



ICI Pakistan Limited is now part of the AkzoNobel Group

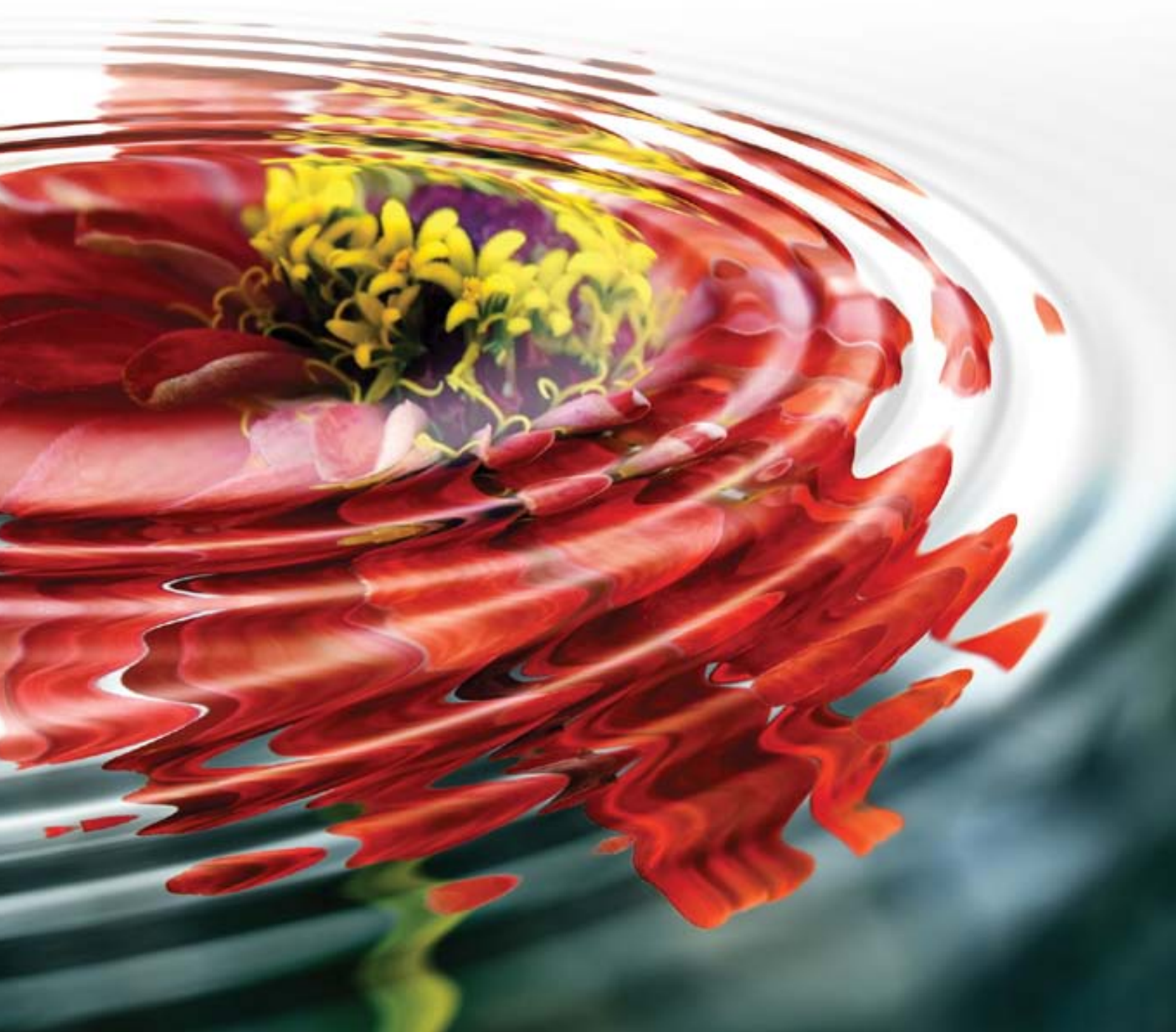
Celebrating the oneness of life

ICI Pakistan Limited Annual Report 2009



AkzoNobel

Tomorrow's Answers Today







Celebrating the oneness of life

We recognize that everything in this world is linked. We are all interdependent on each other and our environment, and for the circle of life to continue flowing smoothly, these interdependencies need to be nurtured and allowed to flourish.

At ICI Pakistan Limited, everything we do links to the oneness of life, to the world around us, and most importantly, to the lives of our consumers. Our products and services are all geared towards making an impact on your life.

You will feel our presence even when we are not visible, in the ambience of your homes, in the fabric of your clothing, in the many products you use to make life a little easier, a little better. And to us, this is our way of ensuring that we are at one with the continuity of life.



Polyester

One with the fiber of life

Being manufacturers of Polyester Fiber weaves us tightly into the fabric of your life.

Our Polyester Staple Fiber (PSF) is spun into yarn, which is then woven or knitted into fabric used to make clothing, bed sheets and other textile products that each one of us uses. This man-made fiber is a key substitute and complement for cotton, making it a highly critical raw material in a textile-intensive country such as Pakistan.

We introduced this wonderful product to this country over 20 years ago. As one of the pioneers of the PSF technology in Pakistan, we enabled the cotton-rich textile industry to diversify their products and be more competitive in the international arena where growth of man-made fibers has been phenomenal. Our high quality product has set the trend and the PSF industry in Pakistan now competes internationally with comparable output and production rates.



Soda Ash

One with the essentials of life

Did you know that every time you pick up a glass, read a newspaper or do your laundry, you experience the use of soda ash?

Without soda ash, the manufacturing of necessary commodities such as glass, paper and detergents would not be possible. Most people are probably not even aware of the importance of this basic raw material, still, we as a company know that we touch practically every life in the country in some way through the use of these essential everyday products.

