Building a better working world

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Auditors' report to the members

We have audited the annexed unconsolidated balance sheet of **ICI Pakistan Limited** (the Company) as at **30 June 2014** and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the unconsolidated balance sheet and unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for changes as stated in note 44 to the accompanying unconsolidated financial statements with which we concur;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2014 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Chartered Accountants Mirrat

Audit Engagement Partner: Shariq Ali Zaidi

Karachi

ICI Pakistan Limited
Unconsolidated 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	11,652,057	10,550,038
Intangible assets	4	64,261	45,123
		11,716,318	10,595,161
Long-term investments	5	502,976	502,976
Long-term loans	6	253,477	199,063
Long-term deposits and prepayments	7	27,843	33,338
		784,296	735,377
		12,500,614	11,330,538
Current assets			
Stores, spares and consumables	8	559,256	558,736
Stock-in-trade	9	4,582,632	4,573,275
Trade debts	10	858,347	865,690
Loans and advances	11	191,121	158,716
Trade deposits and short-term prepayments	12	206,775	156,512
Other receivables	13	1,420,794	1,096,823
Taxation - net		1,765,784	1,474,066
Cash and bank balances	14	852,095	730,349
		10,436,804	9,614,167
Total assets		22,937,418	20,944,705
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
1,500,000,000 (June 30, 2013: 1,500,000,000) ordinary shares of Rs 10 each		15,000,000	15,000,000
Issued, subscribed and paid-up capital	15	923,591	923,591
Capital reserves	16	309,643	309,643
Unappropriated profit		10,004,193	8,555,755
Total equity		11,237,427	9,788,989
Surplus on revaluation of property, plant and equipment	17	639,372	698,536
Liabilities			
Non-current liabilities			
Provisions for non-management staff gratuity	18	77,842	79,678
Long-term loans	19	2,314,805	1,887,026
Deferred tax liability - net	20	1,093,718	1,101,111
		3,486,365	3,067,815
Current liabilities			
Current portion of long-term loans		872,221	-
Trade and other payables	21	6,264,665	4,734,816
Short-term borrowings and running finance	22	437,368	2,654,549
		7,574,254	7,389,365
Contingencies and commitments	23		
Total equity and liabilities		22,937,418	20,944,705

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

Muhammad Sohail Tabba
Chairman / Director

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

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

	Note	For the year ended June 30, 2014	For the six months period ended June 30, 2013
		Amounts in Rs '000	
Turnover	25	**42,698,659**	20,133,977
Sales tax, commission and discounts	24	**(4,465,182)**	(1,818,299)
Net sales, commission and toll income		**38,233,477**	18,315,678
Cost of sales	25	**(33,581,636)**	(16,258,497)
Gross profit		**4,651,841**	2,057,181
Selling and distribution expenses	27	**(1,530,254)**	(523,391)
Administration and general expenses	28	**(895,653)**	(361,134)
Operating result		**2,225,934**	1,172,656
Other charges	29	**(181,058)**	(85,124)
Finance costs	30	**(387,042)**	(187,062)
		(568,100)	(272,186)
Other income	31	**323,130**	125,618
Profit before taxation		**1,980,964**	1,026,088
Taxation	32	**(278,748)**	(338,321)
Profit after taxation		**1,702,216**	687,767
Basic and diluted earnings per share (Rupees)	33	**18.43**	7.45

	For the year ended June 30, 2014	For the year ended June 30, 2013
Basic and diluted earnings per share (Rupees)	**18.43**	12.55

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

Muhammad Sohail Tabba
Chairman / Director

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

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

	For the year ended June 30, 2014	Amounts in Rs '000 For the six months period ended June 30, 2013
Profit after taxation	**1,702,216**	687,767
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	**1,737,668**	906,697

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

Muhammad Sohail Tabba
Chairman / Director

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

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

	For the year ended June 30, 2014	For the six months period ended June 30, 2013
		Amounts in Rs '000
Cash flows from operating activities		
Profit before taxation	1,980,964	1,026,088
Adjustments for:		
Depreciation and amortisation - note 3.5 & 4.2	1,338,740	557,691
Loss / (gain) on disposal of property, plant and equipment - note 29 & 31	14,084	(363)
Write offs - note 3.2.2 & 4.1	27,322	
Provision for staff retirement benefit plan - note 18.1.1	52,360	48,676
Provision / (reversal) for non-management staff gratuity and eligible retired employees' medical scheme	4,801	(275,275)
Interest on bank deposits and loan to the Subsidiary	(368)	(1,292)
Interest expense	381,528	162,537
	3,799,431	1,518,062
Movement in:		
Working capital	1,068,385	(1,682,332)
Long-term loans	(54,414)	(7,555)
Long-term deposits and prepayments	5,495	7,553
Cash generated from / (used) in operations	4,818,897	(164,272)
Payments for :		
Staff retirement benefit plan - note 18.1.2	(62,798)	(94,556)
Non-management staff gratuity and eligible retired employees' medical scheme	(23,695)	(12,174)
Taxation	(574,280)	(551,563)
Interest	(351,539)	(148,799)
Net cash generated from / (used in) operating activities	3,806,585	(971,364)
Cash flows from investing activities		
Payments for capital expenditure	(2,408,806)	(958,617)
Proceeds from disposal of property, plant and equipment	7,506	5,358
Interest received on bank deposits and loan to the Subsidiary	368	12,532
Net cash used in investing activities	(2,400,932)	(940,727)

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

	For the year ended June 30, 2014	For the six months period ended June 30, 2013
	Amounts in Rs '000	
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	**2,338,927**	(458,608)
Cash and cash equivalents at the beginning of the year / period	**(1,924,200)**	(1,465,592)
Cash and cash equivalents at the end of the year / period	**414,727**	(1,924,200)
Movement in working capital		
(Increase) / decrease in current assets		
Stores and spares	**(520)**	(16,619)
Stock-in-trade	**(9,359)**	808,065
Trade debts	**7,343**	(295,439)
Loans and advances	**(32,406)**	29,766
Trade deposits and short-term prepayments	**18,691**	(19,055)
Other receivables	**(323,970)**	(100,444)
	(340,221)	406,274
Increase / (decrease) in current liabilities		
Trade and other payables	**1,408,606**	(2,088,606)
	1,068,385	(1,682,332)
Cash and cash equivalents at the end of the year / period comprise of:		
Cash and bank balances - note 14	**852,095**	730,349
Short-term borrowings and running finance - note 22	**(437,368)**	(2,654,549)
	414,727	(1,924,200)

