quality of the manager-employee dialogue and development discussions.

Key Role - Human Resources

- Create enabling HR systems and processes
- Build managerial capability for effective engagement impact planning
- Facilitate and review engagement impact planning
- Be the sounding board for employees & managers – collate and escalate pervasive issues
- Drive best practice collation and dissemination



Key Role - Leadership

- Formalize enterprise level strategy and drive plans
- Communication results / action taken report
- Be role models - be the first one to conduct impact planning sessions
- Recognize and reward engagement efforts and performance
- Support engagement initiatives

Key Role - Line Managers

- Share engagement results with the team
- Lead team feedback on results and impact planning
- Escalate issues not within the control of the team

There is a need to cover maximum number of managers for Management Development Program so that MEP / AMP are embedded quickly and the whole company can start speaking the same language. By 2015, we aim to cover over 300 managers which represent approximately 30 % of the total management population.

Employee Engagement Survey conducted in 2010 resulted in a concrete assessment of engagement levels thereby allowing us to design a greater employee engagement program Employee Engagement Index for 2010 may be marked at 75% (currently we are at an engagement level of 3.74). We aim to increase it to 80% by 2015 which would mean an average mean score of 4 out of 5.

Case Study

Employee Engagement Survey

Our 2010 employee survey focused on engagement, because engaged teams produce better results. The 2010 Gallup Q12 survey was open to all employees. In total, 79 percent of our global workforce participated. The results indicated an overall engagement score of 3.56. In Pakistan, 94% of our workforce participated in the survey and the results indicated an overall engagement score of 3.74.

The 2010 results provide us with an initial benchmark of our engagement levels and an excellent starting point to make the necessary improvements at all levels of our organization. We will implement another full survey in 2011, with an ambition of increasing

the overall engagement score to 4 by 2015. This will enable our managers to track their progress and continue to drive improvements.

Community Investment

We're as committed to our communities as we are to our customers, shareholders and employees. Our community investment activities are managed through the ICI Pakistan Foundation which is a separate legal entity with its own Board of Trustees.

The Foundation is governed by a Trust Deed that clearly outlines the policies and procedures and clearly defines the scope of community investment activities. The accounts of the Foundation are audited every year by A.F. Ferguson & Co.

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

Measuring Progress:

Every year, ICI Pakistan Limited donates a percentage of profit of the organization to the Foundation. Over the years, as the company has grown, contribution to the Foundation has also grown. Other than contributions through the Foundation, various businesses also directly invest in community projects.

Community investment in Rs. million

2006	9.44
2007	14.692
2008	21.65
2009	16.464
2010	42.5

Key Performance Indicators

		2009	2010	2015 Target
Community Program Investment	Rs. Million	16.464	42.5*	30

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

Flood Relief Contribution



2010 Overview

In 2010, Pakistan faced one of the worst disasters in the history of the country in the form of floods. ICI Pakistan Limited, its staff, parent company and other related concerns contributed a total of PKR 36 million to the ICI Pakistan Foundation for flood relief and rehabilitation. Along with this ICI Pakistan Staff also made in-kind contribution and put together over 10,000 care packs with immediate sustenance items. Staff efforts for floods also included 2000 volunteering hours.

Total contribution for Flood Relief: PKR 36 million
 AkzoNobel NV: PKR 18 million
 ICI Pakistan Limited: PKR 15 million
 Staff Cash & In-kind: PKR 2 million
 Others: PKR 1 million

With most resources dedicated towards Flood Relief, many community initiatives planned for 2010 were deferred. The company spent Rs. 6.5 million on health, education and environmental programs. A total of 4500

volunteering hours were contributed by staff during the year, monetary value of which has been accounted for in consolidation total community program investment number.

Details given in the Community Investment Section of the report on page 36.

Future Plans

We have applied for the PCP (Pakistan Center for Philanthropy) Certification to further streamline the operations of the Foundation. PCP Certification is an endorsement of good housekeeping practices for charitable institutions.