Our Soda Ash Plant in Khewra was established in the 1940s, even before the creation of Pakistan! We're market leaders for this key ingredient and are proud to be the largest producers of it in the country. Our remarkable growth over the years has enabled development and enhancement of the industries we furnish thereby providing you with a wider array of quality products to enhance your lifestyle.



Paints

One with the colors of life

Everywhere you go, you will find the colors of your life enhanced by our paint products.

We have been coloring Pakistan for 44 years, and through the decades we've worked hard to provide you the right backdrop for life by transforming your homes and your workplaces with our paint solutions. But it's not just about adding colors through the assortment of our palette; our products touch your life in many different ways.

We offer industrial coatings that help protect everything from refrigerators and radios to boiler plants and manufacturing facilities while our refinish paint products maintain and extend the life of your vehicles. Being able to influence so much makes us a direct part of your lives, and this is a responsibility we take very seriously.

Being the largest provider of paint solutions in Pakistan, delivering results is a part of our DNA, and we strive to ensure that our customers have access to a broad range of high quality products. Of course, we now have the added advantage of being part of the largest global paints and coatings company. With AkzoNobel's expertise, we have lots of exciting opportunities to grow and to enter new fields, enabling us to continue being the leading paints company in Pakistan.



Life sciences

One with the sanctity of life

Our name says it all; ours is the science of life – your life.

Helping you maintain and improve the quality of life is a role we are proud of and take very seriously. Whether you need advanced pharmaceuticals for your healthcare needs, superior seeds to improve the quality of essential crops or solutions for livestock management, we work hard to ensure you get the best.

We market some of the leading drugs available today, geared to address life threatening ailments like cardiovascular disease and cancer as well as providing veterinary and agricultural brands, so that you have a range of options for improving the quality of your life.

Being entrusted with such a serious responsibility, we are even more committed to innovation and keeping ahead of the curve with products and services that draw on the newest research and latest advances. We want to make sure our customers trust in us remains solid and that our brands remain synonymous with quality and consumer confidence.



Chemicals

One with the ingredients for life

Our chemical ingredients translate into hundreds of products that you use in daily life.

We're not stretching the truth when we say we service practically every industry in the country! Our products are essential in all kinds of manufacturing processes and in products from adhesives to paint, and from insulation for housing and refrigeration to textile auxiliaries that determine the finish of fabrics we use.

Where chemicals are involved, we know we have to be extra careful about our impact on people and the world around us. Our strong emphasis on health, safety, and environment means we incorporate the best practices from around the world, providing full safety information to customers, a safe workplace for employees, and care for the environment through many of our projects focusing on sustainability.



Our ambition

Tomorrow's Answers Today

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

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

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

This benefits our customers because we sustain their future competitiveness and meet the consumers' unspoken needs.

This ambition defines us. This is the way we work. This is why we come to work.

Our mission

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

Strategic thrust

To achieve our mission we will:

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

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Notice of AGM

Admission slip

Form of proxy

ICI Pakistan locations



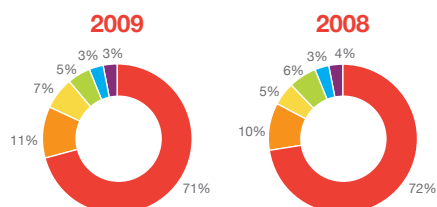
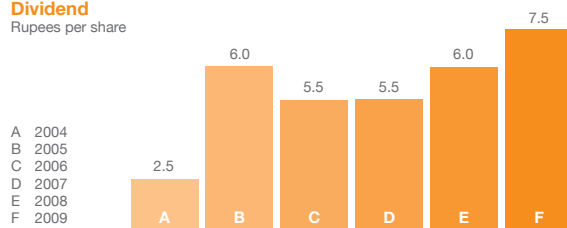


Year in review

2009 highlights and value addition

- Net sales income and gross profit up by 2% and 3% respectively
- Profit before and after tax up by 9% and 10% respectively
- Earnings per share up by 10%
- Highest ever dividend per share for any year
- Significant win on the issue of taxability of the PPTA de-merger event

Dividend
Rupees per share



- Raw material and services
- Government exchequer and duties
- Employee remuneration & benefits
- Operating & other expenses
- Dividends
- Profit retained

Value addition

	2009	%	2008	%
Net sales including sales tax	30,587,069	99	30,019,991	99
Other operating income	459,983	1	213,425	1
	31,047,052	100	30,233,416	100

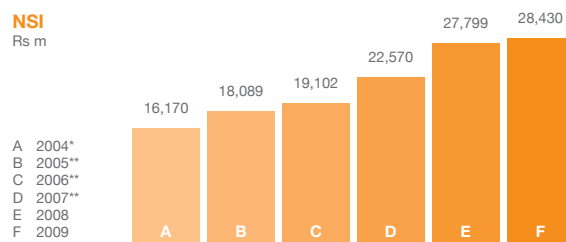
Value distribution

	2009	%	2008	%
Raw Material and Services	21,918,714	71	21,807,418	72
Government Exchequer and duties	3,290,509	11	3,104,382	10
Employee remuneration & benefits	2,091,418	7	1,638,591	5
Operating & other expenses	1,701,673	5	1,820,287	6
Dividends	1,041,017	3	832,814	3
Profit retained	1,003,721	3	1,029,924	4
	31,047,052	100	30,233,416	100

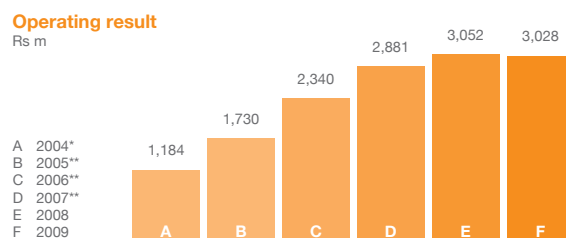
*Excluding discontinued furnace oil, coal & OEM car paints businesses

