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DRAFT

Auditors' report on consolidated financial statements

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **ICI Pakistan Limited** (the Holding Company) and its subsidiary company (together referred to as Group) as at **30 June 2014** and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the Holding Company and its subsidiary company namely ICI Pakistan PowerGen Limited. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary company as at **30 June 2014** and the results of their operations for the year then ended.

Chartered Accountants EYFRSH

Audit Engagement Partner: Shariq Ali Zaidi

Karachi

ICI Pakistan Limited

Consolidated Balance Sheet

As at June 30, 2014

	Note	June 30, 2014	June 30, 2013
		Amounts in Rs '000	
ASSETS			
Non-current assets			
Property, plant and equipment	3	11,808,502	10,727,467
Intangible assets	4	64,261	45,123
		11,872,763	10,772,590
Long-term investment	5	2,500	2,500
Long-term loans	6	256,525	202,071
Long-term deposits and prepayments	7	27,843	33,338
		286,868	237,909
		12,159,631	11,010,499
Current assets			
Stores and spares	8	617,668	615,782
Stock-in-trade	9	4,607,216	4,594,877
Trade debts	10	883,710	891,186
Loans and advances	11	193,000	160,640
Trade deposits and short-term prepayments	12	220,018	161,888
Other receivables	13	1,488,685	1,188,212
Taxation - net		1,765,784	1,474,066
Cash and bank balances	14	858,204	836,143
		10,634,285	9,922,794
Total assets		22,793,916	20,933,293
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
1,500,000,000 (2013: 1,500,000,000) ordinary shares of Rs 10 each		15,000,000	15,000,000
Issued, subscribed and paid-up capital	15	923,591	923,591
Capital reserves	16	309,643	309,643
Unappropriated profit		10,125,694	8,544,999
Total equity		11,358,928	9,778,233
Surplus on revaluation of property, plant and equipment	17	784,517	843,037
Liabilities			
Non-current liabilities			
Provisions for non-management staff gratuity	18	78,081	79,917
Long-term loans	19	2,314,805	1,887,026
Deferred tax liability - net	20	1,093,718	1,101,111
		3,486,604	3,068,054
Current liabilities			
Current portion of long term loans		872,221	-
Trade and other payables	21	5,854,278	4,589,420
Short-term borrowings and running finance	22	437,368	2,654,549
		7,163,867	7,243,969
Contingencies and commitments	23		
Total equity and liabilities		22,793,916	20,933,293

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

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

ICI Pakistan Limited
Consolidated Profit and Loss Account
For the year ended June 30, 2014

			Amounts in Rs '000
		For the year ended June 30, 2014	For the six months period ended June 30, 2013
Turnover	25	**42,698,659**	20,133,977
Sales tax, commission and discounts	24	**(4,620,382)**	(1,893,940)
Net sales, commission and toll income		**38,078,277**	18,240,037
Cost of sales	25	**(33,280,470)**	(16,105,080)
Gross profit		**4,797,807**	2,134,957
Selling and distribution expenses	27	**(1,530,254)**	(523,391)
Administration and general expenses	28	**(896,407)**	(361,635)
Operating result		**2,371,146**	1,249,931
Other charges	29	**(191,033)**	(90,550)
Finance costs	30	**(388,024)**	(187,793)
		(579,057)	(278,343)
Other income	31	**321,776**	125,600
Profit before taxation		**2,113,865**	1,097,188
Taxation	32	**(278,748)**	(338,321)
Profit after taxation		**1,835,117**	758,867
Basic and diluted earnings per share (Rupees)	33	**19.87**	8.22

	For the year ended June 30, 2014	For the year ended June 30, 2013
Basic and diluted earnings per share (Rupees)	**19.87**	15.36

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

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

ICI Pakistan Limited
Consolidated Statement of Comprehensive Income
For the year ended June 30, 2014

Amounts in Rs '000

	For the year ended June 30, 2014	For the six months period ended June 30, 2013
Profit for the year / period	**1,835,117**	758,867
Items not to be reclassified to profit or loss in subsequent periods:		
Actuarial gains on defined benefit plans	52,914	336,815
Tax effect	(17,462)	(117,885)
	35,452	218,930
Total comprehensive income for the year / period	**1,870,569**	977,797

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

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

ICI Pakistan Limited

Consolidated Cash Flow Statement

For the year ended June 30, 2014

Amounts in Rs '000

	For the year ended June 30, 2014	For the six months period ended June 30, 2013
Cash flows from operating activities		
Profit before taxation	**2,113,865**	1,097,188
Adjustments for:		
Depreciation and amortisation - note 3.5 & 4.2	**1,381,219**	580,439
Loss / (gain) on disposal of property, plant and equipment - note 29 & 31	**14,081**	(363)
Write offs - note 3.2.2 & 4.1	**27,404**	-
Provision for staff retirement benefit plan - note 18.1.1	**52,740**	48,676
Provisions / (reversal) for non-management staff gratuity and eligible retired employees' medical scheme	**4,800**	(275,275)
Interest on bank deposits	**(368)**	-
Interest expense	**381,878**	162,884
	3,975,619	1,613,549
Movement in:		
Working capital	**839,062**	(1,683,437)
Long-term loans	**(54,455)**	(7,639)
Long-term deposits and prepayments	**5,495**	7,553
Cash generated from / (used in) operations	**4,765,721**	(69,974)
Payments for :		
Staff retirement benefit pension plans - note 18.1.2	**(63,178)**	(94,556)
Non-management staff gratuity and eligible retired employees' medical scheme	**(23,695)**	(12,174)
Taxation	**(574,280)**	(551,563)
Interest	**(351,889)**	(151,059)
Net cash generated from / (used in) operating activities	**3,752,679**	(879,326)
Cash flows from investing activities		
Payments for capital expenditure	**(2,454,705)**	(969,981)
Proceeds from disposal of property, plant and equipment	**7,626**	5,358
Interest received on bank deposits	**368**	-
Net cash used in investing activities	**(2,446,711)**	(964,623)

ICI Pakistan Limited
Consolidated Cash Flow Statement
For the year ended June 30, 2014

Amounts in Rs '000

	For the year ended June 30, 2014	For the six months period ended June 30, 2013
Cash flows from financing activities		
Long-term loans	1,300,000	1,596,756
Dividends paid	(366,726)	(143,273)
Net cash generated from financing activities	933,274	1,453,483
Net increase / (decrease) in cash and cash equivalents	2,239,242	(390,466)
Cash and cash equivalents at the beginning of the year / period	(1,818,406)	(1,427,940)
Cash and cash equivalents at the end of the year / period	420,836	(1,818,406)
Movement in working capital		
(Increase) / decrease in current assets		
Stores and spares	(1,886)	(18,422)
Stock-in-trade	(12,339)	816,734
Trade debts	7,476	(295,493)
Loans and advances	(32,360)	33,208
Trade deposits and short-term prepayments	10,824	(20,292)
Other receivables	(300,473)	(122,689)
	(328,758)	393,046
Increase / (decrease) in current liabilities		
Trade and other payables	1,167,820	(2,076,483)
	839,062	(1,683,437)
Cash and cash equivalents at the end of the year / period comprise of:		
Cash and bank balances - note 14	858,204	836,143
Short-term borrowings and running finance - note 22	(437,368)	(2,654,549)
	420,836	(1,818,406)

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

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

ICI Pakistan Limited
Consolidated Statement of Changes in Equity
For the year ended June 30, 2014

Amounts in Rs '000

	Issued, subscribed and paid-up capital	Capital reserves	Unappropriated profit	Total
As at January 01, 2013	**923,591**	**309,643**	**7,710,090**	**8,943,324**
Final dividend for the year ended December 31, 2012 @ Rs 2.00 per share	-	-	(184,718)	(184,718)
Transactions with owners, recorded directly in equity	-	-	(184,718)	(184,718)
Profit for the period	-	-	758,867	758,867
Other comprehensive income for the period	-	-	218,930	218,930
Total comprehensive income	-	-	977,797	977,797
Transfer from surplus on revaluation of property, plant and equipment - incremental depreciation for the period - net of deferred tax - note 17	-	-	41,830	41,830
	-	-	41,830	41,830
As at June 30, 2013	**923,591**	**309,643**	**8,544,999**	**9,778,233**
Interim dividend for the year ended June 30, 2014 @ Rs 4.00 per share	-	-	(369,436)	(369,436)
Transactions with owners, recorded directly in equity	-	-	(369,436)	(369,436)
Profit for the year	-	-	1,835,117	1,835,117
Other comprehensive income for the year			35,452	35,452
Total comprehensive income			1,870,569	1,870,569
Transfer from surplus on revaluation of property, plant and equipment - incremental depreciation for the year - net of deferred tax - note 17	-	-	79,562	79,562
	-	-	79,562	79,562
As at June 30, 2014	**923,591**	**309,643**	**10,125,694**	**11,358,928**

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

Muhammad Sohail Tabba
Chairman / Director

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

ICI Pakistan Limited
Notes to the Consolidated Financial Statements
For the year ended June 30, 2014

1. **Status and Nature of Business**

The Group consists of:

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

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

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

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

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

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

2. **Summary of Significant Accounting Policies**

Following are the details of significant accounting policies.

2.1 **Statement of compliance**

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

2.2 **Basis of preparation**

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

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

b) Provision for management staff gratuity, non-management staff gratuity, and eligible retired employees' medical scheme is stated at present value.

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

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

2.3 Basis of consolidation

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

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

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

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

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

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

2.4 Property, plant and equipment and depreciation

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

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

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

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

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

2.5 Intangible assets and amortisation

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

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

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

2.6 Stores, spares and consumables

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

2.7 Stock-in-trade

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

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

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

2.8 Trade debts and other receivables

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

2.9 Taxation

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

Current

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

Deferred

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

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

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

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

2.10 Cash and cash equivalents

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

2.11 Impairment

Financial assets

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

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

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

Non-financial assets

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

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

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

2.12 Surplus on revaluation of fixed assets

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

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

b) an amount equal to incremental depreciation for the year net of deferred taxation is transferred from "Surplus on Revaluation of property plant and equipment" account to unappropriated profit / loss through Statement of Changes in Equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

2.13 Staff retirement benefits

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

Defined benefit plans

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

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

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

Defined contribution plans

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

Compensated absences

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

2.14 Operating leases / Ijarah contracts

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

2.15 Trade and other payables

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

2.16 Borrowings and their cost

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

2.17 Provisions

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

2.18 Financial liabilities

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

2.19 Earnings per share

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

2.20 Foreign currency translation

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

2.21 Functional and presentation currency

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

2.22 Revenue recognition

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

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

Commission income is recognised on date of shipment from suppliers.

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

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

Toll manufacturing income is recognised when services are rendered.