The plans for 2011 centre on developing learning centers across Pakistan. We have launched the 'Ilm-o-Hunar' skill development program end of 2010 with a pilot painter training program with Construction Technology & Training Institute (CTTI). In the area of health, we aim to extend our eye care program to other locations in collaboration with leading eye care organizations like LRBT.

Case Study

Community Investment

As mentioned in our last years Sustainability Report, in 2009, we funded, constructed and launched the Kakapir Seafood Kitchen in the fishing community of Kakapir Village near Sandspit beach in Karachi. Our idea was to design a self sustaining project that would provide the fishing community with alternate livelihood. The kitchen is designed and equipped for commercial cooking and the idea is to promote the delicious indigenous seafood cuisine of the area as a food alternative for beach-goers.

In year 2010, the project was run and managed by the villagers earning a steady supplemental income. The profits earned from this project not only cover the running expense of the kitchen but are reinvested back into the community. The project now pays for the salary of a private teacher at the local Community School.



Highlight of the year

Our first rehabilitation project for flood affectees is complete. We have helped build a model village in Khyber Pakhtoon Khuwa in partnership with Karachi Relief Trust (KRT).

Each model house has 2 bedrooms, one bathroom, a kitchen and front yard. This project has been completely funded by contributions from our employees.



Health, Safety & Security

ICI Pakistan has always endeavored to remain best in class in terms of health and safety performance measured through Reportable Injuries for Employees and Contractors per million hours worked and zero Occupational Reportable Illnesses for the same population.

Similarly, for people security, our system requires that risks to employees from security threats are assessed, reduced, controlled and monitored in the workplace, while driving on company business and for visitors. In the same light, we strive to ensure that arrangements are in place for the appropriate security of assets and information. Product security needs to be maintained from raw material supply to product delivery.

Performance Overview

In 2010 there were two injuries to supervised contractor employees during the year. We had a reportable injury rate of 0.28 which is the same as last year actual. This performance is significantly better compared to the peer business units within the AkzoNobel Group.

Health & Hygiene assessment and monitoring program was robustly practiced across the company resulting in a zero Reportable Occupational Illness. Occupational Illness absence rate is marginally higher than 2009 mainly contributed by change of baseline due to PTA demerger. Implementation of the Asset Integrity Guidelines, roll out of Behavior

Based Safety, HSE&S Leadership Training and follow-up on the Corporate Audits 2009 improvement plans were the key strategic objectives for 2010.

Employees' involvement and engagement and role of top leadership in HSE&S continuous improvement process are integral in helping maintain top-of-the-line position in HSE&S performance. Behavior Based Safety and HSE&S Leadership Training have been part of this drive as AkzoNobel Corporate Initiatives. Both these important 2010 Corporate HSE&S Plan Actions were successfully completed.

Another highlight of the year was the completion of Top10 Risk identification exercise for the company. This risk matrix is an integral part of 2011 Improvement Planning across the company.

Future Plans

First cycle review of Behavior Based Safety Program and Asset Integrity Guidelines implementation will be the significant items for 2011. Similarly, the validation of emergency preparedness will also be high on the corporate agenda. Development Plans for critical HSE resources will be stewarded during the year.

Key Performance Indicators

		2009	2010	2015 Target
Fatalities employees	number	0	0	0
Total reportable injury rate employees/supervised contractors	/million hours	0.28	0.28	0
Lost time injury rate employees/ supervised contractors	/million hours	0	0.14	0
Occupational illness rate employees	/million hours	0	0	0
Total illness absence rate employees	%	1.79	1.92	1.76
Fatalities contractors (supervised and independent)	number	1	0	0
Total reportable injury rate independent contractors	/million hours	0.52	0	0
Lost time injury incidents in independent contractors	number	1	0	0
% sites with BBS program	%	0	100	100
Distribution incidents	number	1	1	0
Motor vehicle incidents with injury	number	0	1	0

Case Study

Behavior Based Safety

Behavior-Based Safety is a process that helps employees identify and choose a safe behavior over an unsafe one. Safety in the workplace is a combination of three measurable components: the person, their environment, and their behavior. Only when these three elements are combined can workplace accidents be eliminated.