**Excluding discontinued OEM car paints business

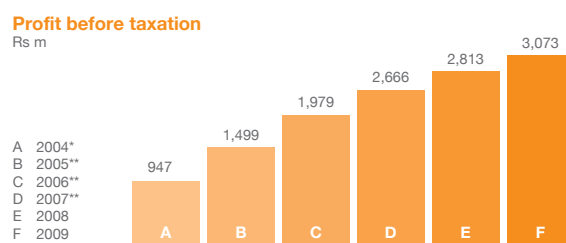
NSI
Rs m



Operating result
Rs m

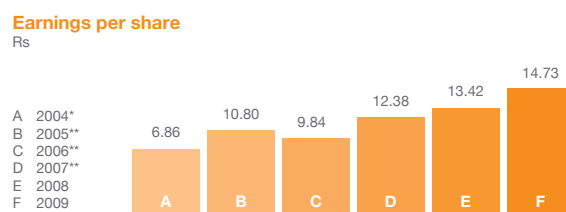


Profit before taxation
Rs m



Excluding oneoff profit on sale of PPTA shares in 2004

Earnings per share
Rs



Excluding oneoff profit on sale of PPTA shares in 2004 and recognition of deferred tax credit in 2005

Amounts in Rs' 000

Awards and achievements

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

FBR Taxpayers Excellence Award

Large Taxpayer Unit Karachi, a division of the Federal Board of Revenue, Islamabad awarded us with the FBR Taxpayers Excellence Award 2009. This award comes as acknowledgement of our payment of government taxes and duties amounting to over Rs. 33 billion since 1995.

ICAP 2nd Best Corporate Report Award

Our Annual Report 2008 secured the second position in the Chemicals and Fertilizers category of the ICAP Best Corporate Report Awards. This is the third successive year, beginning with a 3rd position in 2006 and 2nd position in 2007, that we have had the honor of winning the Best Corporate Report Award.

MAP Excellence Award

We have been awarded the 26th Corporate Excellence Award in the Chemicals and Allied Sector by the Management Association of Pakistan (MAP). This is the second consecutive year that we have won this award.

Environmental honor for ICI Pakistan Limited

We were among the winners of the recent 2009 Environment Excellence Awards organized by Pakistan's National Forum for Environment and Health (a non-profit affiliated with the UN Environmental Program).

NCCA Award for diary and calendar design

Our diary and calendar design for 2008, on the theme of 'One Village, One Product' was awarded second prize by the National Council of Culture and Arts Pakistan at their 40th Print and Design Award Ceremony.



Feroz Rizvi, CFO, accompanied by Waqar A Malik, CE, receives the Corporate Excellence Award from Syed Salim Raza, Governor, State Bank of Pakistan



HSE

A strong culture of health and safety is essential for a company that wants to be successful, and we're no different. We know that the health and safety of our people is of paramount importance, as is the safety of our processes and the sanctity of the environment. We've worked consistently over the years to put in place a strong, progressive HSE system which continues to evolve.

Our belief

Our goal is to increase stakeholder's value by delivering sustainable solutions to our customers as this is critical to the success of our company. To achieve this we work on sustainable business operation concept to meet our needs today while protecting resources and rights for future generations. We strive to continuously improve our HSE performance through leadership commitment, dedication of our staff and application of professional standards in our work.

Our principle

The implementation of our HSE&S policies across all operations, sites and businesses is through the AkzoNobel Health, Safety & Environment Management systems which are fully integrated with the company's scheme of organization. Key elements are the policy, directives, standards, guidelines, local management systems and training, measurements, self assessment and audit, performance and policy review. This new system augments but does not replace HSE legislations already applicable to our activities.

Our performance

Health

- Completion of the whole year without a reportable Occupational Illness

Safety

Our Businesses achieved the following man-hours without LTI (Lost Time Injury) to employees and supervised contractors:

- Soda Ash 21.13 million man-hours
- Polyester 17.8 million man-hours
- Paints 9.9 million man-hours
- Specialty Chemicals 4.9 million man-hours
- Life Sciences 6.6 million man-hours

Environment

- Reduction in CO2 emission by 2% in 2009
- Based on our HSE Performance, National Forum for Health and Safety declared ICI Pakistan the winner of the 2009 Environment Excellence Award



HR highlights

At ICI Pakistan, you will find a unique workplace with a diverse mix of personalities and expertise. Our people have talent, creative drive and enthusiasm. And that’s reflected in an atmosphere where they’re encouraged to achieve full potential in their area of business.

Our ambition, ‘Tomorrow’s Answers Today’ is reflected in our people. They’re entrepreneurial in their thinking and pragmatic in solving problems. Everything they do is done with integrity and responsibility. Most of all, they have the courage and curiosity to question accepted wisdom and provide answers others haven’t even thought of.

Our Talent Factory

Over 1,300 people are a part of our Talent Factory, and we’re proud that these employees are the ones who shape the future of our company.

We want our employees, and those thinking of joining us, to see us as a place where they can grow. Our Talent Factory aims to develop strong leaders, who can make a real impact on our performance and market value, and be noticed.

In line with our company value ‘Developing the talents of our people’, we provide development opportunities through cross-functional exposure. Capability groups within the company have been formed to ascertain bench strength in each functional area and plan future career roadmaps for our key talent. This ensures a strong line of succession within the organization, in areas of commercial, technical, finance and HR.

For many years, the ICI Graduate Recruit Program has been our primary source of hiring and attracting new talent. In fact, several of our senior executives today joined ICI through this channel. In 2009, we added seven Graduate Recruits from different leading universities of Pakistan. While our talent pipeline is steadily augmented

by a stream of young recruits, we also have employees who have been part of our family for over twenty years.