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

Muhammad Sohail Tabba
Chairman / Director

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

ICI Pakistan Limited
Unconsolidated Statement of 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**	**7,791,656**	**9,024,890**
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	-	-	687,767	687,767
Other comprehensive income for the period			218,930	218,930
Total comprehensive income	-	-	**906,697**	**906,697**
Transfer from surplus on revaluation of property, plant and equipment - incremental depreciation for the period - net of deferred tax - note 17	-	-	42,120	42,120
	-	-	42,120	42,120
As at June 30, 2013	**923,591**	**309,643**	**8,555,755**	**9,788,989**
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	-	-	1,702,216	1,702,216
Other comprehensive income for the year			35,452	35,452
Total comprehensive income	-	-	**1,737,668**	**1,737,668**
Transfer from surplus on revaluation of property, plant and equipment - incremental depreciation for the year - net of deferred tax - note 17	-	-	80,206	80,206
	-	-	80,206	80,206
As at June 30, 2014	**923,591**	**309,643**	**10,004,193**	**11,237,427**

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

Muhammad Sohail Tabba
Chairman / Director

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

1. Status and Nature of Business

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

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

2. Summary of Significant Accounting Policies

Following are the details of significant accounting policies:

2.1 Statement of compliance

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

2.2 Basis of preparation

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

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

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

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

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

2.3 Property, plant and equipment and depreciation

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

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

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

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

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

2.4 Intangible assets and amortisation

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

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

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

2.5 Investments

Investments in subsidiaries and unquoted equity securities classified as available-for-sale are stated at cost less provision for impairment, if any.

2.6 Stores, spares and consumables

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

2.7 Stock-in-trade

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

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

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

2.8 Trade debts and other receivables

Trade debts and other receivables are recognised 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 Company 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 of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirements of Accounting Technical Release – 27 of the Institute of Chartered Accountants of Pakistan.

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

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

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

2.10 Cash and cash equivalents

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

2.11 Impairment

Financial assets

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

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

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

Non-financial assets

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

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

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

2.12 Surplus on revaluation of fixed assets

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

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

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

2.13 Staff retirement benefits

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

Defined benefit plans

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

An actuarial valuation of all defined benefit schemes except eligible retired employees' medical scheme is conducted every year. The valuation uses the Projected Unit Credit method. Actuarial gains and losses are recognised in full in the period in which they occur in other comprehensive income.

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

Defined contribution plans

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

Compensated absences

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

2.14 Operating leases / Ijarah contracts

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

2.15 Trade and other payables

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

2.16 Borrowings and their cost

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

2.17 Provisions

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

2.18 Financial liabilities

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

2.19 Earnings per share

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

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

2.22 Revenue recognition

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

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

Commission income is recognised on the date of shipment from suppliers.

Profit on short-term deposits and mark-up on loan to the Subsidiary is accounted for on a time-apportioned basis using the effective interest rate method.

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

Toll manufacturing income is recognised when services are rendered.

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

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

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

2.26 Derivative financial instruments

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

2.27 Off-setting

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

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	10,756,006	8,000,684
Capital work-in-progress - note 3.7	896,051	2,549,354
	11,652,057	10,550,038

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

	Land: Freehold	Land: Leasehold	Lime beds on freehold land	Buildings: On freehold land	Buildings: On leasehold land	Plant and machinery	Railway sidings	Rolling stock and vehicles	Furniture and equipment	Total
	Note 3.3			Note 3.3		Note 3.3				
					As at June 30, 2014					
Net carrying value basis										
Opening net book value (NBV)	341,885	-	134,525	310,465	655,011	6,361,578	-	12,964	184,256	8,000,684
Addition / transfer (at cost) - note 3.2.1	96,137	-	10,899	92,172	443,596	3,398,311	-	6,090	63,604	4,110,809
Disposal / transfer (at NBV)	-	-	-	(30)	(260)	(16,045)	-	(4,700)	(555)	(21,590)
Adjustments (at NBV) - note 3.2.2	(1)	(29)	(15)	(88,751)	86,752	(23,557)	-	26,778	(43,091)	(41,914)
Depreciation charge - note 3.5	-	29	(11,549)	(48,472)	(105,012)	(1,055,050)	-	(14,730)	(57,199)	(1,291,983)
Closing net book value	438,021	-	133,860	265,384	1,080,087	8,665,237	-	26,402	147,015	10,756,006
Gross carrying value basis										
Cost / revaluation	438,021	562,166	250,556	2,398,205	1,968,029	22,461,480	297	118,610	491,709	28,689,073
Accumulated depreciation	-	(562,166)	(116,696)	(2,132,821)	(887,942)	(13,796,243)	(297)	(92,208)	(344,694)	(17,933,067)
Closing net book value	438,021	-	133,860	265,384	1,080,087	8,665,237	-	26,402	147,015	10,756,006
Depreciation rate % per annum	-	2 to 4	5 to 25	5 to 25	3 to 33.33	3.33 to 50	3.33	10 to 33.33	10 to 50	
					As at June 30, 2013					
Net carrying value basis										
Opening net book value	341,885	-	127,434	325,586	683,958	6,438,018	-	21,010	199,598	8,137,489
Addition / transfer (at cost)	-	-	12,534	8,993	14,383	354,349	-	400	14,311	404,970
Disposal / transfer (at NBV)	-	-	-	-	(804)	(3,654)	-	(508)	(29)	(4,995)
Depreciation charge - note 3.5	-	-	(5,443)	(24,114)	(42,527)	(427,135)	-	(7,938)	(29,623)	(536,780)
Closing net book value	341,885	-	134,525	310,465	655,010	6,361,578	-	12,964	184,257	8,000,684
Gross carrying value basis										
Cost / revaluation	341,885	567,799	239,657	2,429,974	1,470,646	19,238,452	297	90,333	591,211	24,970,254
Accumulated depreciation	-	(567,799)	(105,132)	(2,119,509)	(815,636)	(12,876,874)	(297)	(77,369)	(406,954)	(16,969,570)
Closing net book value	341,885	-	134,525	310,465	655,010	6,361,578	-	12,964	184,257	8,000,684
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 include interest charge on long-term loan obtained for coal fired boiler project amounting to Rs 231.406 million out of which an amount of Rs 95.406 million was incurred during the year ended June 30, 2014.