Behavior-based safety is based on four key components

- A behavioral observation and feedback process
- A formal review of observation data
- Improvement goals
- Reinforcement for improvement and goal attainment

Behavior Based Safety program was initiated in the company in the second quarter of 2010. The team developed training modules and devised strategy for the implementation. Safety Improvement Teams at all businesses were designated as the BBS Problem Solving Teams. Once the BBS Teams were in place key observers were identified.



It was decided to engage an external consultant to impart training to the observers and help implement BBS effectively in the company. The consultant's scope of work covered the following:

- Hold training sessions with observers
- Impart hands on training to observers
- Carry out follow up session with observers
- Arrange summing up presentations by businesses
- Provide assessment and feed back to Corporate and Business HSE on progress

The training and follow up sessions stated above have been successfully completed and all five businesses are now BBS compliant. Companywide validation review is planned in Q1 2011 to ensure BBS is securely embedded in our systems.

Environmental Performance

Emissions Control

We continue to monitor and manage atmospheric emissions to ensure that there are no unacceptable environmental impacts and that local consent limits and regulatory permits are fully complied with. We aim to reduce our carbon footprint per ton of production by 10% by 2015 in relation to 2009 baseline.

Environmental Policy

We continue to follow the AkzoNobel Environmental Policy comprising of the following features:

- 1) **Measurement:** Measure and report on cradle-to-gate basis and manage carbon along the value chain.
- 2) **Reduction:** Use a structured and consistent carbon reduction approach, aligned with business objectives.
- 3) **Communication and advocacy:** Actively communicate and approach staff, customers, suppliers, investors and the general public and encourage dialogue.
- 4) **Best practices:** Promote activities to share good practice, generate efficiencies and accelerate improvement.

Key Performance Indicators

		2009	2010	2015 Target
COD emissions per ton production	Te	105.37	52.59	49.96
	kg/te	0.15	0.11	0.10
VOC emissions per ton production	Te	161.25	81.81	77.72
	kg/te	0.23	0.18	0.16
NOx emissions per ton production	te	422.42	430.70	409
	kg/te	0.61	0.93	0.83
SOx emissions per ton production	te	1431.40	2209.11	2430
	kg/te	2.05	4.76	4.95
Direct CO ₂ emissions (Scope 1) per ton production	million te	0.47	0.39	0.37
	kg/te	676.13	834.70	753
Indirect CO ₂ emissions (Scope 2) per ton production	te	39,907	2447.82	2324.65
	kg/te	57.3	5.3	4.73

2010 Overview

Energy usage for 2009 was actually 0.93 taking PTA into account. PTA was divested in 2009 H1 and the figure of 1.1 does not include PTA.

Similarly the 2009 figure for per ton production of energy related CO₂ of 0.64 does not include PTA.

Future Plans

We shall continue to focus on environmental protection measures. This will be a significant challenge considering the natural gas availability projections for 2011.

Energy Usages Tera joule Per ton of Production (Tj / Te x 10⁻²)

2005	1.39
2006	1.32
2007	1.3
2008	1.25
2009	1.1
2010	1.04

Per ton Production of Energy Related CO₂

2005	0.73
2006	0.69
2007	0.67
2008	0.66
2009	0.64
2010	0.62

Water Usage

Water management is a key element in our sustainability improvement portfolio. Sustainable fresh water supply is critical for business continuity and sustainability. As per the AkzoNobel Directives and Ambition, 100% of ICI Pakistan manufacturing sites are directed to have sustainable fresh water management system in place.