For the Talent Factory to really take shape, we concentrate on these three building blocks:



Diversity & Inclusion

We have a very strong commitment to diversity and inclusion. We are an equal opportunity employer and this is practiced in all aspects of our business activities, including recruitment and employment. Combined with state of the art technology and HR Information systems, the result is a high performance environment within which individuals can achieve their professional and personal aspirations. We take pride in our demographically diverse workforce that works together to create synergies and produce results.

2009 Highlights

Training & Development

In line with our vision to become a Talent Factory, we recognize that improved management capability is the key enabler of a high performance culture, a better environment for employees and ultimately a vital ingredient for sustainable growth. This requires that we develop our leaders at all levels from executive to first line manager.

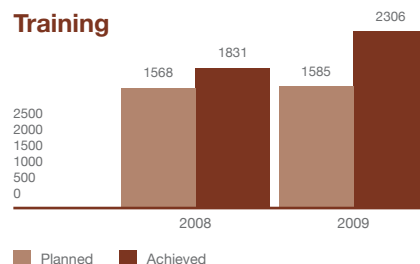
Despite the prevalent financial and political uncertainty and challenges, 2009 was a good year from a people development viewpoint. Improving skills and behavioral aspects based on our values, strategic intent and operational excellence formed a key focus area in 2009.

Passion for People and Management Development Programs

To support our global integration with the AkzoNobel talent pool and create common understanding of leadership and management competencies, Management Development Programs and the “Passion for People” training catalog were launched. A total of 2,306 training man-hours contributing to learning and development of our employees were completed in 2009.

We developed training road maps for our engineers, sales force effectiveness and supply chain professionals. These programs ensure a certain set of expertise are built which are required by the company and also assist our employees in career advancement.

We make sure tomorrow’s leaders are being developed today. Our Leadership Talent Reviews help us identify and assess the future leaders of our businesses and these are supported through Development Centers that 12 of our senior managers attended during the year. The Management Essentials Program (MEP) and the Advanced Management Program (AMP) were also launched this year, with the aim of developing leadership skills in our first line and senior managers. A total of 35 managers completed their MEP certification in 2009.



Performance & Development Dialog (P&DD)

As our marketplace changes constantly, we ensure our people improve and adapt their skills accordingly. Our new and improved performance appraisal system – the P&D Dialog that was rolled out in Pakistan during the year, facilitates formal performance assessments and identification of development needs essential to equip our managers to take on future challenges. The program involves setting objectives, regular performance reviews and an end of the year assessment. Focusing on longer term development and offering further professional support, the Development Dialog helps employees and their managers plan their careers.

Attika Khan Shift Coordination Manager, Paints

"Two years down the line, I believe my journey through ICI has been revolutionary. Not only have I evolved as an engineer, but I also have had the opportunity to explore new avenues, learn technical skills which they do not teach at schools, and understand the human psyche.

ICI has given me the courage to question, the freedom to experiment and innovate, and the opportunity to apply my potential. Today, I am proud to be a part of the ICI family."



Ali Zaman Business Manager, Paints

"I joined ICI as a Graduate Recruit 15 years ago, and over the years have experienced many of the different roles and functional areas in the company.

For me personally, the best aspect of working for ICI is the diversity of experience that can only be offered by a company with as many products and businesses as we have."





CSR highlights

We're as committed to our communities as we are to our customers, shareholders and employees. Social responsibility is a way of life at ICI Pakistan. We recognize that we cannot have a healthy and growing business unless the communities we serve are healthy and sustainable.

We have a rich history of community investment that's evolved to meet the complexities and challenges of a developing society. We support a broad range of initiatives in the areas of health, education and environment protection as we believe they provide the fundamental building blocks for the development of society.

CSR Highlights for 2009

Employee Volunteer Program launch

Our approach to community investment is not limited to financial support, but is centered on the vital element of employee engagement. We believe that getting our own people deeply involved in helping communities is the best way to make a lasting and sustainable contribution.

To create a stable platform for employee engagement we launched the ICI Pakistan Volunteer Program in early 2009, and started off our volunteer activities immediately. Our employees enthusiastically contributed their time to a variety of community initiatives and so far 1816 volunteer hours have been clocked in by 86 employees.

Disaster Relief

When disasters strike, those affected require immediate assistance to meet basic needs such as shelter, healthcare, food, and clothing. We make it a point to offer immediate support for relief as well as assisting in long-term rehabilitation.

Relief efforts

When insurgent action in the Northern areas of Pakistan, particularly Swat, resulted in a humanitarian crisis due to the displacement of millions of people, we immediately responded by providing financial support and relief goods. A sum of Rs. 3 million was pledged by the ICI Pakistan Foundation and our employees organized a collection drive, gathering staple food items, medicine and clothing. Our employees located in the Northern areas also actively volunteered at the IDP camps.

Rehabilitation

The 2005 earthquake was one of the worst ever natural disasters to hit Pakistan, causing massive loss of life and destroying entire communities. As part of the rehabilitation effort, we funded and built a primary and middle girls school in Bararkot. Our employees were actively engaged in the process, liaising with government authorities and ERRRA, as well as offering technical support and supervision. The school is now run by government authorities with our active involvement; in 2009, we arranged for and funded the induction of several well-qualified teachers to improve quality of education available to local students.

Windmill project at local hospital

The sole hospital facility in the underdeveloped area of Mauripur located near the ICI Head Office suffered from an electricity shortage due to frequent power outages. The hospital had obtained a windmill to generate its own back-up power, but needed to carry out repairs and installation. With our support, this windmill has been repaired and is now being installed.