3.2.2 During the year, the Company 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 assets having net book value of Rs. 27.213 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	362,904	345,981
Net book value	194,844	205,170

3.3 Subsequent to revaluations on October 1, 1959, September 30, 2000 and December 15, 2006 which had resulted in a surplus of Rs 14.207 million, Rs 1,569.869 million and Rs 667.967 million respectively, the land, buildings on freehold and leasehold land and plant and machinery were revalued again on December 31, 2011 resulting in a net surplus of Rs 712.431 million, respectively. The valuation was conducted by an independent valuer. Valuations for plant and machinery and building were based on the estimated gross replacement cost, depreciated to reflect the residual service potential of the assets taking account of the age, condition and obsolescence. Land was valued on the basis of fair market value.

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

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

Amounts in Rs '000

		For the year ended June 30, 2014	For the six months period ended June 30, 2013
3.5	The depreciation charge for the year / period has been allocated as follows:		
	Cost of sales - note 26	1,229,818	507,147
	Selling and distribution expenses - note 27	13,821	2,837
	Administration and general expenses - note 28	48,344	26,796
		1,291,983	536,780

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

3.6 Had there been no revaluation, the net book value of specific classes of operating property, plant and equipment would have amounted to:

	As at June 30, 2014	As at June 30, 2013
Net book value		
Freehold land	138,741	42,604
Buildings	1,218,076	806,312
Plant and machinery	8,246,802	5,868,447
	9,603,619	6,717,363

3.7 Capital work-in-progress comprises of:

Civil works and buildings	270,916	290,318
Plant and machinery	549,576	1,940,263
Miscellaneous equipment	44,606	235,219
Advances to suppliers / contractors	19,013	14,189
Designing, consultancy and engineering fee	11,940	69,365
	896,051	2,549,354

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 / period

Balance at the beginning of the year / period	2,549,354	1,984,221
Addition during the year / period	2,409,836	970,103
	4,959,190	2,954,324
Transferred to property plant and equipment during the year / period	(4,063,139)	(404,970)
Balance at the end of the year / period	896,051	2,549,354

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	30,470	14,125	16,345	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	As at June 30, 2014		
	Software	**Licenses**	**Total**
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)
Closing 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
Rate of amortisation % per annum	20	20 to 50	

Net carrying value basis	As at June 30, 2013		
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)
Closing net book value	11,754	33,369	45,123
Gross carrying amount			
Cost	230,213	128,459	358,672
Accumulated amortisation	(218,459)	(95,090)	(313,549)
Net book value	11,754	33,369	45,123
Rate of amortisation % 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.

	For the year ended June 30, 2014	For the six months period ended June 30, 2013
4.2 The amortisation charge for the year / period has been allocated as follows:		
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

	As at June 30, 2014	As at June 30, 2013
5. Long-term investments		
Unquoted - at cost		
Subsidiary		
ICI Pakistan PowerGen Limited (wholly owned)		
7,100,000 ordinary shares (June 30, 2013: 7,100,000) of Rs 100 each - note 5.1	710,000	710,000
Less: Provision for impairment loss - note 5.2	209,524	209,524
	500,476	500,476
Others		
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
	502,976	502,976

Amounts in Rs '000

5.1 As of the balance sheet date, the value of the Company's investment on the basis of net assets of ICI Pakistan PowerGen Limited (the Subsidiary) as disclosed in its audited financial statements for the year ended June 30, 2014 amounted to Rs. 773.149 million (June 30, 2013: Rs 640.265 million).

5.2 In 2011, the Company reviewed the future economic benefits of the Subsidiary based on its estimated future cash flows. The recoverable amount of investment was estimated based on its discounted value-in-use. Based on the assessment, the carrying amount of investment was determined to be Rs 209.524 million higher than the recoverable amount. However, based on current assessment no provision or reversal is required in the current year.

	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	253,477	199,063

6.1 Due from directors, executives and employees

	Motor car	House building	Total	Total
Due from directors and executives - note 6.2, 6.3 & 6.4	144,973	57,761	202,734	184,494
Less: Receivable within one year - note 11	27,266	25,745	53,011	46,329
	117,707	32,016	149,723	138,165
Due from employees - note 6.3			126,390	84,410
Less: Receivable within one year - note 11			22,636	23,512
			103,754	60,898
			253,477	199,063
Outstanding for period:				
- less than three years but over one year			161,338	111,691
- more than three years			92,139	87,372
			253,477	199,063

6.2 Reconciliation of the carrying amount of loans to directors and executives:		
Balance at the beginning of the year / period	184,494	179,498
Disbursements during the year / period	123,414	46,528
Repayments during the year / period	(105,174)	(41,532)
Balance at the end of the year / period	202,734	184,494

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

6.4 The maximum aggregate amount of loans due from the directors and executives at the end of any month during the year was Rs 202.734 million (June 30, 2013: Rs 184.494 million).

7. Long-term deposits and prepayments		
Deposits	25,679	24,632
Prepayments	2,164	8,706
	27,843	33,338
8. Stores, spares and consumables		
Stores - note 8.1	34,912	47,826
Spares	608,509	594,216
Consumables	100,570	101,377
	743,991	743,419
Less: Provision for slow moving and obsolete spares - note 8.2	184,735	184,683
	559,256	558,736

8.1 The above amounts include stores and spares in transit of Rs. 15.625 million (June 30, 2013: Rs. 19.355 million)

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

Balance at the beginning of the year / period	184,683	184,683
Charge for the year / period - note 28	154	-
Write-off during the year / period	(102)	-
Balance at the end of the year / period	184,735	184,683

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 791.619 million; 2013: Rs 740.76 million) - note 9.3	2,348,115	2,084,788
	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
		4,680,340	4,666,417
	Less: Provision for slow moving and obsolete stock-in-trade - note 9.1		
	- Raw material	8,771	15,461
	- Finished goods	88,937	77,681
		97,708	93,142
		4,582,632	4,573,275
9.1	**Movement of Provision for slow moving and obsolete stock-in-trade is as follows:**		
	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 during 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:

	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
10.	**Trade debts**		
	Considered good		
	- Secured	135,393	262,319
	- Unsecured	892,385	744,260
		1,027,778	1,006,579
	Considered doubtful	93,664	94,802
		1,121,442	1,101,381
	Less: Provision for:		
	- Doubtful debts - note 40.4	93,664	94,802
	- Discounts payable on sales	169,431	140,889
		263,095	235,691
	note 10.1	858,347	865,690

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

Yunus Textile Mills Limited	26,397	17,496
Lucky Textile Mills Limited	1,162	10,657
Lucky Knits (Private) Limited	3,340	730
ICI Pakistan PowerGen Limited	371	627
	31,270	29,510

	As at June 30, 2014	As at June 30, 2013
	Amounts in Rs '000	

11. Loans and advances

	2014	2013
Considered good		
Loans due from:		
Directors and executives - note 6.1	53,011	46,329
Employees - note 6.1	22,636	23,512
	75,647	69,841
Advances to:		
Directors and executives - note 11.1	14,241	7,270
Employees	276	263
Contractors and suppliers	95,368	75,815
Others	5,589	5,527
	115,474	88,875
	191,121	158,716
Considered doubtful	7,292	7,292
	198,413	166,008
Less: Provision for doubtful loans and advances - note 40.4	7,292	7,292
	191,121	158,716

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 14.037 million (Six months period ended June 30, 2013: Rs 2.585 million and Rs 10.619 million) respectively.

12. Trade deposits and short-term prepayments

	2014	2013
Trade deposits	25,803	16,960
Short-term prepayments	180,972	139,552
	206,775	156,512

13. Other receivables

		2014	2013
Considered good			
Duties, sales tax and octroi refunds due		243,107	351,163
Commission and discounts receivable		22,612	21,784
Interest income receivable		8,214	10,231
Receivable from principal - note 13.2		1,068,427	710,600
Others		78,434	3,045
		1,420,794	1,096,823
Considered doubtful		20,237	57,312
		1,441,031	1,154,135
Less: Provision for doubtful receivables - note 13.3		20,237	57,312
	note - 13.1	1,420,794	1,096,823

13.1 This 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 a foreign vendor in relation to margin support guarantee.

13.3 Movement of provision for doubtful receivables

	2014	2013
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

	2014	2013
Cash at banks :		
- Short-term deposits - note 14.1	103,000	102,000
- Current accounts	741,738	360,120
In hand:		
- Cheques	-	261,159
- Cash	7,357	7,070
	852,095	730,349

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

	2014	2013
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

	2014	2013
Balance at the beginning of the year / period	698,536	740,656
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	(80,206)	(42,120)
Balance at the end of the year / period	639,372	698,536

Amounts in Rs '000

		As at June 30, 2014	As at June 30, 2013 Restated
18	**Provisions for non-management staff gratuity**	77,842	79,678

18.1 Staff retirement benefits

The amount recognized 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	32,322	49,475	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)	59,478	52,360	1,294	11,558	37,118	48,676	5,272
Other comprehensive income:								
(Gain) / loss on obligation	7,112	21,574	28,686	5,677	(95,577)	(98,995)	(194,572)	7,517
(Gain) / loss 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	(79,678)	(29,126)	(302,098)	(331,224)	(72,147)
Net (reversal) / charge - note 18.1.1	7,118	(59,478)	(52,360)	(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	-	62,798	62,798	8,807	75,000	19,556	94,556	5,258
Closing balance	301,428	(196,734)	104,694	(77,842)	225,777	(190,112)	35,665	(79,678)
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	379,191	1,654,153	-	1,293,746	362,228	1,655,974	-
Present value of defined benefit obligation - note 18.1.4	(973,534)	(575,925)	(1,549,459)	(77,842)	(1,067,969)	(552,340)	(1,620,309)	(79,678)
Surplus / (deficit)	301,428	(196,734)	104,694	(77,842)	225,777	(190,112)	35,665	(79,678)

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

	2014				2013			
	Funded			Unfunded	Funded			Unfunded
	Pension	Gratuity	Total		Pension	Gratuity	Total	Restated
18.1.4 Movement in the present value of defined benefit obligation:								
Opening balance	1,067,969	552,340	1,620,309	79,678	1,194,618	646,506	1,841,124	72,147
Current service cost	17,153	32,322	49,475	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	575,925	1,549,459	77,842	1,067,969	552,340	1,620,309	79,678
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	-	62,798	62,798	-	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	379,191	1,654,153	-	1,293,746	362,228	1,655,974	-

18.1.6 Historical information *	June 30		December 31		
	2014	2013	2012	2011	2010
Present value of defined benefit obligation	1,627,301	1,699,987	2,264,010	2,337,261	2,483,046
Fair value of plan assets	(1,654,153)	(1,655,974)	(1,509,900)	(1,581,574)	(1,771,477)
(Surplus) / Deficit	(26,852)	44,013	754,110	755,687	711,569

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

18.1.7 Major categories / composition of plan assets are as follows:	2014	2013
Debt instruments	68.77%	69.00%
Equity at market value	28.70%	28.00%
Cash	2.53%	3.00%

Fair value of plan asset	Pension	Gratuity	Pension	Gratuity
Investment	As at June 30, 2014		As at June 30, 2013	
National Savings deposits	181,164	-	526,012	82,250
Government bonds	667,896	283,066	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	379,191	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 (loss) / return on plan assets during 2014 was Rs 251.689 million (2013: Rs 209.154 million).

Amounts in Rs '000

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	1% Increase	1 % Decrease
Discount rate	(85,297)	95,249
Salary increase	62,203	(56,918)
Pension increase	35,272	(31,726)

18.1.10 The Company contributed Rs 62.186 million (June 30, 2013: Rs 31.347 million) and Rs 44.950 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 (net assets)	**1,269,506**	1,234,564
Cost of investments made (actual investments made)	**1,127,747**	1,062,906
Percentage of investments made (cost of investments)	**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 investment 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 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 Company has obtained Long-Term Finance Facility (LTFF) for imported and locally manufactured plant and machinery from Faysal Bank Limited of Rs 343.591 million (limit: Rs 500 million) and Habib Bank Limited of Rs 543.435 million (limit: Rs 1,000 million) for a period of 7 years (including 2 year grace period), with the principal payable on semi annual basis. The mark-up is chargeable at fixed rate ranging from 9.65% to 9.85% payable on quarterly basis. These facilities are secured against first pari passu hypothecation charge on the Property, Plant and Equipment (PPE) of the Company's Soda Ash Business located at Khewra. The loans have been refinanced by the State Bank of Pakistan under 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 Company had obtained long-term finance of 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 Company'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 Company has obtained long-term finance of 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 Company'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 Company has obtained long-term loan for Rs 1,000 million from Allied Bank Limited 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 Company's Soda Ash Business located at Khewra.