2.23 Financial expense and financial income

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

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

2.24 Dividend

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

2.25 Segment reporting

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

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

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

2.26 Derivative financial instruments

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

2.27 Off-setting

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

Amounts in Rs '000

		As at June 30, 2014	As at June 30, 2013
3	**Property, plant and equipment**		
3.1	**The following is a statement of property, plant and equipment:**		
	Operating property, plant and equipment - note 3.2	10,908,546	8,147,259
	Capital work-in-progress - note 3.7	899,956	2,580,208
		11,808,502	10,727,467

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

	Land		Lime beds on freehold land	Buildings		Plant and machinery	Railway sidings	Rolling stock and vehicles	Furniture and equipment	Total
	Freehold	Leasehold		On freehold land	On leasehold land					
	Note 3.3			Note 3.3		Note 3.3 & 3.4				
					As at June 30, 2014					
Net carrying value basis										
Opening net book value (NBV)	341,885	-	134,525	321,322	655,011	6,497,300	-	12,965	184,251	8,147,259
Addition / transfer (at cost) - note 3.2.1	96,137	-	10,899	92,816	443,596	3,446,311	-	6,090	63,603	4,159,452
Disposal / transfer (at NBV)	-	-	-	(30)	(260)	(16,162)	-	(4,700)	(555)	(21,707)
Adjustments (at NBV) - note 3.2.2	(1)	(29)	(15)	(67,351)	86,751	(25,043)	-	26,777	(43,085)	(41,996)
Depreciation charge - note 3.5	-	29	(11,549)	(50,396)	(105,011)	(1,095,606)	-	(14,730)	(57,199)	(1,334,462)
Net book value	438,021	-	133,860	276,361	1,080,087	8,806,800	-	26,402	147,015	10,908,546
Gross carrying value basis										
Cost / Revaluation	438,021	562,166	250,556	2,462,313	1,968,029	23,281,026	297	118,610	491,723	29,572,743
Accumulated depreciation	-	(562,166)	(116,696)	(2,185,952)	(887,942)	(14,474,226)	(297)	(92,208)	(344,708)	(18,664,197)
Net book value	438,021	-	133,860	276,361	1,080,087	8,806,800	-	26,402	147,015	10,908,546
Depreciation rate % per annum	-	2 to 4	5 to 25	5 to 50	3 to 33.33	3.33 to 50	3.33	10 to 33.33	10 to 50	
					As at June 30, 2013					
Net carrying value basis										
Opening net book value	341,885	-	127,434	337,375	683,958	6,592,326	-	21,010	199,593	8,303,581
Addition / transfer (at cost)	-	-	12,534	8,993	14,383	357,579	-	400	14,311	408,200
Disposal / transfer (at NBV)	-	-	-	-	(803)	(3,654)	-	(508)	(29)	(4,994)
Depreciation charge - note 3.5	-	-	(5,443)	(25,046)	(42,527)	(448,951)	-	(7,937)	(29,624)	(559,528)
Net book value	341,885	-	134,525	321,322	655,011	6,497,300	-	12,965	184,251	8,147,259
Gross carrying value basis										
Cost / Revaluation	341,885	567,799	239,657	1,256,083	1,470,646	19,991,178	297	94,690	665,599	24,627,834
Accumulated depreciation	-	(567,799)	(105,132)	(934,761)	(815,635)	(13,493,878)	(297)	(81,725)	(481,348)	(16,480,575)
Net book value	341,885	-	134,525	321,322	655,011	6,497,300	-	12,965	184,251	8,147,259
Depreciation rate % per annum	-	2 to 4	3.33 to 7.5	5 to 10	2.5 to 10	3.33 to 50	3.33	10 to 25	10 to 33.33	

3.2.1 Additions to plant and machinery includes interest charge on long-term loan obtained for coal fired boiler project amounting to Rs 231.406 million. Out of Rs 231.406 million, an amount of Rs 95.406 million was incurred during the year ended June 30, 2014.

3.2.2 During the year, the Group appointed a professional firm to conduct a physical verification exercise for reconciling physical fixed assets with the books of account. As per their recommendation, fixed asset having net book value of Rs. 27.295 million and Rs. 14.701 million have been written off and reclassified to intangible assets, respectively.

		As at June 30, 2014	As at June 30, 2013
3.2.3	Property, plant and equipment includes the following major spare parts and stand by equipment:		
	Cost	366,575	345,981
	Net book value	195,797	205,170

3.3 Subsequent to revaluation on October 1, 1959, September 30, 2000 and December 15, 2006 which had resulted in a surplus of Rs 14.207 million, Rs 1,569.869 million and Rs 704.752 million, respectively, the land, buildings on freehold and leasehold land and plant and machinery were revalued again on December 31, 2011 resulting in a net surplus of Rs 848.191 million, respectively. The valuation was conducted by an independent valuer. Valuations for plant and machinery and building were based on the estimated gross replacement cost, depreciated to reflect the residual service potential of the assets taking account of the age, condition and obsolescence. Land was valued on the basis of fair market value.

3.4 Plant and machinery including equipment held with Searle Pakistan Limited, Breeze Pharmaceutical Limited and Maple Pharmaceutical (Private) Limited (toll manufacturers), are as follows:

	Cost	8,369	2,272
	Net book value	5,638	1,099

		For the year ended June 30, 2014	For the six months period ended June 30, 2013
3.5	The depreciation charge for the period / year has been allocated as follows:		
	Cost of sales - note 26	1,272,297	529,895
	Selling and distribution expenses - note 27	13,821	2,837
	Administration and general expenses - note 28	48,344	26,796
		1,334,462	559,528

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

		As at June 30, 2014	As at June 30, 2013
3.6	Had there been no revaluation, the net book value of specific classes of operating property, plant and equipment would have amounted to:		
	Net book value		
	Freehold land	138,741	42,605
	Buildings	1,219,920	806,318
	Plant and machinery	8,394,093	6,017,549
		9,752,754	6,866,472

EYHLH

Amounts in Rs '000

		As at June 30, 2014	As at June 30, 2013
3.7	Capital work-in-progress comprises of:		
	Civil works and buildings	270,916	290,758
	Plant and machinery	553,481	1,970,677
	Miscellaneous equipment	44,606	235,219
	Advances to suppliers / contractors	19,013	14,189
	Designing, consultancy and engineering fee	11,940	69,365
		899,956	2,580,208

This includes interest charged during the period ended June 30, 2013 in respect of long-term loan obtained for coal fired boiler project amounting to Rs 136 million which has been transferred to operating property, plant and equipment during the year.

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

Balance at the beginning of the year / period	2,580,208	2,006,731
Addition during the year / period	2,431,531	981,677
	5,011,739	2,988,408
Transferred to property plant and equipment during the year / period	4,111,783	408,200
Balance at the end of the year / period	899,956	2,580,208

3.8 Details of operating property, plant and equipment disposals having net book value in excess of Rs 50,000 are as follows:

	Mode of sale	Cost	Accumulated depreciation	Net book value	Sale proceeds	Particulars of buyers
As at June 30, 2014						
Plant and machinery						
Refractory, Panelmate and various other assets	Scrap	600,470	495,458	105,012	1,301	Shahbaz and Company, Malik wal District Mandi Bahauddin
Rolling stock and vehicles						
Audi	Auction	6,440	1,739	4,701	5,343	Mr. Azfar Abbas Ashary, Karachi
Building						
Civil Work Lime Stone Storage	Scrap	2,877	2,648	229	20	Shahbaz and Company, Malik wal District Mandi Bahauddin
As at June 30, 2013						
Plant and machinery						
Diesel Generator Set and various other items	Scrap	16,594	13,333	3,261	1,037	Shahbaz and Company, Malakwal district Mandi Bahauddin
Rolling stock and vehicles						
Toyota Corolla, Toyota Altis and Fork Lift trucks	Auction	2,600	2,092	508	2,470	S Muhammad Shakeel, Mr. Zahid Qadri and Mr. Asif Mahmood, Karachi
Building						
Scrap items	Scrap	2,930	2,274	656	10	Anjum Wood Craft, Khewra District Jhelum

Amounts in Rs '000

4 Intangible assets

Net carrying value basis	Software	Licenses	Total
	As at June 30, 2014		
Opening net book value (NBV)	11,754	33,369	45,123
Addition / transfer (at cost)	-	51,303	51,303
Adjustments (at NBV) - note 4.1	10,900	3,692	14,592
Amortisation charge - note 4.2	(12,286)	(34,471)	(46,757)
Net book value	10,368	53,893	64,261
Gross carrying amount			
Cost	172,187	188,546	360,733
Accumulated amortisation	(161,819)	(134,653)	(296,472)
Net book value	10,368	53,893	64,261
Amortisation rate % per annum	20	20 to 50	

	As at June 30, 2013		
Net carrying value basis			
Opening net book value	19,115	21,877	40,992
Additions (at cost)	-	25,042	25,042
Amortisation charge - note 4.2	(7,361)	(13,550)	(20,911)
Net book value	11,754	33,369	45,123
Gross carrying amount			
Cost	230,212	128,459	358,671
Accumulated amortisation	(218,458)	(95,090)	(313,548)
Net book value	11,754	33,369	45,123
Amortisation rate % per annum	20	20 to 50	

4.1 As explained in note 3.2.2, assets having net book value of Rs. 14.701 million and Rs. 0.109 million have been reclassified from tangible assets and written off, respectively.

4.2 The amortisation charge for the year / period has been allocated as follows:

	For the year ended June 30, 2014	For the six months period ended June 30, 2013
Cost of sales - note 26	13,614	4,460
Selling and distribution expenses - note 27	1,948	4,485
Administration and general expenses - note 28	31,195	11,966
	46,757	20,911

5 Long-term investment

	As at June 30, 2014	As at June 30, 2013
Unquoted at cost		
Equity security available-for-sale		
Arabian Sea Country Club Limited 250,000 ordinary shares (June 30, 2013: 250,000) of Rs 10 each	2,500	2,500

Amounts in Rs '000

				As at June 30, 2014	As at June 30, 2013
6	**Long-term loans**				
	Considered good				
	Due from directors, executives and employees - note 6.1			**256,525**	202,071

		Motor car	House building	Total	Total
6.1	**Due from directors, executives and employees**				
	Due from directors and executives - note 6.2, 6.3 & 6.4	145,844	59,167	**205,011**	186,930
	Less: Receivable within one year - note 11	27,450	26,517	**53,967**	47,148
		118,394	32,650	**151,044**	139,782
	Due from employees - note 6.3			**128,345**	86,023
	Less: Receivable within one year - note 11			**22,864**	23,734
				105,481	62,289
				256,525	202,071
	Outstanding for period:				
	- less than three years but over one year			**163,005**	113,643
	- more than three years			**93,520**	88,428
				256,525	202,071

6.2	**Reconciliation of the carrying amount of loans to directors and executives:**		
	Balance at the beginning of the year / period	**186,930**	182,008
	Disbursements during the year / period	**123,988**	46,528
	Repayments during the year / period	**(105,907)**	(41,606)
	Balance at the end of the year / period	**205,011**	186,930

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

6.4 The maximum aggregate amount of loans due from the director and executives at the end of any month during the year was Rs 205.011 million (June 30, 2013: Rs 186.930 million).