2009 & 2010 have been spent in completing the fresh water management assessment using the AkzoNobel tool.

Key Performance Indicators

		2009	2010	2015 Target
Fresh water use	million m ³	6.49	4.59	4.36
.....per ton production	m ³ /te	9.8	9.9	8.9
% sites with sustainable fresh water	%	25	25	100

Performance Overview

The absolute water consumption in million m³ shows a reduction. Again this is coming from PTA demerger. The per ton consumption is marginally increased after incorporating a more comprehensive water consumption reporting from Head Office. At present 25% of our sites have sustainable fresh water system.

Note: Our reported water figures for the year 2009 and 2010 are based on AkzoNobel definition, only Fresh Water is reported.

Future Plans

The improvement plans based upon the Water Management tool will be acted upon to achieve 100% sustainable water sites by 2015.

Water Sustainability

2005	16.2
2006	14.97
2007	12.53
2008	11.92
2009	9.8
2010	9.9



Case Study

Effluent Treatment Plant

After significant reduction in electricity and gas consumption, our Chemicals Business successfully implemented another sustainability initiative by recycling and reusing treated water from our Effluent Treatment Plant (ETP). Part of this recycled water is being used at our Chemicals plant to wash vessels and floors, and the remaining water is being used at our adjacent head office premises for horticultural and cleaning purposes.

About 574 cubic meters (29%) of our total ETP water was recycled from May to December 2010, which has reduced our fresh water consumption, cut down the environmental impact and has also minimized HSE hazards associated with water tanker traffic at head office.

This initiative helped our Chemicals Business to meet our KPI of reducing fresh water consumption in 2010. The project commenced in January 2010 and was completed in March 2010.

Waste Management

Effective waste management helps to increase raw material efficiency in our manufacturing operations, reduces our environmental footprint and reduces costs. It is our aim to manage waste disposal responsibly and we focus on waste management using the principles to eliminate, reduce, reuse and recycle.

2010 Overview:

Apart from the PTA demerger which mainly contributed to the variation, total hazardous and non reusable Waste is higher due to the change in classification of ETP waste at Paints Business turning it into Hazardous Waste. Also, about 12 tons of ETP sludge lying with Chemicals Business, Karachi as inventory was taken into reporting.

Future Plans:

Our manufacturing sites will focus on incremental improvement focusing on process and product design improvement for eliminating wastes at source and to find more cost effective disposal roots.

Waste Management

2005	1.228
2006	1.205
2007	1.178
2008	1.174
2009	0.027
2010	0.0095

Note: the waste figures for 2009 and 2010 shown in the graph are on the basis of AkzoNobel definitions.

Key Performance Indicators:

		2009	2010	2015 Target
Total waste	kiloton	19.015	4.412	4.191
per ton production	kg/ton	27.32	9.53	8.53
Total hazardous waste	kiloton	0.31	0.54	0.51
per ton production	kg/ton	0.45	1.17	1.04
Non-reusable waste	kiloton	0.408	0.295	0.280
per ton production	kg/ton	0.59	0.64	0.57
Hazardous non-reusable waste	kiloton	0.151	0.251	0.238
per ton production	kg/ton	0.22	0.54	0.48
Hazardous waste to landfill	kiloton	0	0	0
per ton production	kg/ton	0	0	0

Product Stewardship

As a company we embrace product stewardship as one of the key mechanisms to support our future Sustainability. Product Stewardship strives to achieve a sustainable and attractive balance between the inherent properties of a chemical and the benefits it provides to all major stakeholders throughout its lifecycle.