Amounts in Rs '000

	As at June 30, 2014			As at June 30, 2013		
	Opening	Charge / (Reversal)	Closing	Opening	Charge	Closing
20 Deferred tax liability - 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 fund 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.

21 Trade and other payables	As at June 30, 2014	As at June 30, 2013 Restated
Trade creditors - note 21.1 & 21.1.1	1,717,081	741,283
Bills payable	2,338,246	2,113,695
Excise and custom duties	3,959	3,964
Mark-up accrued on short term borrowings	58,454	28,465
Accrued interest on expansion project - note 21.2	3,152	38,733
Accrued expenses	966,337	830,788
Technical service fee / royalty - note 21.3	23,686	680
Workers' profit participation fund - note 21.4	107,446	61,635
Workers' welfare fund	43,797	49,081
Distributors' security deposits - payable on termination of distributorship - note 21.5	106,142	118,888
Contractors' earnest / retention money	9,808	9,550
Running account with customers - note 21.6	223,874	118,086
Unclaimed dividends	48,693	45,982
Payable for capital expenditure	328,317	252,931
Accrual for compensated absences - note 21.7	31,249	31,249
Payable to ICI Pakistan PowerGen Limited (the Subsidiary)	129,519	102,057
Others	124,905	187,749
	6,264,665	4,734,816

21.1 This includes an amount of Rs 344.692 million (2013: Rs 101.84 million) payable to ICI Pakistan PowerGen Limited, a related party on account of purchase of electricity.

21.1.1 This amount includes Rs Nil (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 (2013: Rs Nil) on account of royalty payable to Lucky Holdings Limited , the holding company.

21.4 Workers' profit participation fund

Balance at the beginning of the year / period	61,635	75,192
Allocation for the year / period - note 29	104,422	54,195
	166,057	129,387
Interest on funds utilised in the Company's businesses at 41.25 % (2013: 41.25 %) per annum - note 30	3,049	2,248
Less: Payment to the fund	61,660	70,000
Balance at the end of the year / period	107,446	61,635

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:

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

21.7 This figure is based on actuarial valuation and estimation.

Amounts in Rs '000

		As at June 30, 2014	As at June 30, 2013
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 4,921 million (June 30, 2013: Rs 4,715 million) and carry mark-up during the year ranging from relevant 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 + 0.43% on utilized limits). These facilities are secured by hypothecation charge over the present and future stock-in-trade and book debts of the Company.

22.1	**Short-term borrowings - secured**	-	2,126,000

There are no short term borrowings utilized at the balance sheet date (June 30, 2013: Rs. 2,126 million at relevant KIBOR + 0.20% to 0.40%)

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 Company has export refinance facility of upto Rs. 200 million (2013: Rs. 200 million) available from Faysal Bank Limited as at June 30, 2014 out of which Rs 170 million was utilized (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 (SBP) 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 Company not acknowledged as debts are as follows:

	2014	2013
Local bodies - note 23.1.1	32,261	12,735
Others	36,616	28,288
	68,877	41,023

23.1.1 The Company was served notice by Punjab Employees Social Security Institution's (PESSI) Local office Shahdara, dated November 24, 1997 on Polyester Plant for alleged non payment of Rs 11.96 million on account of social security contribution on the 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 Company challenged the notice and filed an appeal with Vice Commissioner Social Security Institution and also filled 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.

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

23.3 Guarantee issued by the Company of Rs Nil (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 1,168.636 million (2013: Rs 541.987 million).

23.5 During the year, ICI Pakistan Limited 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 ICI to acquire 40% equity in NutriCo in up to three tranches. Subsequent to the balance sheet date, the Company 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 153.912 million (June 30, 2013: Rs 132.995 million) are as follows:

Year	2014	2013
2014	-	54,462
2015	61,657	43,304
2016	48,649	26,216
2017	34,403	9,013
2018	9,203	-
	153,912	132,995

Payable not later than one year	61,657	54,462
Payable later than one year but not later than five years	92,255	78,533
	153,912	132,995

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

24 Operating segment results

Amounts in Rs '000

	Polyester		Soda Ash		Life Sciences		Chemicals		Company	Company
	For the year ended June 30, 2014	For the six months period ended June 30, 2013 Restated	For the year ended June 30, 2014	For the six months period ended June 30, 2013 Restated	For the year ended June 30, 2014	For the six months period ended June 30, 2013 Restated	For the year ended June 30, 2014	For the six months period ended June 30, 2013 Restated	For the year ended June 30, 2014	For the six months period ended June 30, 2013 Restated
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	5,857	9,785
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	42,642,911	20,108,871
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	42,704,516	20,143,762
Sales tax	385,692	126,708	1,518,523	645,513	40,978	9,189	479,680	215,631	2,424,873	997,041
Commission and discounts to distributors and customers	439,358	126,914	425,196	137,643	859,787	424,271	315,968	132,430	2,040,309	821,258
	825,050	253,622	1,943,719	783,156	900,765	433,460	795,648	348,061	4,465,182	1,818,299
Net sales, commission & toll income	18,842,383	9,456,090	8,989,474	4,086,226	6,603,819	2,950,874	3,803,658	1,832,273	38,239,334	18,325,463
Cost of sales - note 26	19,066,559	9,442,026	6,622,359	3,204,255	4,792,331	2,146,431	3,106,244	1,475,570	33,587,493	16,268,282
Gross profit	(224,176)	14,064	2,367,115	881,971	1,811,488	804,443	697,414	356,703	4,651,841	2,057,181
Selling and distribution expenses - note 27	258,230	46,019	236,780	51,357	824,909	329,996	210,335	96,019	1,530,254	523,391
Administration and general expenses - note - 28	309,160	124,976	264,293	102,888	201,989	76,632	120,221	56,638	895,663	361,134
Operating result	(791,566)	(156,931)	1,866,042	727,726	784,590	397,815	366,858	204,046	2,225,924	1,172,656
24.1 Segment assets - note 24.5 & 25.3	7,643,268	7,215,283	14,827,493	12,608,937	6,335,403	4,853,686	2,809,583	2,398,548	20,565,660	18,865,663
24.2 Unallocated assets									2,371,760	2,079,042
									22,937,420	20,944,705
24.3 Segment liabilities - note 24.5 & 25.4	11,336,335	8,772,215	4,389,791	3,177,567	2,565,658	1,680,842	1,024,907	809,807	8,256,604	6,229,439
24.4 Unallocated liabilities									2,804,017	4,227,741
									11,060,621	10,457,180