7	**Long-term deposits and prepayments**		
	Deposits	**25,679**	24,632
	Prepayments	**2,164**	8,706
		27,843	33,338
8	**Stores and spares**		
	Stores - note 8.1	**36,803**	48,301
	Spares	**680,133**	665,949
	Consumables	**106,167**	106,915
		823,103	821,165
	Less: Provision for slow moving and obsolete spares - note 8.2	**205,435**	205,383
		617,668	615,782

8.1 The above amounts include stores and spares in transit of Rs. 17.506 million (June 30, 2013: Rs. 19.821 million)

8.2	**Movement of provision for slow moving and obsolete spares is as follows:**		
	Balance at the beginning of the year / period	**205,383**	205,383
	Charge for the year / period - note 28	**154**	-
	Write off during the year / period	**(102)**	-
	Balance at the end of the year / period	**205,435**	205,383

Amounts in Rs '000

		As at June 30, 2014	As at June 30, 2013
9	**Stock-in-trade**		
	Raw and packing material (include in-transit Rs 791.850 million; 2013: Rs 741.313 million) - note 9.3	2,372,699	2,106,390
	Work-in-process	165,341	232,841
	Finished goods (include in-transit Rs 137.44 million, 2013: Rs. 343.754 million)	2,166,884	2,348,788
		4,704,924	4,688,019
	Less: Provision for slow moving and obsolete stock-in-trade - note 9.1		
	- Raw materials	8,771	15,461
	- Finished goods	88,937	77,681
		97,708	93,142
		4,607,216	4,594,877

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

	2014	2013
Balance at the beginning of the year / period	93,142	88,428
Charge for the year / period - note 28	12,389	8,231
Reversal during the year / period	(6,890)	-
Write-off for the year / period	(933)	(3,517)
Balance at the end of the year / period	97,708	93,142

9.2 Stock amounting to Rs 28.801 million (2013: Rs 364.413 million) is measured at net realisable value and impairment has been reversed by Rs 20.529 million (2013: Impairment charge of Rs 17.354 million) to arrive at its net realisable value.

9.3 Raw and packing materials held with the toll manufacturers are as follows:

	2014	2013
Searle Pakistan Limited	349,019	305,766
Maple Pharmaceutical (Private) Limited	2,064	1,934
EPLA Laboratories (Private) Limited	10,031	46,258
Breeze Pharma (Private) Limited	20,811	33,831
NovaMed Pharmaceuticals (Private) Ltd	18,002	25,308
BioGenics Pakistan (Private) Limited	1,551	-
Seeds Sahiwal warehouses	21,777	1,597
	423,255	414,694

			2014	2013
10	**Trade debts**			
	Considered good			
	- Secured		161,166	288,092
	- Unsecured		891,976	743,984
			1,053,142	1,032,076
	Considered doubtful		93,664	94,802
			1,146,806	1,126,878
	Less: Provision for:			
	- Doubtful debts - note 40.4 & 40.6		93,664	94,802
	- Discounts payable on Sales		169,432	140,890
			263,096	235,692
		note 10.1	883,710	891,186

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

	2014	2013
Yunus Textile Mills Limited	26,397	17,496
Lucky Textile Mills Limited	1,162	10,657
Lucky Knits (Private) Limited	3,340	730
	30,899	28,883

Amounts in Rs '000

		As at June 30, 2014	As at June 30, 2013
11	**Loans and advances**		
	Considered good		
	Loans due from:		
	Directors and executives - note 6.1	53,967	47,148
	Employees - note 6.1	22,864	23,734
		76,831	70,882
	Advances to:		
	Directors and executives - note 11.1	14,538	7,573
	Employees	219	199
	Contractors and suppliers	95,921	76,572
	Others	5,491	5,414
		116,169	89,758
		193,000	160,640
	Considered doubtful	7,292	7,292
		200,292	167,932
	Less: Provision for doubtful loans and advances - note 40.4 & 40.6	7,292	7,292
		193,000	160,640

11.1 The maximum aggregate amount of advances due from the directors and executives at the end of any month during the year was Rs 3.221 million and Rs 14.333 million (June 30, 2013: Rs 2.585 million and Rs 10.922 million) respectively.

12	**Trade deposits and short-term prepayments**		
	Trade deposits	26,008	17,165
	Short-term prepayments	194,010	144,723
		220,018	161,888

13	**Other receivables**		
	Considered good		
	Duties, sales tax and octroi refunds due	287,020	392,101
	Commission receivable	22,612	21,784
	Interest income receivable	8,214	10,231
	Receivable from principal - note 13.2	1,068,427	710,600
	Others	102,412	53,496
		1,488,685	1,188,212
	Considered doubtful	20,237	57,312
		1,508,922	1,245,524
	Less: Provision for doubtful receivables - note 13.3	20,237	57,312
	note 13.1	1,488,685	1,188,212

13.1 The above amount includes Rs Nil (2013: Rs 23.36 million) on account of exchange gain / loss on forward exchange contracts.

13.2 This includes receivable amounting to Rs 1,019.8 million (June 30, 2013 Rs 710.6 million) from foreign vendor in relation to margin support guarantee.

13.3	**Movement of provision for doubtful receivables**		
	Balance at the beginning of the year / period	57,312	57,312
	Reversal during the year / period	(37,075)	-
	Balance at the end of the year / period	20,237	57,312

14	**Cash and bank balances**		
	Cash at bank:		
	- Short-term deposits - note 14.1	103,000	102,000
	- Current accounts	747,210	465,308
	In hand:		
	- Cheques	-	261,159
	- Cash	7,994	7,676
		858,204	836,143

14.1 Represent security deposits from customer that are placed with various banks with terms ranging from one week to one year. The mark-up on these deposits ranges between 8.00% to 9.00% (June 30, 2013: 9.50% to 11.50%) and these term deposits are readily encashable without any penalty.

Amounts in Rs '000

15 Issued, subscribed and paid-up capital

As at June 30, 2014	As at June 30, 2013		As at June 30, 2014	As at June 30, 2013
(Numbers)				
83,734,062	83,734,062	Ordinary shares of Rs 10 each fully paid in cash	**837,341**	837,341
211,925	211,925	Ordinary shares of Rs 10 each issued as fully paid for consideration other than cash under scheme of arrangement for amalgamation - (note 15.1)	**2,119**	2,119
16,786	16,786	Ordinary shares of Rs 10 each issued as fully paid bonus shares	**168**	168
8,396,277	8,396,277	Ordinary shares issued pursuant to the previous scheme as fully paid for consideration of investment in associate (note 15.2)	**83,963**	83,963
92,359,050	92,359,050		**923,591**	923,591

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

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

15.3 On December 28, 2012, Lucky Holdings Limited acquired from ICI Omicron B.V. its entire shareholding of 70,019,459 shares in ICI Pakistan Limited, besides acquiring 111,698 additional shares by way of public offer made by it to all the shareholders of the Company in pursuance of the provisions of the Listed Companies (Substantial Acquisition of Voting Shares & Take-overs), Ordinance, 2002 and the Listed Companies (Substantial Acquisition of Voting Shares & Take-overs) Regulations, 2008. Thus, Lucky Holdings Limited became the holding company, and Lucky Cement Limited became the ultimate holding company of ICI Pakistan Limited with effect from December 28, 2012. Along with Lucky Holdings Limited, two other companies of the Yunus Brothers Group namely, Gadoon Textile Mills Limited and Lucky Textile Mills Limited also participated in the public offer thereby acquiring 5,980,917 shares and 5,077,180 shares respectively. As at the balance sheet date, Lucky Cement Limited together with the group companies held 87.33% (June 30, 2013: 87.79%) shareholding.

16 Capital reserves

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

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

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

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

17 Surplus on revaluation of property, plant and equipment

Balance at the beginning of the year / period	**843,037**	884,867
Adjustment due to change in tax rate - note 20.1	**21,042**	
Transferred to unappropriated profit in respect of incremental depreciation during the year / period - net of deferred tax	**(79,562)**	(41,830)
Balance at the end of the year / period	**784,517**	843,037

	Amounts in Rs '000	
	As at June 30, 2014	As at June 30, 2013 Restated
18 Provisions for non-management staff gratuity	78,081	79,917

18.1 Staff retirement benefits

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

	2014				2013			
	Funded			Unfunded	Funded			Unfunded
	Pension	Gratuity	Total		Pension	Gratuity	Total	Restated
18.1.1 The amounts recognised in the profit and loss account against defined benefit schemes are as follows:								
Current service cost	17,153	32,702	49,855	3,291	11,998	20,760	32,758	1,368
Interest cost	102,896	54,286	157,182	8,118	63,871	34,764	98,635	3,904
Expected return on plan assets	(127,167)	(37,245)	(164,412)	-	(64,311)	(18,406)	(82,717)	-
Past service cost	-	10,115	10,115	(10,115)				-
Net (reversal) / charge for the year / period	(7,118)	59,858	52,740	1,294	11,558	37,118	48,676	5,272
Other comprehensive income:								
Loss / (Gain) on obligation	7,112	21,574	28,686	5,677	(95,577)	(98,995)	(194,572)	7,517
(Gain) on plan assets	(75,645)	(11,632)	(87,277)	-	(95,884)	(30,553)	(126,437)	-
Net (gain) / loss	(68,533)	9,942	(58,591)	5,677	(191,461)	(129,548)	(321,009)	7,517
18.1.2 Movement in the net assets / (liability) recognised in the balance sheet are as follows:								
Opening balance	225,777	(190,112)	35,665	(79,917)	(29,126)	(302,098)	(331,224)	(72,386)
Net reversal / (charge) - note 18.1.1	7,118	(59,858)	(52,740)	(1,294)	(11,558)	(37,118)	(48,676)	(5,272)
Other comprehensive income	68,533	(9,942)	58,591	(5,677)	191,461	129,548	321,009	(7,517)
Contributions / payments during the year / period	-	63,178	63,178	8,807	75,000	19,556	94,556	5,258
Closing balance	301,428	(196,734)	104,694	(78,081) *	225,777	(190,112)	35,665	(79,917) *
18.1.3 The amounts recognised in the balance sheet are as follows:								
Fair value of plan assets - note 18.1.5	1,274,962	379,571	1,654,533	-	1,293,746	362,228	1,655,974	-
Present value of defined benefit obligation - note 18.1.4	(973,534)	(576,305)	(1,549,839)	(78,081)	(1,067,969)	(552,340)	(1,620,309)	(79,917)
Surplus / (deficit)	301,428	(196,734)	104,694	(78,081) *	225,777	(190,112)	35,665	(79,917) *