Product Stewardship Policy:

We aim to ensure that a product is developed, manufactured, promoted, distributed, marketed and ultimately disposed into the environment in a socially responsible and acceptable manner with respect to HSE & S matters and it will be demonstrated that this is practiced. In order to fulfill this responsibility particular attention shall be paid to:

- Provision of appropriate training and information to all our staff, contractor, suppliers and customers for handling, correct usage and disposal of our products and in a safe and responsible manner so as to minimize chances of injury to people and damage to third parties or environment arising from its use.
- Product design, development of modification to meet customers needs and to minimize HSE&S impacts.
- All data on our products and its use shall be made available to our customers and users in order to promote sustainability.
- Procedures that ensure feedback from customers on our product usage and performance.
- Evaluation of suppliers and their regular assessment to ensure consistency with the HSE&S policy.
- Compliance with the applicable local laws, regulation and standards.

Eco Premium solutions are an ambition in line with our Product Stewardship Policy. Eco-premium solutions help to create value for our business and our customers. They provide top line growth opportunities because of improved performance in areas such as raw material use, manufacturing process and product innovation. A product qualifying for the list of Eco-Premium Solutions must meet the following criteria, when assessed against the competing mainstream products:

Key Performance Indicators:

		2009	2010	2015 Target
Product Eco-premium solutions	% sales	-	-	-

1. It provides the same or better functionality for the customer application.
 2. When assessed along the full value chain against the following criteria:
 - Energy efficiency (consumption)
 - Use of natural resources/raw materials
 - Emissions and waste
 - Toxicity
 - Risks (for accidents during production, transportation etc.)
 - Land use, if applicable
- a) It is significantly better in at least one criterion
 - b) It is not significantly worse in any other of the criteria

2010 Overview:

We are planning towards establishing an Eco-Premium Products target. At present, we do not have a monitoring mechanism however we are working with parent company to develop procedures and methodologies around this. In 2011, we will be able to report more progress. Targets and measure for 2010 and 2015 are therefore not reported.

Future Plans:

- R&D / Marketing / Sales for Eco Premium Products
- Building Sustainability into Purchasing (Supplier Support Visits) / AkzoNobel Vendor Policy implementation
- Product Stewardship Improvements

Energy Efficiencies

Objective

We aim to drive energy efficient operations to improve operational eco-efficiency of our manufacturing processes. With ever increasing cost of energy, the focus is going to get sharper and the targets are going to get tougher. We have initiated an 'Energy and Innovation Forum' comprising nominees from all businesses and headed by Corporate Technical & Engineering Department (CTED) to achieve defined objectives and targets for greener operations at all sites.

2010 Overview

Overall performance in unit terms is of the same order as reported last year. On like to like basis (excluding PPTA), the energy consumption and CO2 emission (energy related) were 5.3% and 3% lower as compared to 2009.

Future Plans

We aim to focus on energy conservation at our main office locations in Lahore and Karachi.

Key Performance Indicators

		2009	2010	2015 Target
Total energy consumption	1000TJ	6.496	4.8	4.56
per ton production	1000 TJ/te	0.0093	0.01	0.009

Case Study

Reverse Osmosis

Recently our Soda Ash Business successfully commissioned its Reverse Osmosis (RO) water purification plant. This new RO plant has completely replaced the old water purification plant which was based on an obsolete, maintenance intensive and inefficient technology.

This change will help ICI to cut down on energy consumption and reduce our carbon footprint, in line with AkzoNobel's sustainability vision. It is important to note that the RO plant has accomplished 0% water rejection, meaning each and every drop of the water processed through the plant is being utilized in one process stream or another.



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ICI Pakistan Limited is now part of the AkzoNobel Group.

AkzoNobel is the largest global paints and coatings company and a major producer of specialty chemicals. We supply industries and consumers worldwide with innovative products and are passionate about developing sustainable answers for our customers.

Our portfolio includes well known brands such as Dulux, Sikkens, International and Eka. Headquartered in Amsterdam, the Netherlands, we are a Global Fortune 500 company and are consistently ranked as one of the leaders on the Dow Jones Sustainability Indexes. With operations in more than 80 countries, our 55,000 people around the world are committed to excellence and delivering Tomorrow's Answers Today™