Business Investment

Polyester

Tibbi Harya Community Development Program

In 2004, our Polyester Business adopted the local Government Primary School at Tibbi Harya next to our Polyester Plant. In 2009, we upgraded the school by providing additional teachers and investing in school infrastructure. Along with this, our Polyester team also initiated a project to help build roads and improve water and sanitation facilities for the community in Tibbi Harya.



Children in IDP camp receiving school kits

Tree Plantation Drive

In collaboration with Parks & Horticulture Authority (PHA) Lahore, we launched a tree plantation drive along the famous Canal Road in Lahore. 15,000 trees have been planted along the length of this famous landmark of Lahore. Our Polyester team worked along with PHA to make this initiative possible.

Soda Ash

Jinnah Park

Pind Dadan Khan is in the vicinity of our Soda Ash plant in Khewra. In 2009, we developed a recreational park for the community spanning over an area of 106,250 feet. This area was a deep sewage pond which has now been converted into a beautiful park.

200th Eye camp at Khewra

Founded in 1943, our Warrington Hospital is located on-site at our Khewra plant. Besides serving staff, the hospital serves the community with free out-patient facilities, and has held Free Eye Camps in collaboration with LRBT since 1991. In 2009, we celebrated a historic milestone by holding our 200th Free Eye Camp at the hospital. So far 11,281 major and minor surgeries have been conducted and 109,313 people from the community have been treated through this hugely successful initiative.



Doctors perform eye surgery using state-of-the-art medical equipment during our 200th Free Eye Camp at Khewra

Paints

Paints Community Program

In 2009, Paints committed over Rs. 2 million on life-saving equipment for Pediatric Wards at the Ittefaq Hospital, Children's Hospital and SOS Village in Lahore. Volunteers from our Paints team helped develop areas of the Children's Hospital, and also dedicated time to children from the SOS Village by conducting skill development sessions.

Chemicals

Community Kitchen

As part of our Community Relations Program, we have successfully set up a 'Community Kitchen' at Machar Colony near our Head Office in Karachi. This project takes the unique initiative of providing women from the colony an opportunity to save on fuel cost and cook for their families in a safe and clean environment. Our volunteers from Chemicals were involved in the logistics and set-up of this community kitchen, from the inception to the actual launch.



Women from Machar Colony cooking at our Community Kitchen facility

Sea Food Kitchen

After the success of the Community Kitchen concept, we expanded the program to develop a Seafood Kitchen in the fishing community of Kakapir Village near Sandspit beach in Karachi. The aim of this initiative is to provide the community of fisherfolk with an alternative means of sustainable income so they can improve community facilities such as their school and health center. The kitchen is designed and equipped for commercial cooking and the idea is to promote the delicious indigenous seafood cuisine of the area as a food alternative for beach-goers.

Life Sciences

Community Development at the Kakapir Village

We have been working on various projects to uplift the small coastal village of Kakapir including running a Girl's Primary School. In 2009, the first batch of the school's students successfully completed the fifth grade and secured admission in the nearby Government Secondary School.

In 2009, we also initiated the Kakapir Water Pipeline Project. Our technical teams provided their expertise in the installation of a new water pipeline to provide a permanent water supply to the community. More than 300 households now have access to a continuous water supply.



The Kakapir Village Water Pipeline is inaugurated by Jehanzeb Khan, Vice President Chemicals, while our Life Sciences Team, and community members look on

Delivering value to customers

Our customers' needs are the driving force behind all that we do. Each of our businesses is unique in the scope of its operations and has its own practices, but what remains consistent is the drive to produce the greatest possible value. Like increasing production while reducing our CO2 emissions by 2 percent, and ensuring our customers have the benefit of a greener tomorrow.

Paints

As market leaders in the category, we know that our customers expect nothing short of the best from us, so when recent research told us that our consumers were having trouble buying and selecting paint, we immediately addressed the problem. We developed modernized retail outlets and state-of-the-art color studios that meet international standards and provide a new tinting technology, advanced color selection tools and other services that ensure a better, more accurate paint-selection process for customers.

Comfort and convenience are also top priority, and we addressed this concern by developing our Mobile Color Solution Center. This state-of-the-art Dulux-branded mobile shop provides services similar to a premium retail outlet, and by visiting residential and commercial localities in Lahore, Karachi and Islamabad, is able to provide products and services to our consumers literally at their doorstep.

Dulux also raised the bar on service by introducing a dedicated customer services department to offer quick, easy access to a wide array of technical solutions and inspirational designs. We are the first in the industry to create such a service and with comprehensive feedback received at 0800-DULUX, we now know how to serve our customers better.

Polyester

Our goal is to provide customized solutions to our customers to satisfy ever-changing market needs. In line with this goal, at Polyester we've developed a cost-effective recycled Polyester Fiber demanded by our customers to compete in a price sensitive segment of the market. This helped to reduce their input cost and saved them from the hassle and added costs of importing similar products from overseas. This initiative not only delighted our customer but was also valuable from the point of view of sustainability, with the recycling aspect making our new fiber cost-effective and reducing the burden on the scarce resources of our planet.

Life Sciences

Sustaining global food supplies for a growing world population is an important question on the minds of leaders across the globe. In 2009, our Animal Health Division launched a product called Telilac, a calf milk replacer, (CMR). The use of CMRs is well established in developed countries, and the introduction of the product into Pakistan by us brings the latest technologies for maximizing returns from available natural resources to local livestock farmers. The value proposition for customers is two-fold; better health and growth of calves, and increase in income through sale of milk saved, which in turn also increases the availability of milk.

Chemicals

Innovation is key to our success. We don't just provide top quality products, we offer innovative solutions to facilitate our customers.