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

	Pension 2014	Gratuity 2014	Total 2014	Unfunded 2014	Pension 2013	Gratuity 2013	Total 2013	Unfunded 2013
18.1.4 Movement in the present value of defined benefit obligation:								
Opening balance	1,067,969	552,340	1,620,309	79,917	1,194,618	646,506	1,841,124	72,386
Current service cost	17,153	32,702	49,855	3,291	11,998	20,760	32,758	1,368
Interest cost	102,896	54,286	157,182	8,118	63,871	34,764	98,635	3,904
Benefits paid	(221,596)	(94,712)	(316,308)	(8,807)	(106,941)	(50,695)	(157,636)	(5,258)
Actuarial loss / (gain)	7,112	21,574	28,686	5,677	(95,577)	(98,995)	(194,572)	7,517
Past service cost	-	10,115	10,115	(10,115)	-	-	-	-
Closing balance	973,534	576,305	1,549,839	78,081	1,067,969	552,340	1,620,309	79,917
18.1.5 Movement in the fair value of plan assets:								
Opening balance	1,293,746	362,228	1,655,974	-	1,165,492	344,408	1,509,900	-
Expected return	127,167	37,245	164,412	-	64,311	18,406	82,717	-
Contributions	-	63,178	63,178	-	75,000	19,556	94,556	-
Benefits paid	(221,596)	(94,712)	(316,308)	-	(106,941)	(50,695)	(157,636)	-
Actuarial gain	75,645	11,632	87,277	-	95,884	30,553	126,437	-
Closing balance - note 18.1.7	1,274,962	379,571	1,654,533	-	1,293,746	362,228	1,655,974	-

* The unfunded included in the above table includes Rs 0.239 million (June 30, 2013: Rs 0.239 million) pertaining to the Subsidiary

18.1.6 Historical information **

	June 30		December 31		
	2014	2013	2012	2011	2010
Present value of defined benefit obligation	1,627,920	1,700,226	2,264,010	2,337,261	2,483,046
Fair value of plan assets	(1,654,533)	(1,655,974)	(1,509,900)	(1,581,574)	(1,771,477)
(Surplus) / deficit	(26,613)	44,252	754,110	755,687	711,569

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

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

	2014	2013
Debt instruments	68.77%	69%
Equity at market value	28.70%	28%
Cash	2.53%	3%

Fair value of plan asset

Investment	Pension	Gratuity	Pension	Gratuity
	As at June 30, 2014		As at June 30, 2013	
National savings deposits	181,164	-	526,012	82,250
Government bonds	667,896	283,446	339,014	172,385
Corporate bonds	-	6,936	9,431	8,137
Shares	406,635	67,586	392,450	70,317
Cash	19,267	21,603	26,839	29,139
Total	1,274,962	379,571	1,293,746	362,228

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

Actual return on plan assets during 2014 was Rs 251.689 million (2013: Rs 209.154 million).

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

	2014	2013
Discount rate	12.75%	10.75%
Future salary increases - Management	10.50%	8.75%
Future salary increases - Non - Management	8.00%	6.00%
Future pension increases	7.50%	6.00%

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

Assumption	Increase	Decrease
Discount rate	(85,297)	95,249
Salary increase	62,203	(56,918)
Pension increase	35,272	(31,726)

18.1.10 The Group contributed Rs 62.543 million (June 30, 2013: Rs 31.347 million) and Rs 45.349 million (June 30, 2013: Rs 21.246 million) to the provident fund and the defined contribution superannuation fund respectively during the year.

18.2 **Provident fund**

	As at June 30, 2014 (Unaudited)	As at June 30, 2013 (Unaudited)
Size of the fund	1,269,506	1,234,564
Cost of investments made	1,127,747	1,062,906
Percentage of investments made	89%	86%
Fair value of investments	1,192,093	1,196,650

18.2.1 **Break-up of investments of provident fund**

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

	As at June 30, 2014 (Unaudited)		As at June 30, 2013 (Unaudited)	
On fair value	**Investments**	**% of investment as size of the fund**	Investments	% of investments as size of the fund
Pakistan Investment Bonds	854,999	72%	518,722	44%
Treasury Bill	49,604	4%	170,814	14%
Regular Income Certificates	-	0%	222,300	19%
Mutual Funds	81,682	7%	76,867	6%
Shares	196,142	16%	195,654	16%
Term Finance Certificates	9,666	1%	12,293	1%
	1,192,093	100%	1,196,650	100%

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

		As at June 30, 2014	As at June 30, 2013
19	**Long-term loans**	2,314,805	1,887,026

19.1 From banking companies / financial institutions:

- Faysal Bank Limited	343,591	343,591
- Habib Bank Limited	543,435	543,435
	887,026	887,026

The Group has obtained long-term finance facility (LTFF) for imported and locally manufactured plant and machinery from Faysal Bank Limited of Rs 343.591 million (limit: Rs 500 million) and Habib Bank Limited of Rs 543.435 million (limit: Rs 1,000 million) for a period of 7 years (including 2 year grace period), with the principal payable on semi annual basis. The mark-up is chargeable at fixed rate ranging from 9.65% to 9.85% payable on quarterly basis. These facilities are secured against first pari passu hypothecation charge on the property, plant and equipment (PPE) of the Group's Soda Ash Business, located at Khewra. The loans have been refinanced by the State Bank of Pakistan under long term finance facility (LTFF) for export oriented projects.

19.2 **Islamic term finance**

From banking companies / financial institutions:

-Standard Chartered Bank (Pakistan) Limited	800,000	1,000,000
-Less: Current portion of long-term finance	400,000	-
	400,000	1,000,000

The Group has obtained long-term finance for Rs 1,000 million in June 2013 from Standard Chartered Bank (Pakistan) Limited under Islamic Diminishing Musharakah upto a limit of Rs 1,000 million for a period of 3 years (including 6 month grace period). Repayments of Rs 200 million were made during the current year. The rental payment is charged at relevant KIBOR plus 0.25% p.a. payable on semi annual basis. This facility is initially secured by a ranking charge to be subsequently replaced by a first pari passu hypothecation charge on the present and future fixed assets of the Group's Polyester Business located at Sheikhupura.

-Meezan Bank Limited	500,000	-
-Less: Current portion of Long-Term Finance	222,222	-
	277,778	-

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

-Allied Bank Limited	1,000,000	-
-Less: Current portion of long-term loan	249,999	-
	750,001	-

During the year the Group has obtained long-term loan for Rs 1,000 million from Allied Bank Limited under long-term loan upto a limit of Rs 1,000 million for a period of 4 years (including 1 year grace period). The rental payment is charged at relevant KIBOR plus 0.25% p.a. payable on a quarterly basis. This facility is secured by a first pari passu hypothecation charge on the present and future plant, machinery and equipment of the Group's Soda Ash Business located at Khewra.

Amounts in Rs '000

		As at June 30, 2014			As at June 30, 2013		
		Opening	Reversal / (Charge)	Closing	Opening	Reversal	Closing
20	**Deferred tax (liability) / asset - net**						
	Deductible temporary differences						
	Provisions for retirement benefits, doubtful debts and others	(301,666)	42,298	(259,368)	(330,076)	28,410	(301,666)
	Retirement funds provision routed through other comprehensive income	(93,508)	28,276	(65,232)	(211,393)	117,885	(93,508)
	Taxable temporary differences						
	Property, plant and equipment - note 20.1	1,496,285	(77,967)	1,418,318	1,421,819	74,466	1,496,285
		1,101,111	(7,393)	1,093,718	880,350	220,761	1,101,111

20.1 Reversal during the year includes Rs 21.042 million (June 30, 2013: Rs Nil) adjusted in surplus on revaluation of property, plant and equipment on account of change in tax rate.

		As at June 30, 2014	As at June 30, 2013
21	**Trade and other payables**		Restated
	Trade creditors - note 21.1	1,387,666	651,021
	Bills payable	2,338,350	2,113,808
	Excise and custom duties	4,486	4,811
	Mark-up accrued on short-term financing	58,454	28,465
	Accrued interest on expansion project - note 21.2	3,152	38,733
	Accrued expenses	975,458	836,188
	Technical service fee / royalty - note 21.3	23,686	680
	Workers' profit participation fund - note 21.4	114,557	72,447
	Workers' welfare fund	51,539	54,110
	Distributors' security deposits - payable on termination of distributorship - note 21.5	106,142	118,888
	Contractors' earnest / retention money	9,809	9,550
	Running account with customers - note 21.6	223,874	118,086
	Unclaimed dividends	48,692	45,982
	Payable for capital expenditure	329,509	253,710
	Provision for compensated absences - note 21.7	31,249	31,249
	Others	147,655	211,692
		5,854,278	4,589,420

21.1 This amount includes Rs Nil (June 30, 2013: Rs 1.17 million) on account of exchange gain / loss on forward exchange contracts.

21.2 This liability pertains to financing obtained for coal fired boiler project. Interest charged on the finance facilities is capitalised as part of plant and machinery.

21.3 This amount includes Rs 23.008 million (June 30, 2013: Rs Nil) on account of royalty payable to Lucky Holdings Limited.

21.4 Workers' profit participation fund

Balance at the beginning of the year / period	72,447	81,887
Allocation for the year / period - note 29	111,435	57,966
	183,882	139,853
Interest on funds utilised in the Group's businesses at 41.25 % (June 30, 2013: 41.25%) per annum - note 30	3,400	2,594
Less:		
- Payment to the Fund	72,725	70,000
Balance at the end of the year / period	114,557	72,447

21.5 Interest on security deposits from certain distributors is payable at 8.8 % (June 30, 2013: 11.2 %) per annum as specified in the respective agreements.

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

Gadoon Textile Mills	27,910	2,891
Fazal Textile Mills	764	249
Yunus Textile Mills Limited	197	-
	28,871	3,140

21.7 This figure is based on actuarial valuation and estimation.

22	**Short-term borrowings and running finance - note 22.1, 22.2, 22.3 & 22.4**	437,368	2,654,549

Short-term borrowings and running finance facility from various banks aggregated to Rs 4,946 million (June 30, 2013 Rs 4,740 million) and carry mark-up during the year of KIBOR + 0.20% to 1.00% per annum with an average mark-up rate of relevant KIBOR + 0.20% as at June 30, 2014 on utilized limits (June 30, 2013: relevant KIBOR + 0.40% to 0.75% per annum with an average mark-up rate of relevant KIBOR + 0.20% on utilized limits). The facilities are secured by hypothecation charge over the present and future stock-in-trade and book debts of the Group.