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

	Polyester 2014	Polyester 2013	Soda Ash 2014	Soda Ash 2013	Life Sciences 2014	Life Sciences 2013	Chemicals 2014	Chemicals 2013	Company 2014	Company 2013
24.6 Depreciation & amortization - note 3.5 and 4.2	528,092	230,363	751,803	294,575	23,750	11,100	35,095	21,653	1,338,740	557,691
24.7 Capital expenditure	1,627,533	407,574	803,035	550,903	43,008	16,997	35,232	19,671	2,508,808	995,145

24.8 Inter-segment pricing

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

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

25. Reconciliations of reportable segment turnover, 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	42,704,516	20,143,762
Elimination of inter-segment turnover - note 24	(5,857)	(9,785)
Total turnover	42,698,659	20,133,977
25.2 Cost of sales		
Total cost of sales for reportable segments - note 26	33,587,493	16,268,282
Elimination of inter-segment purchases - note 26	(5,857)	(9,785)
Total cost of sales	33,581,636	16,258,497
25.3 Assets		
Total assets for reportable segments	20,565,660	18,865,663
Taxation recoverable	1,765,784	1,474,066
Bank deposits - note 14	103,000	102,000
Long-term investments - note 5	502,976	502,976
Total assets	22,937,420	20,944,705
25.4 Liabilities		
Total liabilities for reportable segments	8,256,604	6,229,439
Short-term loan	170,000	2,256,000
Long-term loan	2,314,905	1,887,026
Accrued interest expansion project - note 21	3,182	38,733
Unclaimed dividends - note 21	48,593	45,982
Total liabilities	10,793,284	10,457,180

Amounts in Rs '000

26. Cost of Sales

	Polyester		Soda Ash		Life Sciences		Chemicals		Company	Company
	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	588,355	207,993	115,497	2,069,327	2,458,293
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	456,369	1,802,668	1,009,243	21,216,771	9,995,632
	15,162,996	7,511,705	2,198,446	1,028,100	2,058,518	456,369	1,802,668	1,009,243	21,222,628	10,005,417
	16,060,234	8,906,564	2,708,548	1,387,682	2,512,512	1,044,724	2,010,661	1,124,740	23,291,955	12,463,710
Closing stock - note 9	(878,010)	(897,238)	(552,167)	(510,102)	(636,348)	(453,994)	(272,821)	(207,993)	(2,339,346)	(2,069,327)
Raw material consumed	15,182,224	8,009,326	2,156,381	877,580	1,876,164	590,730	1,737,840	916,747	20,952,609	10,394,383
Salaries, wages and benefits - note 26.1	347,903	133,692	645,747	220,182	2,832	900	44,669	17,326	1,041,151	372,100
Stores and spares consumed	183,251	69,819	104,415	47,339	-	-	7,697	2,293	295,363	119,451
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	4,616,481	2,218,304
Rent, rates and taxes	936	490	1,098	864	-	-	14,321	6,948	16,355	8,302
Insurance	24,031	12,923	27,989	16,970	-	-	1,110	563	53,130	30,456
Repairs and maintenance	4,596	1,657	891	5	608	-	4,678	2,174	10,773	3,836
Depreciation & amortisation charge - note 3.5 & 4.2	500,637	217,025	728,703	282,967	262	207	13,830	11,408	1,243,432	511,607
Write-offs - note 3.2.2 & 4.1	1,708	-	20,706	-	-	-	751	-	23,165	-
Technical fees	-	-	-	-	1,020	-	2,807	1,354	3,827	1,354
Royalty	-	-	-	-	1,829	-	-	-	1,829	-
General expenses	168,479	68,347	168,183	67,482	2,887	1,167	17,027	6,940	356,576	143,936
Opening stock of work-in-process	170,516	74,987	-	-	59,475	71,700	2,850	1,276	232,841	147,963
Closing stock of work-in-process - note 9	(143,343)	(170,516)	-	-	(16,447)	(59,475)	(6,551)	(2,850)	(166,341)	(232,841)
Cost of goods manufactured	18,331,156	9,420,568	6,567,895	2,724,185	2,325,314	741,654	1,864,566	973,740	29,088,931	13,860,157
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	1,203,805	631,964	4,317,791	1,912,379
	19,461,764	10,437,343	6,646,662	3,283,022	6,096,556	2,942,622	3,472,847	1,884,633	35,677,829	18,547,620
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 and obsolete stocks - 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	33,587,493	16,268,282

26.1 Staff retirement benefits

Salaries, wages and benefits include Rs 31.205 million (June 30, 2013: Rs 23.196 million) in respect of staff retirement benefits.

27. Selling and distribution expenses

	Polyester		Soda Ash		Life Sciences		Chemicals		Company	Company
	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 & amortisation charge - note 3.5 & 4.2	-	-	97	65	10,416	4,506	5,256	2,751	15,769	7,322
Outward freight and handling	2,761	5,014	81,389	30,530	61,650	30,299	66,133	28,307	211,893	94,150
Travelling expenses	7,415	3,350	3,138	1,336	116,546	43,833	16,406	7,761	143,505	56,280
Postage, telegram, telephone and telex	1,165	779	1,191	343	17,982	5,856	3,425	2,477	23,763	12,455
Royalty	188,424	-	89,895	-	-	-	-	-	278,319	-
Write-offs - note 3.2.2 & 4.1	-	-	-	-	862	-	-	-	862	-
General expenses	14,710	19,958	14,010	7,453	145,172	63,974	33,264	22,671	207,146	114,056
	258,230	46,019	238,780	51,357	824,909	329,995	210,335	95,019	1,530,254	523,391

27.1 Staff retirement benefits

Salaries and benefits include Rs 13.776 million (June 30, 2013: Rs 14.038 million) in respect of staff retirement benefits.