In 2009, one of our major customers ran into a difficulty when a particular titanium dioxide product they'd been using in their paint formulations became unavailable in Pakistan. When we realized they were unable to find alternate suppliers, we stepped in. Our team pooled its resources to source an alternate titanium product. We then helped our client reformulate their original paint recipe so that it was actually an improvement over the old one. Our customer not only found a solution to their original problem, but also enjoyed a 5% cost reduction and a subsequent increase in profitability.

Soda Ash

At our Soda Ash business its not just about manufacturing and supplying our product; we take things a step further to make sure all our customers get the best value possible. An example of this is the initiative we launched last year to address the particular needs of our smaller customers.

Transport and logistics costs can be a burden, especially for smaller concerns. To remedy this, our commercial team went the extra mile by working with our customers' transporters to group the requirements of small customers in the same geographic locations across the country, and dispatching product on trailers instead of small trucks, thereby reducing costs. At no extra cost, we ended up with happier customers and a more efficient, thought-out transport plan and of course contributing to reducing the carbon footprint!



New Dulux colour studio



ICI Pakistan Limited



AkzoNobel
The Chemicals Division of Akzo

ICI Pakistan Limited is now part of
the AkzoNobel Group

About ICI Pakistan

Company information

Board of directors

M J Jaffer	Chairman (Non-Executive)
Waqar A Malik	Chief Executive
Mueen Afzal *	Non-Executive
Ali A Aga	Executive
Bart Kaster	Non-Executive

Audit sub committee

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

Chief Financial Officer

Feroz Rizvi

Executive management team

Waqar A Malik	Chief Executive
Ali A Aga *	Vice President, Soda Ash
Dr Amir Jafri	Vice President, Paints
Jehanzeb Khan	Vice President, Chemicals

Bankers

Askari Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Citibank N.A.
Deutsche Bank AG
Faysal Bank Limited
Habib Bank Limited
HSBC Bank Middle East Limited

Auditors

Internal auditors

Ernst & Young Ford Rhodes Sidat Hyder,
Chartered Accountants

Registered office

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

* names in alphabetical order

** replaced Nasir Jamal as of February 1, 2010

Tariq Iqbal Khan	Non-Executive
James R Rees	Non-Executive
Feroz Rizvi	Executive
M Nawaz Tiwana	Non-Executive
Derek W Welch	Non-Executive

Remuneration sub committee

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

Company Secretary

Saira Nishtar**

Suhail Aslam Khan	Vice President, Polyester
M Asif Malik	General Manager, Technical
Feroz Rizvi	Chief Financial Officer

MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Oman International Bank
Samba Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Royal Bank of Scotland Limited
United Bank Limited

External auditors

KPMG Taseer Hadi & Co.,
Chartered Accountants

Shares registrar

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

Board members' profiles



M J Jaffer
Chairman (Non-Executive)

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



Waqar A Malik
Chief Executive

Appointed as the Chief Executive of ICI Pakistan Limited on October 1, 2005, Waqar has over 24 years of extensive experience with the Group, in senior commercial, finance and strategy roles including an overseas secondment at ICI Group Headquarters in London.

Waqar is on the Boards of Engro Polymer and Chemicals Limited, IGI Insurance Limited and Pakistan Business Council. He is a Director on the Central Board of Directors of State Bank of Pakistan and a trustee of the Duke of Edinburgh's Award Foundation. He is also a member of the Board of Governors of National Management Foundation – LUMS and the Indus Valley School of Art and Architecture.



Feroz Rizvi
Director & CFO

Appointed to the Board of Directors of ICI Pakistan Limited in October 2006, Feroz is the Chief Financial Officer and has been with ICI Pakistan for over 26 years, during which he has held various senior positions. He is also a Director of ICI Pakistan PowerGen Limited and Faysal Asset Management Limited.



M Nawaz Tiwana
Director (Non-Executive)

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



Ali A Aga
Director & Vice President
Soda Ash Business

Appointed to the Board of Directors of ICI Pakistan Limited in January 2009, Ali is Vice President Soda Ash Business and has been with ICI Pakistan for the last 21 years. He has diverse experience in commercial, human resources and general management roles. Ali is also a Director on the Board of ICI Pakistan PowerGen Limited.



Tariq Iqbal Khan
Director (Non-Executive)

Appointed to the Board of Directors of ICI Pakistan Limited in October 2001, Tariq is the Chairman and Managing Director of National Investment Trust Ltd. He has served as Chairman and MD of ICP and is a Founder Director of the Islamabad Stock Exchange. He has also served as a member, Tax Policy and Co-ordination in the Federal Board of Revenue, and was later appointed Commissioner with the Securities and Exchange Commission of Pakistan.



Bart Kaster
Director (Non-Executive)

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

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



James R Rees
Director (Non-Executive)

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

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



Mueen Afzal
Director (Non-Executive)

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

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



Derek Walter Welch
Director (Non-Executive)

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

Board & management committees with brief terms of reference

Committees of the board

Audit committee

The Audit Committee of the board reviews the system of internal controls, risk management and the audit process besides assisting the Board in reviewing financial statements and announcements to shareholders. The Committee comprises of Non-Executive Directors including the Chairman. The Audit Committee meets at least four times in a year besides privately meeting with external auditors and the head of internal audit.

Remuneration committee

The Remuneration Committee of the Board is responsible for reviewing the remuneration and benefits of the Chief Executive, Executive Directors and other senior managers. The Committee consists of two Non-Executive Directors. The Committee meets at least once a year.

Banking committee

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

Share transfer committee

The Share Transfer Committee of the Board comprises of two Executive and one Non-Executive Director. This Committee approves registrations, transfers and transmission of shares. Resolutions passed by the Shares Transfer Committee are subsequently placed at Board meetings for ratification.