		Amounts in Rs '000	
		As at June 30, 2014	As at June 30, 2013
22.1	**Short-term borrowings - secured**	-	2,126,000

There are no short term borrowings utilized as at balance sheet date (June 2013: Rs. 2,126 million, relevant KIBOR + 0.20 + 0.50%)

22.2	**Foreign currency loan against import finance**	267,368	-

The above foreign currency loan carry mark up at relevant LIBOR + bank's spread which is decided at the time of disbursement (June 30, 2013: NIL).

22.3	**Export refinance**	170,000	130,000

The Group has export refinance facility of upto Rs. 200 million (June 30, 2013: Rs. 200 million) available from Faysal Bank Limited as at June 30, 2014 out of which Rs 170 million was utilized (June 30, 2013: Rs 130 million). The above export refinance facility is secured by first pari passu hypothecation charge. The export refinance facility carries mark-up at State Bank of Pakistan rate (currently 8.40%) + 0.25% per annum (June 30, 2013: SBP rate 8.4% + 0.25% per annum).

22.4	**Short-term running finance - secured**	-	398,549

23 Contingencies and commitments

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

Local bodies - note 23.1.1	36,616	30,446
Others	49,972	28,288
	86,588	58,734

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

23.1.2 A demand for additional electricity duty amounting to Rs 17.711 million (June 30, 2013: Rs 17.711 million) has been raised by the electric inspector to the Subsidiary for the period from March 2004 to June 2007. The matter along with other legal options are currently being explored by the Group. No provision has been made for the demand as the Group considers that this additional duty is not payable.

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

23.3 Guarantee issued by the Group of Rs Nil (June 30, 2013: Rs 133 million) to a bank on behalf of its subsidiary ICI Pakistan PowerGen Limited for availing funded facility.

23.4 Commitments in respect of capital expenditure (including coal fired boiler project of the Soda Ash business and coal fired steam turbine project of the Polyester business) amounted to Rs 1,172.736 million (June 30, 2013: Rs 567.309 million).

23.5 During the year the Group committed an equity investment of Rs. 960 million in the Morinaga Business, to be jointly operated by ICI Pakistan and Unibrands (Pvt.) Ltd under a newly formed company namely NutriCo Pakistan (Pvt.) Limited through signing of shareholders and share subscription agreements with Unibrands. This joint venture entails a total equity investment of Rs. 960 million by the Group to acquire 40% equity in NutriCo in up to three tranches. Subsequent to the balance sheet date, the Group has paid Rs. 360 million in this respect.

23.6 Commitments for rentals under operating lease / ijarah contracts in respect of vehicles amounting to Rs 155.610 million (June 30, 2013: Rs 135.266 million) are as follows:

Year		
2014	-	55,030
2015	62,223	43,872
2016	49,215	26,783
2017	34,969	9,581
2018	9,203	-
	155,610	135,266

Payable not later than one year	62,223	55,030
Payable later than one year but not later than five years	93,387	80,236
	155,610	135,266

23.7 Outstanding foreign exchange contracts as at June 30, 2014 entered into by the Group amounted to Rs Nil (June 30, 2013: Rs 1,166.117 million).

24 Operating segment results

Amounts in Rs '000

	Polyester		Soda Ash		Life Sciences		Chemicals		Others - PowerGen		Group	Group
	For the year ended June 30, 2014	For the six months period ended June 30, 2013	For the year ended June 30, 2014	For the six months period ended June 30, 2013	For the year ended June 30, 2014	For the six months period ended June 30, 2013	For the year ended June 30, 2014	For the six months period ended June 30, 2013	For the year ended June 30, 2014	For the six months period ended June 30, 2013	For the year ended June 30, 2014	For the six months period ended June 30, 2013
Sales												
Afghanistan	-	-	7,750	4,664	-	699	2,358	1,928	-	-	10,108	7,291
India	-	-	497,500	181,003	-	-	-	-	-	-	497,500	181,003
United Arab Emirates	-	-	-	-	-	-	60,410	7,861	-	-	60,410	7,861
Others	-	8,233	-	-	-	-	-	-	-	-	-	8,233
	-	8,233	505,250	185,667	-	699	62,768	9,789	-	-	568,018	204,388
Inter-segment	-	-	-	-	-	-	5,857	9,785	1,068,140	543,181	1,073,997	552,966
Local	19,667,433	9,701,479	10,427,943	4,683,715	7,504,584	3,383,635	4,469,076	2,125,869	-	-	42,069,036	19,894,698
	19,667,433	9,709,712	10,933,193	4,869,382	7,504,584	3,384,334	4,537,701	2,145,443	1,068,140	543,181	43,711,051	20,652,052
Commission / Toll income	-	-	-	-	-	-	61,605	34,891	-	-	61,605	34,891
Turnover	19,667,433	9,709,712	10,933,193	4,869,382	7,504,584	3,384,334	4,599,306	2,180,334	1,068,140	543,181	43,772,656	20,686,943
Sales tax	386,692	126,708	1,518,523	645,513	40,978	9,189	479,680	215,631	155,200	75,641	2,580,073	1,072,682
Commission and discounts to distributors and customers	438,358	126,914	425,196	137,643	859,787	424,271	316,968	132,430	-	-	2,040,309	821,258
	825,050	253,622	1,943,719	783,156	900,765	433,460	796,648	348,061	155,200	75,641	4,620,382	1,893,940
Net sales, commission & toll income	18,842,383	9,456,090	8,989,474	4,086,226	6,603,819	2,950,874	3,802,658	1,832,273	912,940	467,540	39,152,274	18,793,003
Cost of sales - note 26	19,066,559	9,442,026	6,622,359	3,204,255	4,792,331	2,146,431	3,105,244	1,475,570	768,714	390,634	34,354,467	16,658,046
Gross profit	(224,176)	14,064	2,367,115	881,971	1,811,488	804,443	697,414	356,703	144,226	76,906	4,797,807	2,134,957
Selling and distribution expenses - note 27	258,230	46,019	236,780	51,357	824,909	329,996	210,335	96,019	-	-	1,630,254	523,391
Administration and general expenses - note 28	309,150	124,976	264,293	102,888	201,989	76,632	120,221	56,638	994	621	896,407	361,635
Operating result	(791,556)	(156,931)	1,866,042	727,726	784,590	397,815	366,858	204,046	143,232	76,285	2,371,146	1,249,931
24.1 Segment assets - note 24.5	7,843,288	7,215,283	14,827,493	12,606,937	6,336,403	4,853,666	2,609,563	2,398,546	358,972	489,064	20,922,632	19,354,727
24.2 Unallocated assets											1,871,284	1,578,566
											22,793,916	20,933,293
24.3 Segment liabilities - note 24.5	11,336,338	8,569,049	4,389,791	3,177,567	2,665,656	1,680,842	1,024,907	809,607	63,330	58,010	7,846,454	6,084,283
24.4 Unallocated liabilities											2,804,017	4,227,741
											10,650,471	10,312,024

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

24.6 Depreciation & amortisation charge note 3.5 & 4.2	528,092	230,383	781,803	294,575	23,750	11,100	35,096	21,653	42,479	22,746	1,361,219	580,439
24.7 Capital expenditure	1,627,533	407,574	603,035	550,903	43,006	16,997	35,232	19,671	21,698	11,573	2,330,503	1,006,718

24.8 Inter-segment pricing

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

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

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

	For the year ended June 30, 2014	For the six months period ended June 30, 2013
25.1 Turnover		
Total turnover for reportable segments - note 24	43,772,656	20,686,943
Elimination of inter-segment turnover - note 24	(5,857)	(9,785)
Elimination of inter-segment turnover from the subsidiary	(1,068,140)	(543,181)
Total turnover	42,698,659	20,133,977
25.2 Cost of sales		
Total cost of sales for reportable segments - note 26	34,354,467	16,658,046
Elimination of inter-segment purchases - note 26	(5,857)	(9,785)
Elimination of inter-segment purchases from the subsidiary	(1,068,140)	(543,181)
Total cost of sales	33,280,470	16,105,080

	As at June 30, 2014	As at June 30, 2013
25.3 Assets		
Total assets for reportable segments	20,922,632	19,354,727
Taxation recoverable	1,765,784	1,474,066
Bank deposits - note 14	103,000	102,000
Long-term investments - note 5	2,500	2,500
Total assets	22,793,916	20,933,293
25.4 Liabilities		
Total liabilities for reportable segments	7,846,454	6,084,283
Short-term loan - note 22.1, 22.2 & 22.3	437,368	2,256,000
Long-term loan - note 19	2,314,608	1,887,026
Accrued interest on expansion project - note 21	3,152	38,733
Unclaimed dividends - note 21	48,892	45,982
Total Liabilities	10,650,471	10,312,024