28. Administration and general expenses

	Polyester		Soda Ash		Life Sciences		Chemicals		Company	Company
	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	61,181	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	1,015	5,778	1,159	1,915	388	1,249	251	13,999	2,816
Rent, rates and taxes	5,645	2,638	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	2,874	9,118	2,909	1,060	621	21,324	9,391
Write-offs - note 3.2.2 & 4.1	993	-	1,188	-	667	-	448	-	3,296	-
Depreciation & amortisation charge - note 3.5 & 4.2	27,458	13,338	23,003	11,543	13,072	6,387	16,006	7,494	79,539	38,762
Provision for doubtful debts - trade - note 40.6	-	-	-	-	1,556	-	-	774	1,556	774
Provision for obsolete stocks - note 9.1	-	1,013	-	-	12,389	2,631	-	4,587	12,389	8,231
Provision for slow moving and obsolete spares - note 8.2	-	-	52	-	102	-	-	-	154	-
Travelling expenses	7,872	3,203	4,763	1,941	7,113	2,402	4,109	2,292	23,857	9,838
Postage, telegram, telephone and telex	3,276	1,633	3,154	1,420	2,935	1,167	1,707	827	11,072	5,047
General expenses	60,884	34,475	45,357	26,166	32,663	17,427	14,748	10,590	153,652	88,658
	309,153	124,976	264,293	102,888	201,989	76,632	120,221	56,638	895,653	361,134

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.

	For the year ended June 30, 2014	For the six months period ended June 30, 2013
	Amounts in Rs '000	
29. Other charges		
Auditors' remuneration - note 29.1	3,687	2,539
Donations - note 29.2	17,452	7,450
Workers' profit participation fund - note 21.4	104,422	54,195
Workers' welfare fund	40,428	20,940
Loss on disposal of property, plant and equipment	15,069	-
	181,058	85,124

29.1 Auditors' remuneration

Statutory audit fee	2,050	2,050
Half yearly review and other certifications	950	-
Out of pocket expenses	687	489
	3,687	2,539

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. Salma 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.

30. Finance costs

Mark-up on short-term financing	327,724	137,370
Interest on workers' profit participation fund - note 21.4	3,049	2,248
Discounting charges on receivables	46,292	20,917
Exchange losses	4,144	24,529
Guarantee fee and others	5,833	1,998
	387,042	187,062

31. Other income

Income from financial assets		
Income from related party		
Return on loan due from the Subsidiary	-	1,292
Service fee from related parties - note 31.1	1,980	990
Income from other financial assets		
Profit on short-term and call deposits	368	-
	2,348	2,282
Income from non-financial assets		
Scrap sales	67,371	22,212
Gain on disposal of property, plant and equipment	985	363
Provisions and accruals no longer required written back	138,552	90,300
Exchange gain	104,774	-
Sundries	9,100	10,461
	323,130	125,618

Amounts in Rs '000

31.1 This represents amount charged by the Company for certain management and other services rendered to its wholly owned subsidiary, ICI Pakistan PowerGen Limited, in accordance with the service agreement.

	For the year ended June 30, 2014	For the six months period ended June 30, 2013
32. Taxation		
Current	311,133	271,336
Prior	(102,548)	(35,887)
Deferred	70,163	102,872
Net tax charged - note 32.1	278,748	338,321
32.1 Tax reconciliation		
Profit before taxation	1,980,964	1,026,088
Tax @ 34% (2013: 35%)	673,528	359,131
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
Net tax charged	278,748	338,321
Average effective tax rate	14%	33%
33. Basic and diluted earnings per share (EPS)		
Profit after taxation for the year / period	1,702,216	687,767
	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)	18.43	7.45

Amounts in Rs '000

34. Remuneration of Chairman, Chief Executive, Directors and Executives

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

	Chairman		Chief Executive		Directors		Executives		Total	
	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	605,490	172,879	693,188	205,002
Retirement benefits	-	-	7,601	2,558	6,058	3,137	131,977	44,887	145,636	50,582
Group insurance	-	-	34	9	68	19	4,377	548	4,479	576
Rent and house maintenance	-	-	894	1,862	-	-	175,134	53,054	176,028	54,916
Utilities	-	-	783	256	-	-	43,503	13,015	44,286	13,271
Medical expenses	-	-	71	42	178	66	30,880	14,741	31,129	14,849
	-	365	55,830	20,360	47,555	19,347	991,361	299,124	1,094,746	339,196
Number of persons	1	1	1	1	1	2	446	368	449	376

34.1 In addition to above, an amount of Rs 205.8 million (June 30, 2013: Rs 98.6 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	13,813	39,319
	122,372	91,181

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

34.3 Aggregate amount charged in the unconsolidated 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	1138	1053
	Average number of employees during the year / period	1086	1055

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

	For the year ended June 30, 2014	For the six months period ended June 30, 2013
Subsidiary Company		
Purchase of goods, materials and services	1,068,140	543,181
Provision of services and other receipts - note 31	1,980	990
Return on loan to the Subsidiary - note 31	-	1,292
Sale of goods and material and services	2,440	-
Associated companies		
Purchase of goods, materials and services	17,167	62
Sale of goods and materials	1,646,191	718,460
Dividends	322,629	162,379
Royalty	278,319	

Amounts in Rs '000

36. Plant capacity and annual production

- in metric tonnes :

	For the year 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

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.

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 largely on the basis of non-observable market data.