Management committees

Executive management committee

The CE is the Chairman of the Executive Management Committee. The Committee comprises of the Chief Financial Officer, all Vice Presidents, and one General Manager. This Committee meets once a month under the chairmanship of the Chief Executive and is responsible for strategic business planning, decision making and overall management of the Company.

HSE management committee

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

Succession planning forum

This forum is chaired by the CE and meets annually to review the company's succession planning, talent development and talent pipeline at senior management level. This forum is supported by the following Capability Groups:

- Commercial Capability Group
- Technical Capability Group
- Finance and IT Capability Group
- HR Capability Group

Supply chain network

Chaired by the Vice President Chemicals Business, the Supply Chain Network comprises of Supply Chain Managers of each of the Company's businesses. This Network aims to improve procurement and material handling effectiveness by seeking and capitalizing on synergistic opportunities and sharing of best practices.

Sustainability Council

Sustainability Council comprises of a multi-disciplined team representing each segment of ICI Pakistan Limited and is headed by General Manager, Technical. The objective of the Council is to implement a sustainable business strategy for the company and stakeholders.

Our code of conduct

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

A brief overview of the code:

Business principles

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

Business integrity

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

Company responsibilities

The Code encourages us to:

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

Employee responsibilities

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

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

AkzoNobel



AkzoNobel
Tomorrow's Answers Today



About AkzoNobel

AkzoNobel is proud to be one of the world's leading industrial companies. Based in Amsterdam, the Netherlands, AkzoNobel makes and supplies a wide range of paints, coatings and specialty chemicals

AkzoNobel is:

- The largest paints and coatings company in the world
- A Fortune 500 company
- One of the Chemicals Industry leaders on the Dow Jones Sustainability Indexes
- A global presence with operations in more than 80 countries the world over, employing a workforce of 57,000 people

ICI Pakistan as part of AkzoNobel Group

ICI Pakistan was acquired by AkzoNobel on January 2, 2008. We are proud to be part of a group that is committed to innovation, introducing new ideas and developing sustainable answers for our customers every day. We look forward to a bright and exciting future as one strong company with the drive to deliver Tomorrow's Answers Today.

Our values



Our values are the beliefs that underpin our business. They define what we are and what we aim to be. They reflect the way we should operate both internally and externally. And they're summed up in the line 'Tomorrow's Answers Today'.

These values give us standards to measure ourselves by, particularly in our dealings with customers, suppliers, our own people and the wider world. The values have real meaning for us and the way we behave.

Here's what each of them means in practice:



Focusing on our customers' future first

We can guarantee our future only by giving our customers products and services that improve their future. So this value comes first. It's our priority and the reason why we exist. We've always met the needs of our customers – that's why we've grown. But now we make it very clear: it's the basis of everything we do.



Embracing entrepreneurial thinking

New thinking and new ideas are everything – if we're to compete. So we need an environment and a mindset that encourages new ideas from individuals and teams.

"Yes", not "Yes, but..."
"Why not?" not "Why?"
We might fail occasionally, but we'll get great ideas to market more quickly as a result. And we'll keep more people with truly original ideas within the company.



3

Developing the talents of our people

Our business will grow if our people grow too. So we're committed to professional and personal development. We'll do all we can to develop existing talents, nurture new skills and progress within AkzoNobel. Through this commitment, we'll attract and retain people of the highest quality to develop the business.

4

The courage and curiosity to question

AkzoNobel isn't one of those companies with a set way of doing things. We dislike rigid hierarchies and we want our people to take a broad, interested view of the world. We like them to ask questions. "Is there a better way?" There generally is a better way, if we challenge ourselves and our customers to look at things differently. It's the way we improve.

5

Integrity and responsibility in our actions

Business needs to work within a framework. Our employees have to be aware of rules and regulations that they must comply with, in whatever part of the world they work. But integrity and responsibility go deeper than that. They're about doing things in the right way, as individuals and as a company.

Ethical and responsible behavior matters to our business. If we do the right things, people will know we're a company that can be trusted. They'll then be more likely to work with us and invest in us – which is good for our long-term growth.



Directors' report

One with the spirit of leadership

The Board of Directors are pleased to present their report together with the audited financial statements of the Company for the year ended December 31, 2009.

Overview

During the year your Company faced concurrent headwinds notably, recession in the developed world, significant decline in large scale domestic manufacturing exacerbated by energy shortages as well as increase in electricity and gas tariffs. In addition, persistent inflation and high interest rates contracted the aggregate demand particularly in the construction and automobile sectors. Despite this, your Company demonstrated growth in earnings over 2008. Focus on our customers, cash, costs and strength of a diverse portfolio helped to protect our margins and limit the decline in volumes in a contracting economy.

Profit after tax of Rs 2.04 billion for the year was up by 10 percent compared with 2008 (restated). Earnings per share at Rs 14.73 was up by 10 percent over 2008 (restated).

On group basis (including the results of the wholly owned subsidiary ICI Pakistan PowerGen Limited) profit after tax for the year at Rs 2.05 billion was up by 21 percent compared with 2008 (restated). Earnings per share at Rs 14.80 was up by 21 percent over 2008 (restated).