26 Cost of sales

Amounts in Rs '000

	Polyester		Soda Ash		Life Sciences		Chemicals		Others - PowerGen		Group	Group
	For the year ended June 30, 2014	For the six months period ended June 30, 2013	For the year ended June 30, 2014	For the six months period ended June 30, 2013	For the year ended June 30, 2014	For the six months period ended June 30, 2013	For the year ended June 30, 2014	For the six months period ended June 30, 2013	For the year ended June 30, 2014	For the six months period ended June 30, 2013	For the year ended June 30, 2014	For the six months period ended June 30, 2013
Raw and packing materials consumed												
Opening stock	897,238	1,394,859	510,102	359,582	453,994	586,355	207,993	115,497	21,602	30,271	2,090,929	2,486,564
Purchases												
Inter-segment	5,857	9,785	-	-	-	-	-	-	-	-	5,857	9,785
Others	15,157,139	7,501,920	2,198,446	1,028,100	2,058,518	458,369	1,802,868	1,009,243	638,386	320,928	21,855,157	10,316,558
	15,162,996	7,511,705	2,198,446	1,028,100	2,058,518	458,369	1,802,868	1,009,243	638,386	320,928	21,861,014	10,326,343
	16,060,234	8,906,564	2,708,548	1,387,682	2,512,512	1,044,724	2,010,861	1,124,740	659,988	351,197	23,951,943	12,814,907
Closing stock - note 9	(878,010)	(897,238)	(552,167)	(510,102)	(636,348)	(453,994)	(272,621)	(207,993)	(24,582)	(21,602)	(2,363,928)	(2,090,929)
Raw & packaging material consumed	15,182,224	8,009,326	2,156,381	877,580	1,876,164	590,730	1,737,840	916,747	635,406	329,595	21,588,015	10,723,978
Salaries, wages and benefits - note 26.1	347,903	133,692	648,747	220,182	2,832	800	44,669	17,326	18,728	9,911	1,059,876	382,011
Stores and spares consumed	183,251	69,519	104,415	47,339	-	-	7,697	2,293	17,618	7,621	312,978	127,072
Conversion fee paid to contract manufacturers	-	-	-	-	396,884	136,435	10,056	4,871	-	-	406,940	141,306
Oil, gas and electricity	1,890,218	1,002,818	2,713,782	1,210,796	-	-	12,481	4,690	41,948	13,950	4,658,429	2,232,254
Rent, rates and taxes	938	490	1,098	864	-	-	14,321	6,948	420	210	16,776	8,512
Insurance	24,031	12,923	27,989	16,970	-	-	1,110	563	1,395	875	54,525	31,331
Repairs and maintenance	4,596	1,657	881	5	505	-	4,678	2,174	120	61	10,893	3,897
Depreciation and amortisation charge - note 3.5 & 4.2	500,637	217,025	728,703	282,967	262	207	13,830	11,408	42,479	22,748	1,285,911	534,355
Write-offs - note 3.2.2 & 4.1	1,705	-	20,706	-	-	-	761	-	82	-	23,247	-
Excise duty	-	-	-	-	-	-	-	-	9,321	4,736	9,321	4,736
Technical fees	-	-	-	-	1,020	-	2,807	1,354	-	-	3,827	1,354
Royalty	-	-	-	-	1,629	-	-	-	-	-	1,629	-
General expenses - note 26.2	188,479	66,347	186,163	67,482	2,867	1,167	17,027	6,940	1,203	464	395,039	143,530
Opening stock of work-in-process	170,516	74,987	-	-	59,475	71,790	2,850	1,276	-	-	232,841	147,963
Closing stock of work-in-process - note 9	(143,343)	(170,516)	-	-	(18,447)	(59,475)	(6,551)	(2,850)	-	-	(168,341)	(232,841)
Cost of goods manufactured	18,331,156	9,420,568	6,567,898	2,724,185	2,328,314	741,664	1,864,566	973,740	768,714	390,171	29,858,905	14,249,458
Opening stock of finished goods	994,304	1,009,796	78,767	383,510	793,560	1,102,849	404,476	278,929	-	-	2,271,107	2,775,084
Finished goods purchased	136,304	6,979	-	175,327	2,977,682	1,098,109	1,203,605	631,964	-	463	4,317,791	1,912,842
	19,461,764	10,437,343	6,646,662	3,283,022	6,099,556	2,942,622	3,472,647	1,884,633	768,714	390,634	36,444,603	18,937,384
Closing stock of finished goods - note 9	(395,205)	(994,304)	(24,303)	(78,767)	(1,291,836)	(793,560)	(366,603)	(404,476)	-	-	(2,077,947)	(2,271,107)
Provision for slow moving & obsolete stock-in-trade - note 28	-	(1,013)	-	-	(12,389)	(2,631)	-	(4,587)	-	-	(12,389)	(8,231)
	19,066,559	9,442,026	6,622,359	3,204,255	4,792,331	2,146,431	3,106,244	1,475,570	768,714	390,634	34,354,467	16,658,046

26.1 Staff retirement benefits

Salaries, wages and benefits include Rs 31.585 million (June 30, 2013: Rs 23.685 million) in respect of staff retirement benefits.

26.2 Service charges from the subsidiary

This includes amount Rs 1.740 million (June 30, 2013: Rs 0.870 million) charged by the Company for certain administrative service charges in accordance with the service level agreement which have been eliminated from the total.

27 Selling and distribution expenses

Amounts in Rs '000

	Polyester		Soda Ash		Life Sciences		Chemicals		Others - PowerGen		Group	Group
	For the year ended June 30, 2014	For the six months period ended June 30, 2013	For the year ended June 30, 2014	For the six months period ended June 30, 2013	For the year ended June 30, 2014	For the six months period ended June 30, 2013	For the year ended June 30, 2014	For the six months period ended June 30, 2013	For the year ended June 30, 2014	For the six months period ended June 30, 2013	For the year ended June 30, 2014	For the six months period ended June 30, 2013
Salaries and benefits - note 27.1	42,010	16,373	24,624	7,690	331,964	104,418	68,240	23,610	-	-	466,838	152,091
Repairs and maintenance	155	101	1,810	1,092	2,828	1,378	2,491	856	-	-	7,284	3,427
Advertising and publicity expenses	1,103	193	15,409	42	118,980	62,127	5,347	3,926	-	-	140,839	66,288
Rent, rates and taxes	400	192	3,015	1,529	7,936	4,179	1,225	613	-	-	12,576	6,513
Insurance	-	-	370	597	7,238	5,069	2,264	1,594	-	-	9,872	7,260
Lighting, heating and cooling	107	59	1,862	680	3,336	1,357	6,292	1,453	-	-	11,597	3,549
Depreciation and amortisation charge - note 3.5 & 4.2	-	-	97	65	10,416	4,506	5,256	2,751	-	-	15,769	7,322
Write-offs - note 3.2.2 & 4.1	-	-	-	-	662	-	-	-	-	-	662	-
Outward freight and handling	2,761	5,014	61,389	30,530	81,650	30,299	66,133	28,307	-	-	211,693	94,150
Travelling expenses	7,415	3,350	3,138	1,336	116,546	43,633	16,408	7,781	-	-	143,506	56,280
Postage, telegram, telephone and telex	1,165	779	1,191	343	17,982	8,856	3,425	2,477	-	-	23,763	12,455
Royalty	188,424		89,895		-		-				278,319	
General expenses	14,710	19,958	14,010	7,453	148,172	63,974	33,254	22,671	-	-	207,146	114,056
	258,230	46,019	236,780	51,357	824,906	329,996	210,336	96,019	-	-	1,530,254	523,391

27.1 Staff retirement benefits

Salaries and benefits include Rs 13.776 million (June 30, 2013: Rs 14.036 million) in respect of staff retirement benefits.

28 Administration and general expenses

	Polyester		Soda Ash		Life Sciences		Chemicals		Others - PowerGen		Group	Group
	For the year ended June 30, 2014	For the six months period ended June 30, 2013	For the year ended June 30, 2014	For the six months period ended June 30, 2013	For the year ended June 30, 2014	For the six months period ended June 30, 2013	For the year ended June 30, 2014	For the six months period ended June 30, 2013	For the year ended June 30, 2014	For the six months period ended June 30, 2013	For the year ended June 30, 2014	For the six months period ended June 30, 2013
Salaries and benefits - note 28.1	186,182	81,181	168,080	54,173	111,969	38,779	78,635	28,249	-	-	544,866	182,382
Repairs and maintenance	4,235	2,797	3,470	1,582	4,732	1,686	1,185	481	-	-	13,622	6,546
Advertising and publicity expenses	5,057	1,018	5,778	1,159	1,915	388	1,249	251	-	-	13,999	2,816
Rent, rates and taxes	5,645	2,838	2,986	1,441	965	466	645	312	-	-	10,241	5,057
Insurance	1,310	493	1,567	589	2,793	2,390	426	160	-	-	6,096	3,632
Lighting, heating and cooling	6,241	2,987	4,905	2,674	9,118	2,909	1,060	621	-	-	21,324	9,391
Depreciation and amortisation charge - note 3.5 & 4.2	27,465	13,338	23,003	11,543	13,072	6,387	16,009	7,494	-	-	79,539	38,762
Write-offs - note 3.2.2 & 4.1	993	-	1,188	-	667	-	448	-	-	-	3,296	-
Provision for doubtful debts - trade - note 40.6	-	-	-	-	1,556	-	-	774	-	-	1,556	774
Provision for slow moving and obsolete stock-in-trade - note 9.1	-	1,013	-	-	12,389	2,631	-	4,587	-	-	12,389	8,231
Provision for slow moving spares - note 8.2	-	-	52	-	102	-	-	-	-	-	154	-
Travelling expenses	7,672	3,203	4,763	1,941	7,113	2,402	4,109	2,292	-	-	23,647	9,838
Postage, telegram, telephone and telex	3,278	1,633	3,164	1,420	2,935	1,167	1,707	827	-	-	11,072	5,047
General expenses - note 28.2	60,884	34,475	48,387	28,166	32,663	17,427	14,748	10,590	994	821	154,406	89,159
	309,150	124,976	264,293	102,888	201,869	76,632	120,221	56,638	994	821	896,407	361,835

28.1 Staff retirement benefits

Salaries and benefits include Rs 12.274 million (June 30, 2013: Rs 15.360 million) in respect of staff retirement benefits.

28.2 Service Charges from subsidiary

This includes Rs 0.240 million (June 30, 2013: Rs 0.120 million) charged by the Company for certain administrative service charges in accordance with the service level agreement which have been eliminated from the total.

Amounts in Rs '000

		For the year ended June 30, 2014	For the six months period ended June 30, 2013
29	**Other charges**		
	Auditors' remuneration - note 29.1	3,937	2,739
	Donations - note 29.2	17,452	7,450
	Workers' profit participation fund - note 21.4	111,435	57,966
	Workers' welfare fund	43,140	22,395
	Loss on disposal of property, plant and equipment	15,069	-
		191,033	90,550
29.1	**Auditors' remuneration**		
	Statutory audit fee	2,300	2,250
	Half yearly review and other certifications	950	-
	Out of pocket expenses	687	489
		3,937	2,739

29.2 Represent provision in respect of donation to ICI Pakistan Foundation (Head office, Karachi). Mr. Asif Jooma, Director of the Group, Mr. Suhail Aslam Khan, Mr. Asif Malik, Ms. Saima Kamila Khan and Ms. Fathema Zuberi, Executives of the Company are amongst the Trustees of the Foundation. No amount has been paid during the current year and corresponding period.

		For the year ended June 30, 2014	For the six months period ended June 30, 2013
30	**Finance costs**		
	Mark-up on short-term financing	327,724	137,370
	Interest on workers' profit participation fund - note 21.4	3,400	2,594
	Discounting charges on receivables	46,292	20,917
	Exchange losses	4,775	24,914
	Guarantee fee and others	5,833	1,998
		388,024	187,793
31	**Other income**		
	Income from financial assets		
	Profit on short-term and call deposits	368	-
	Income from non-financial assets		
	Scrap sales	67,994	22,563
	Gain on disposal of property, plant and equipment	988	363
	Provisions and accruals no longer required written back	138,552	92,214
	Exchange gain	104,774	-
	Sundries	9,100	10,460
		321,776	125,600

		For the year ended June 30, 2014	For the six months period ended June 30, 2013
		Amounts in Rs '000	
32	**Taxation**		
	Current	311,133	271,336
	Prior	(102,548)	(35,887)
	Deferred	70,163	102,872
	note 32.1	278,748	338,321
32.1	**Tax reconciliation**		
	Profit before tax	2,113,865	1,097,188
	Tax @ 34% (2013: 35%)	718,714	384,016
	Tax impact on profit of the subsidiary - note 32.2	(45,186)	(24,885)
	Effect of prior year charge	(102,548)	(35,887)
	Tax impact due to change of FTR ratio	89,034	8,230
	Effect of credit under section 65B	(316,690)	-
	Effect of change in tax rate on beginning deferred tax balance	(62,510)	-
	Tax effect of items not deductible for tax purposes	7,278	2,608
	Others	(9,344)	4,239
		278,748	338,321
	Average effective tax rate	13%	31%

32.2 The minimum turnover tax on subsidiary has been waived under Clause 11A of Part IV of second schedule of the Income Tax Ordinance 2001 and accordingly, the income of the Subsidiary is exempt under the provision of Income Tax Ordinance 2001.