38. Financial risk management

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

38.1 Risk management framework

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

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

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

39. Market risk

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

39.1 Interest rate risk

Interest rate risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the balance sheet date the interest rate profile of the Company'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 & 21	(993,168)	(1,005,914)
	(890,168)	(903,914)
Variable rate instruments		
Financial liabilities - note 19 & 22	(2,737,368)	(3,654,549)
	(2,737,368)	(3,654,549)

Sensitivity analysis for fixed rate instruments

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

Sensitivity analysis for variable rate instruments

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

Amount in Rs '000

39.2 Foreign currency risk

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

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

	EURO	USD	GBP	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)	-
Gross balance sheet exposure	(59,079)	(1,258,722)	(1,050,235)	-
	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)	(1,208)
Gross balance sheet exposure	(142,409)	(632,343)	(545,421)	(1,208)

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

	Average rate		Spot rate	
	As at June 30, 2014	As at 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 Company 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	-
Pak Rupee	-1%	(591)	(12,587)	(10,502)	-
2013					
Pak Rupee	+1%	1,424	6,323	5,454	12
Pak Rupee	-1%	(1,424)	(6,323)	(5,454)	(12)

40. Credit risk

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

Amount in Rs '000

The Company'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 investments - note 5	2,500	2,500
	Long-term loans - note 6	253,477	199,063
	Long-term deposits - note 7	25,679	24,632
	Trade debts - note 10	858,347	865,690
	Loans and advances - note 11	191,121	158,716
	Trade deposits - note 12	25,803	16,960
	Other receivables - note 13	1,177,687	745,660
	Bank balances - note 14	844,738	723,279
		3,379,352	2,736,500

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

40.3	**Financial assets**		
	- Secured	479,034	538,756
	- Unsecured	2,900,318	2,197,744
		3,379,352	2,736,500

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

Not past due	921,068	982,468
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	112,469	78,086
	229,356	144,032
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
	1,049,468	1,024,406

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

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

Wholesale customers	72,282	1,181
Retail customers	26,008	16,650
End-user customers	131,066	126,201
	229,356	144,032
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
	128,400	41,938

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 company-standard for dynamic provisioning:

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

Amount in Rs '000

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	457,365	430,224
Glass	106,513	64,651
Paper and Board	12,056	2,015
Pharmaceuticals / Detergents	77,861	150,600
Paints	16,893	10,369
Banks	844,738	723,279
Loans & Advances & Others	479,736	468,641
	1,995,162	1,849,779
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
	1,894,206	1,747,685

40.8 Other price risk is the risk that the value of future cash flows of the financial instrument will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investment securities. As at the balance sheet date, the Company is not materially exposed to other price risk except investment in subsidiary which is carried at cost against which provision for impairment has been provided in these unconsolidated financial statements.

41. Liquidity risk

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

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

	Carrying amount	Contractual cash flows	Less than one year
	As at June 30, 2014		
Financial liabilities			
Trade creditors - note 21	1,717,081	(1,717,081)	(1,717,081)
Bills payable - note 21	2,338,246	(2,338,246)	(2,338,246)
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	966,337	(966,337)	(966,337)
Technical service fee / royalty - note 21	23,686	(23,686)	(23,686)
Distributors' security deposits - payable on termination of distributorship - note 21 & 21.5	106,142	(115,482)	(115,482)
Contractors' earnest / retention money - note 21	9,808	(9,808)	(9,808)
Unclaimed dividends - note 21	48,693	(48,693)	(48,693)
Payable for capital expenditure - note 21	328,317	(328,317)	(328,317)
Payable to ICI Pakistan PowerGen Limited - note 21	129,519	(129,519)	(129,519)
Others - note 21	124,905	(124,905)	(124,905)
Long-term loan - note 19	2,314,805	(3,832,069)	(1,188,661)
Short-term borrowings - note 22.1 & 22.2	437,368	(453,556)	(453,556)
	8,606,513	(10,149,305)	(7,505,897)

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

	As at June 30, 2013		
Financial liabilities			
Trade creditors - note 21	741,283	(741,283)	(741,283)
Bills payable - note 21	2,113,695	(2,113,695)	(2,113,695)
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	791,074	(791,074)	(791,074)
Technical service fee / royalty - note 21	680	(680)	(680)
Distributors' security deposits - payable on termination of distributorship - note 21 & 21.4	118,888	(132,203)	(132,203)
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	252,931	(252,931)	(252,931)
Payable to ICI Pakistan PowerGen Limited - note 21	102,057	(102,057)	(102,057)
Others - note 21	149,320	(149,320)	(149,320)
Long-term loan - note 19	1,887,026	(2,446,543)	(377,836)
Short-term borrowings - note 22.1 & 22.2	2,256,000	(2,290,387)	(2,290,387)
Short-term running finance - note 22.3	398,549	(398,549)	(398,549)
	8,934,233	(9,541,452)	(7,472,745)

42. Capital risk management

Amounts in Rs' 000

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

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. The Company also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, 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	6,264,665	4,734,816
Short-term borrowings and running finance	437,368	2,654,549
Total debt	9,016,838	9,276,391
Cash and bank balances	(852,095)	(730,349)
Net debt	8,164,743	8,546,042
Share capital	923,591	923,591
Capital reserves	309,643	309,643
Unappropriated profit	10,004,193	8,555,755
Equity	11,237,427	9,788,989
Capital	19,402,170	18,335,031
Gearing ratio	42.08%	46.61%

43. Accounting estimates and judgements

Income taxes

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities (unless there is remote possibility of transfer of benefits). The 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 Company 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 Company in the High Court which upheld the Company's contention that the department did not have the right to reopen this finalised assessment. The department filed an appeal in the Supreme Court against the High Court's order. The appeal was dismissed by the Supreme Court 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 Company 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 Company filed an appeal before the The Tribunal which decided the case in Company'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 Company'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 Company 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 company. It is the Company'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 Company'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 company'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 Company 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 Company.

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 company's contention that such an action is unwarranted. An appeal before the CIR (Appeals) on the matter has been decided in the Company'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 Company's contention that such an action was unwarranted. This position was totally different from the position taken earlier by the tax department. The Company 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 Company 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 Company'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 company. 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. In July 2013 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 financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might affect gains and losses in those years.

Property, plant and equipment

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

44. Standards or Interpretations not yet effective

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

44.1 New, Amended and Revised Standards and Interpretations of IFRSs

The Company has adopted the following 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 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 Company expects that the adoption of the above amendments and interpretation of the standards will not affect the Company'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 Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

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

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

45. Post balance sheet events - dividends

The Directors in their meeting held on August 29, 2014 have recommended a final dividend of Rs ___ per share (2013: Rs Nil per share) in respect of year ended June 30, 2014. This dividend is in addition to interim dividend paid of Rs. 4 per share during the current year

46. Date of authorisation

These financial statements were authorised for issue in the Board of Directors meeting held on August 29, 2014.

47. General

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

47.2 During the half year ended June 30, 2013 the Company changed its financial year from December 31 to June 30. Accordingly, the corresponding figures in the profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity pertain to 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 deferred liabilities to trade and other payables amounting to Rs. 39.714 million.

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