33	**Basic and diluted earnings per share (EPS)**		
	Profit after taxation for the year / period	1,835,117	758,867
		Number of shares	
	Weighted average number of ordinary shares in issue during the year / period	92,359,050	92,359,050
		Rupees	
	Basic and diluted earnings per share (EPS)	19.87	8.22

Amounts in Rs '000

34 Remuneration of chairman, chief executive, directors and executives

The 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	
	For the year ended June 30, 2014	For the six months period ended June 30, 2013	For the year ended June 30, 2014	For the six months period ended June 30, 2013	For the year ended June 30, 2014	For the six months period ended June 30, 2013	For the year ended June 30, 2014	For the six months period ended June 30, 2013	For the year ended June 30, 2014	For the six months period ended June 30, 2013
Managerial remuneration	-	365	46,447	15,633	41,251	16,125	608,524	174,047	696,222	206,170
Retirement benefits	-	-	7,601	2,558	6,058	3,137	132,769	45,188	146,448	50,883
Group insurance	-	-	34	9	68	19	4,401	552	4,503	580
Rent and house maintenance	-	-	894	1,862	-	-	176,263	53,514	177,157	55,376
Utilities	-	-	783	256	-	-	43,780	13,118	44,563	13,374
Medical expenses	-	-	71	42	178	66	31,090	15,098	31,339	15,206
	-	365	55,830	20,360	47,555	19,347	996,847	301,517	1,100,232	341,589
Number of persons	1	1	1	1	1	2	448	370	451	378

34.1 In addition to above, an amount of Rs 207.7 million (June 30, 2013: Rs 99.5 million) on account of variable pay to employees has been recognised in the current year / period. This amount is payable in the following year after verification of achievements against targets.

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

	Paid in 2014 relating to 2013	Paid in 2013 relating to 2012
Chief Executive	7,125	-
Directors	10,857	3,855
Executives	90,577	48,007
Other employees	13,947	39,376
	122,506	91,238

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

34.3 Aggregate amount charged in the financial statements for remuneration to six non-executive directors was Rs Nil (June 30, 2013: Rs 1.975 million). During the year fee paid to directors amount to Rs 1.863 million (June 30, 2013: Rs 0.525 million) for attending board and other meetings, which is not part of remuneration.

34.3.1 The remuneration and fee paid to directors during last period includes Rs 0.442 million and Rs 0.08 million respectively against two non-executive directors who were appointed as executive directors.

34.4 The above amounts include an amount of Rs 189.01 million (2013: Rs 75.35 million) on account of remuneration of key management personnel out of which Rs 29.31 million (2013: Rs 11.881 million) relates to post employment benefits.

		As at and for the year ended June 30, 2014	As at and for the six months period ended June 30, 2013
34.5	Total number of employees as of the balance sheet date	1153	1066
	Average number of employees during the year / period	1100	1069

35 Transactions with related parties

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

	For the year ended June 30, 2014	For the six months period ended June 30, 2013
Associated companies		
Purchase of goods, materials and services	17,167	62
Sale of goods and materials	1,646,191	716,830
Dividends	322,629	162,379
Royalty	278,319	-

36 Plant capacity and annual production

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

	For the year ended June 30, 2014		For the six months period ended June 30, 2013	
	Annual Name Plate Capacity	Production	Annual Name Plate Capacity	Production
Polyester	122,000	109,810	122,000	54,428
Soda Ash - note 36.1	350,000	287,445	350,000	118,864
Chemicals - note 36.2	-	15,643	-	9,291
Sodium Bicarbonate	26,000	27,000	20,000	13,070
PowerGen - note 36.3	122,640	42,873	122,640	22,567

36.1 Production of Soda Ash was greater as compared to previous year since coal fired boilers became online during current year. Further last period production was low due to gas curtailment.

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

36.3 Electricity by PowerGen is produced as per demand.

37 Fair value of financial assets and liabilities

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

Amount in Rs '000

38 Financial risk management

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

38.1 Risk management framework

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

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

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

39 Market risk

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

39.1 Interest rate risk

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

	Carrying Amount	
	As at June 30, 2014	As at June 30, 2013
Fixed rate instruments		
Financial assets - Note 14	103,000	102,000
Financial liabilities - Note 19.1 & 21	(993,168)	(1,005,914)
	(890,168)	(903,914)
Variable rate instruments		
Financial liabilities - note 19.2 & 22	(2,737,368)	(3,654,549)
	(2,737,368)	(3,654,549)

Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at the balance sheet date would not affect profit or loss.

Sensitivity analysis for variable rate instruments

If KIBOR had been 1% higher / lower with all other variables held constant, the impact on the profit before tax for the year would have been Rs 27.37 million (2013: Rs 36.54 million).

39.2 Foreign currency risk

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

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

	EURO	USD	GBP	JPY
	As at June 30, 2014			
Trade debts	-	-	-	-
Other receivables	4,092	11,280	-	-
Cash and bank balances	-	6,897	-	-
	4,092	18,177	-	-
Trade and other payables	(63,171)	(1,276,899)	(1,050,235)	(104)
Gross balance sheet exposure	(59,079)	(1,258,722)	(1,050,235)	(104)
	As at June 30, 2013			
Trade debts	-	7,861	-	-
Other receivables	1,156	722,914	-	-
Cash and bank balances	-	53,265	-	-
	1,156	784,040	-	-
Trade and other payables	(143,565)	(1,416,383)	(545,421)	(1,321)
Gross balance sheet exposure	(142,409)	(632,343)	(545,421)	(1,321)

Amount in Rs '000

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

	Average rate		Spot rate	
	For the year ended June 30, 2014	For the six months period ended June 30, 2013	As at June 30, 2014	As at June 30, 2013
Rupees per	Rupees		Rupees	
EURO	134.97	128.92	134.94	130.18
USD	98.90	98.22	98.80	99.66
GBP	168.43	151.53	168.15	151.80
JPY	0.98	1.03	0.97	1.01

Sensitivity analysis

Every 1% increase or decrease in exchange rate with all other variables held constant will decrease or increase profit before tax for the year by Rs 23.68 million (2013: Rs 13.21 million). The following table demonstrates the sensitivity to the change in exchange rates. As at June 30, 2014, if Pak Rupee (PKR) had weakened / strengthened by 1% against other currencies, with all other variables held constant, the effect on the Group's profit before tax at June 30, 2014 and June 30, 2013 would be as follows:

	Increase / decrease in exchange rates	Effect on Profit before tax (EURO)	Effect on Profit before tax (USD)	Effect on Profit before tax (GBP)	Effect on Profit before tax (JPY)
2014					
Pak Rupee	+1%	591	12,587	10,502	1
Pak Rupee	-1%	(591)	(12,587)	(10,502)	(1)
2013					
Pak Rupee	+1%	1,424	6,323	5,454	13
Pak Rupee	-1%	(1,424)	(6,323)	(5,454)	(13)

40 Credit risk

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

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

	As at June 30, 2014	As at June 30, 2013
40.1 Financial assets		
Long-term investment - note 5	2,500	2,500
Long-term loans - note 6	256,525	202,071
Long-term deposits - note 7	25,679	24,632
Trade debts - note 10	883,710	891,186
Loans and advances - note 11	193,000	160,640
Trade deposits - note 12	26,008	17,165
Other receivables - note 13	1,201,666	796,111
Bank balances - note 14	850,210	828,467
	3,439,297	2,922,772

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

40.3 Financial assets

- Secured	483,507	568,817
- Unsecured	2,955,790	2,353,955
	3,439,297	2,922,772

Amount in Rs '000

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

	As at June 30, 2014	As at June 30, 2013
Not past due	922,537	984,116
Past due but not impaired:		
Not more than three months	106,392	63,946
Past due and impaired:		
More than three months and not more than six months	3,726	2,000
More than six months and not more than nine months	4,448	-
More than nine months and not more than one year	2,321	-
More than one year	138,242	103,858
	255,129	169,804
Less: Provision for:		
- Doubtful debts - note 10	93,664	94,802
- Doubtful loans and advances - note 11	7,292	7,292
	100,956	102,094
	1,076,710	1,051,826

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

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

Wholesale customers	98,054	1,181
Retail customers	26,008	16,650
End-user customers	131,067	151,974
	255,129	169,805
Less: Provision for:		
- Doubtful debts - note 10	93,664	94,802
- Doubtful loans and advances - note 11	7,292	7,292
	100,956	102,094
	154,173	67,711

40.6 Movement of provision for trade debts and loans and advances

	Trade Debts	Loans and Advances	Total	Total
Balance at the beginning of the year / period	94,802	7,292	102,094	102,676
Additional provision - note 28	1,556	-	1,556	774
Written off during the year / period	(194)	-	(194)	(302)
Provision no longer required	(2,500)	-	(2,500)	(1,054)
Balance at the end of the year / period	93,664	7,292	100,956	102,094

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

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

40.7 Concentration risk

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

	As at June 30, 2014	As at June 30, 2013
Textile and Chemicals	456,956	557,561
Glass	132,285	64,651
Paper and Board	12,057	2,015
Pharmaceuticals	77,862	150,600
Paints	16,893	10,369
Banks	850,210	828,467
Loans & Advances & Others	481,613	368,724
	2,027,876	1,982,387
Less: Provision for:		
- Doubtful debts - note 10	93,664	94,802
- Doubtful loans and advances - note 11	7,292	7,292
	100,956	102,094
	1,926,920	1,880,293

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

Amount in Rs '000

41 Liquidity risk

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

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

	Carrying amount	Contractual cash flows	Less than one year
	As at June 30, 2014		
Financial liabilities			
Trade creditors - note 21	1,387,666	(1,387,666)	(1,387,666)
Bills payable - note 21	2,338,350	(2,338,350)	(2,338,350)
Mark-up accrued on short term financing - note 21	58,454	(58,454)	(58,454)
Accrued interest on secured/unsecured loans - note 21	3,152	(3,152)	(3,152)
Accrued expenses - note 21	975,458	(975,458)	(975,458)
Technical service fee / Royalty - note 21	23,686	(23,686)	(23,686)
Distributors' security deposits - payable on termination of distributorship - note 21 & 21.5	106,142	(115,482)	(115,482)
Contractors' earnest / retention money - note 21	9,809	(9,809)	(9,809)
Unclaimed dividends - note 21	48,692	(48,692)	(48,692)
Payable for capital expenditure - note 21	329,509	(329,509)	(329,509)
Others - note 21	147,655	(147,655)	(147,655)
Long-term loan - note 19	2,314,805	(3,832,069)	(1,188,661)
Short-term borrowings - note 22.1,22.2 & 22.3	437,368	(463,556)	(463,556)
	8,180,746	(9,723,538)	(7,080,130)

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

	Carrying amount	Contractual cash flows	Less than one year
	As at June 30, 2013		
Financial liabilities			
Trade creditors - note 21	651,021	(651,021)	(651,021)
Bills payable - note 21	2,113,808	(2,113,808)	(2,113,808)
Mark-up accrued on short term financing - note 21	28,465	(28,465)	(28,465)
Accrued interest on secured/unsecured loans - note 21	38,733	(38,733)	(38,733)
Accrued expenses - note 21	836,188	(836,188)	(836,188)
Technical service fee / royalty - note 21	680	(680)	(680)
Distributors' security deposits - payable on termination of distributorship - note 21 & 21.5	118,888	(133,036)	(133,036)
Contractors' earnest / retention money - note 21	9,550	(9,550)	(9,550)
Unclaimed dividends - note 21	45,982	(45,982)	(45,982)
Payable for capital expenditure - note 21	253,710	(253,710)	(253,710)
Others - note 21	211,692	(211,692)	(211,692)
Long-term loan - note 19	1,887,026	(2,446,543)	(377,836)
Short-term borrowings - note 22.1 & 22.3	2,256,000	(2,290,387)	(2,290,387)
Short-term running finance - note 22.4	398,549	(398,549)	(398,549)
	8,850,292	(9,458,344)	(7,389,637)

42 Capital risk management

Amounts in Rs' 000

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

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. The Group also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, trade and other payables, less cash and bank balances. Capital signifies equity as shown in the balance sheet plus net debt. The gearing ratio as at June 30, 2014 and June 30, 2013 is as follows:

	As at June 30, 2014	As at June 30, 2013
Long-term loans	**2,314,805**	1,887,026
Trade and other payables	**5,854,278**	4,589,420
Short-term borrowings and running finance	**437,368**	2,654,549
Total debt	**8,606,451**	9,130,995
Cash and bank balances	**(858,204)**	(836,143)
Net debt	**7,748,247**	8,294,852
Share capital	**923,591**	923,591
Capital reserves	**309,643**	309,643
Unappropriated profit	**10,125,694**	8,544,999
Equity	**11,358,928**	9,778,234
Capital	**19,107,175**	18,073,086
Gearing ratio	**40.55%**	45.90%

43 Accounting estimates and judgements

Income taxes

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

The Appellate Tribunal Inland Revenue (The Tribunal) had earlier set aside the assessment for the assessment year 1998-99 on the issues of date of commissioning of PTA plant & depreciation thereon, restriction of cost of capitalisation of PTA plant and addition to income in respect of trial production stocks. The re-assessment was finalised by the department on June 29, 2010 giving rise to an additional tax demand. The Group had filed an appeal against the said order before the CIR (Appeals), the hearing of which has been completed and the order is awaited.

The tax department reopened the income tax assessment for the assessment year 2001-2002 on the ground that demerger of PTA business from ICI Pakistan Ltd. was effective from the completion date i.e. August 6, 2001. This was challenged by the Group in the High Court which upheld the Group's contention that the department did not have the right to reopen this finalised assessment. The department filed an appeal in the Supreme Court against the High Court's order. The appeal was dismissed by the Supreme Court under the principle of well known case of Eli Lilly. After the Supreme Court's decision on retrospectivity as mentioned above, a notice has been issued u/s 66A of the repealed Ordinance by tax department on June 20, 2011, which was challenged by the Group in the High Court on the basis of Supreme Court's decision as above. However, despite the stay granted by High Court, the tax department issued an order on May 7, 2012 and raised the demand of the additional tax liability of Rs 19 million. The Group filed an appeal before The Tribunal which decided the case in Group's favour on the basis that order issued on May 7, 2012 was time barred. The tax department has also issued an order through which Tribunal's order has been given effect and Group's position has been accepted.

For the assessment year 2002-2003 on receipt of notice under section 62 of the Income Tax Ordinance, 1979, the Group had filed a writ petition in the Supreme Court 'after it being dismissed by the Sindh High Court on maintainability', challenging the tax department's notice that the effective date of PTA's demerger was August 6, 2001 rather than the effective date given in the Scheme of Arrangement as October 1, 2000. That notice had raised certain issues relating to vesting of PTA assets by the Group. It is the Group's contention that such an action is unwarranted and which has illegally changed the settled position.

Whilst amending the assessment for the Tax Year 2003, 2004, 2005, 2007, 2008 and 2010 The 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. The CIR (Appeals) has also passed the orders for these tax years during the year ended June 30, 2014 thereby accepting the Group's contention on the issue of carrying forward of unabsorbed depreciation. The department has filed an appeal against the orders of the CIR (Appeals) in the Tribunal which are pending for hearing. .

In April 2012, a notice had been issued by the tax department for recovery of tax demand of Rs 271 million for Tax year 2003 and Rs 310 million for Tax year 2004 on account of unabsorbed tax depreciation relating to the demerger of PPTA business. This notice has been issued by the tax department on the basis that revenue cases cannot be stayed by the High Court of Sindh for a period of more than six months as mentioned in Article 199(4A) of the Constitution of Pakistan. The Group through its counsel has filed a reply to The department stating that since our assessments are protective assessments and as stated in the order the demand can only arise after the matter is finally decided by the Supreme Court for assessment year 2002-03. No action has been taken by the tax department after the reply of the Group.

Notice under section 221 of the Income Tax Ordinance 2001 for rectification of deemed assessment order for the Tax Year 2005 has been issued to disallow unabsorbed depreciation carried forward. A writ petition against the said notice has been filed with the High Court of Sindh which is pending for hearing.

For Tax Year 2006, the case had been selected for audit / scrutiny and whilst framing the order tax department has taken certain action in the orders, considered by the department as "protective assessments" on the matter of unabsorbed depreciation carried forward. A tax demand of Rs 616 million was raised in the order. It is the Group's contention that such an action is unwarranted. An appeal before the CIR (Appeals) on the matter has been decided in the Group's favour and carrying forward of unabsorbed depreciation has been allowed. The department has filed an appeal against the order of the CIR (Appeals) in the Tribunal which is pending for hearing.

In June 2012, whilst amending the assessment for the Tax Year 2009, the tax department had disallowed the unabsorbed depreciation on the ground that there was no brought forward depreciation from Tax Year 2008 and a demand of Rs 972 million was created. It was the Group's contention that such an action was unwarranted. This position was totally different from the position taken earlier by the tax department. The Group had filed an appeal before the High Court of Sindh challenging the said order which had decided the case with the direction that the matter will be finalised by the CIR (Appeals) within six weeks from the date of High Court's Order. On August 15, 2012 CIR (Appeals) issued its order and upheld the order passed by the tax department earlier. The Group then filed an appeal before the Appellate Tribunal Inland Revenue against the said order of CIR (Appeals) as well as for the stay of demand. On November 15, 2012, the Tribunal decided the case in Group's favour on the basis that the original assessment order for assessment year 2001-02 passed on May 29, 2002 is now crystallized and therefore unabsorbed depreciation is available to the Group. The tax department has also issued an order giving effect to the Tribunal's decision through which the unabsorbed depreciation has been allowed to be carried forward for adjustment in Tax Year 2009. Subsequently in July 2013 the tax department had also passed an order for Tax Year 2010 whereby allowed the benefit of carried forward depreciation from Tax Year 2009.

Pension and Gratuity

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

Property, plant and equipment

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

44 Standards or interpretations not yet effective

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

44.1 New, amended and revised standards and interpretations of IFRSs

The Group has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current year:

IFRS 7 – Financial Instruments: Disclosures – (Amendments) - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

IFAS 3 – Profit and Loss Sharing on Deposits

Improvements to accounting standards issued by the IASB

IAS 1 – Presentation of Financial Statements – Clarification of the requirements for comparative information
IAS 16 – Property, Plant and Equipment – Clarification of servicing equipment
IAS 32 – Financial Instruments: Presentation – Tax effects of distribution to holders of equity instruments
IAS 34 – Interim Financial Reporting – Interim Financial Reporting and segment information for total assets and liabilities

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

Standards, Interpretations and amendments to approved Accounting Standards that are not yet effective

The following are the standards and interpretations, which have been issued but are not yet effective for the current financial year:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 10 – Consolidated Financial Statements	January 01, 2015
IFRS 11 – Joint Arrangements	January 01, 2015
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 – Fair Value Measurement	January 01, 2015
IAS 16 & 38 – Clarification of Acceptable Method of Depreciation and Amortization	January 01, 2016
IAS 16 & 40 – Agriculture: Bearer Plants	January 01, 2016
IAS 19 – Employee Contributions	July 01, 2014
IAS 32 – Offsetting Financial Assets and Financial liabilities – (Amendment)	January 01, 2014
IAS 36 – Recoverable Amount for Non-Financial Assets – (Amendment)	January 01, 2014
IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting – (Amendment)	January 01, 2014
IFRIC 21 – Levies	January 01, 2014

The Group expects that the adoption of the above amendments and interpretation of the standards will not affect the Group's financial statements in the period of initial application.

In addition to the above standards and interpretations, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 July 2014. The Group expects that such improvements to the standards will not have any impact on the Group's financial statements in the period of initial application.

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

IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2017

45 **Post balance sheet events - dividends**

The directors in their meeting held on ____________ have recommended a final dividend of Rs ____ per share (2013: Rs Nil per share) in respect of the year ended June 30, 2014. The consolidated financial statements for the year ended June 30, 2014 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 authorization**

These consolidated financial statements were authorised for issue in the Board of Directors meeting held on ______________

47 **General**

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

47.2 During the period ended June 30, 2013 the Group changed its financial year from December 31 to June 30. Accordingly, the corresponding figures in the consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity pertain to the half year ended June 30, 2013 and, hence, are not comparable.

47.3 Corresponding figures have also been rearranged and reclassified, wherever necessary, for better presentation. However, there has been no material reclassification to report except for reclassification of eligible retired employees' medical scheme from differed liabilities to accrued expenses in trade and other payables amounting to Rs. 39.714 million.

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