2009 Key highlights

- PSF sales volume up by 10 percent despite domestic PSF market contraction by 3 percent
- Completion of the 65 ktpa Soda Ash plant expansion at a cost of Rs 1.9 billion. Domestic Soda Ash market contracted by 1 percent. Established new export markets for Soda Ash
- Continued investment in channel modernisation in the decorative segment. Double digit decline in domestic decorative coatings market
- Successful launch of AkzoNobel's flagship vehicle refinish brand 'Sikkens', thereby establishing ICI as the clear market leader in this segment
- Double digit sales volume growth in industrial coatings for the motor cycle and the tractor segments
- Double digit volume growth both in our pharmaceutical and animal health segments. Sunflower seed sales affected by farm economics, tilting disproportionately in favour of wheat
- Reduction in carbon footprint by 2 percent
- Significant win on the issue of taxability of the PPTA de-merger event. The Supreme Court of Pakistan has held that section 122(5A) of the Income Tax Ordinance 2001 cannot be applied retrospectively



From left to right

Jehanzeb Khan
Vice President,
Chemicals Business

Dr Amir Jafri
Vice President,
Paints Business

Feroz Rizvi
Chief Financial Officer

Ali A Aga
Vice President,
Soda Ash Business

Waqar A Malik
Chief Executive

Suhail Aslam Khan
Vice President,
Polyester Business

M Asif Malik
General Manager, Technical

Financial performance

Summary of financial results for ICI Pakistan Limited for the year ended December 31, 2009 is given below:

ICI PAKISTAN LIMITED

	2009	2008 (Restated)	Increase/ (Decrease) Percentage
	Rs Million		
Turnover	32,399	31,922	1.5
Net Sales Income	28,430	27,799	2.3
Gross Profit	5,676	5,496	3.3
Operating Result	3,028	3,052	(0.8)
Profit Before Tax	3,073	2,813	9.2
Profit After Tax	2,045	1,863	9.8
Earning Per Share (Rs)	14.73	13.42	9.8

Dividends

Your Directors are pleased to announce a final dividend of 45 percent i.e., Rs 4.50 per share of Rs. 10 each of the issued and paid up capital of Rs. 1,388,023,000. This, including the interim dividend of 35 percent, makes a total dividend of 80 percent for 2009.

Projects

During the current year the 65 ktpa Soda Ash plant expansion project at a revised cost of Rs 1,850 million was successfully completed and commissioned as per plan, without a lost time incident.

Health, Safety and Environment (HSE)

All our sites remained fully compliant with liquid and air emission standards. Despite higher production in 2009, our energy consumption and fresh water usage remained lower than 2008. This has resulted in a further reduction of CO₂ emissions in 2009 by 2 percent over 2008.

There was no reportable occupational illness to our employees or supervised contractors in 2009. During the year, there was a safety incident resulting in a fatality and a medical treatment injury to contract employees arising out of the fallout from a bomb blast few hundred meters away from one of the Company's office premises in Lahore, in May 2009. In addition, there was one case of medical treatment injury to an employee and one case of lost-time injury to an independent contractor.

Polyester

- Sales volume higher by 10%
- Domestic Polyester Staple Fiber (PSF) market experienced 3% contraction
- Improved margins and energy efficiency resulting in 49% increase in operating result

	Q4 2009	Increase/ (Decrease*)	Year Ended December 31, 2009	Increase/ (Decrease*)
Operating Result - Rs Million	248	210%	1,089	49%
Sales Volume - Tonnes	31,231	40%	123,381	10%
Production Volume - Tonnes	30,749	50%	123,642	10%

*Compared with the same period last year

Feedstock prices remained firm throughout the year on account of upturn in crude and naphtha values coupled with some tightness in PX and MEG availability. This rise in feedstock prices was also bolstered by relatively better demand in China due to the Chinese Government's stimulus package. Consequently, polyester prices also gained strength in the regional market.

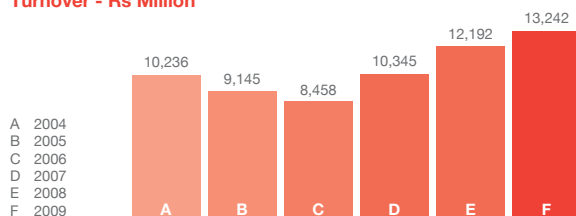
The Government announced the Textiles Policy for the period 2009 to 2014 which includes continuation of the monetisation of customs duty on PTA giving some relief to the highly capital intensive and margin squeezed PSF industry and the textile sector in general.

The domestic PSF market experienced a 3 percent contraction. The domestic PSF industry was affected by the dumping of product by regional suppliers at uneconomical prices as well as the duty free entry of man made fiber through the misuse of the existing

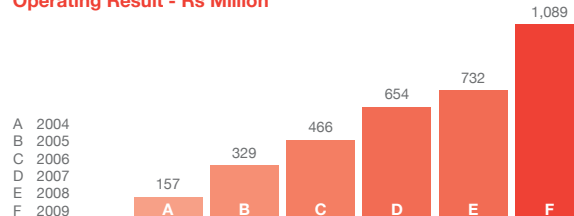
Afghan Transit Treaty. The business is actively pursuing the National Tariff Commission and various Government ministries for an enhancement of tariff on PSF. Earlier in 2008, PSF tariff was arbitrarily reduced to woefully inadequate level of 4.5 percent, badly shaking the investor's confidence and it continues to remain an impediment for attracting fresh investment in this industry.

Blend economics favoured PSF and therefore the business managed to enhance its customer base on account of product quality and excellent technical service. Sales volume for the year was higher by 10 percent compared with last year. Higher sales volumes, improved unit margins along with higher raw material and energy efficiencies has resulted in 49 percent increase in the operating result compared with last year.

Turnover - Rs Million



Operating Result - Rs Million



Soda Ash

- Domestic market contracted by 1%
- Margin management marred by gas tariff increase and use of expensive alternate fuel during gas outages
- Established our product in export market selling 12,993 tes

	Q4 2009	Increase/ (Decrease*)	Year Ended December 31, 2009	Increase/ (Decrease*)
Operating Result - Rs Million	232	(24%)	1,038	(14%)
Sales Volume - Tonnes Soda Ash & Sodium Bicarbonate	69,351	2%	260,411	(3%)
Production Volume - Tonnes Soda Ash & Sodium Bicarbonate	80,829	17%	271,759	1%

*Compared with the same period last year

With the global economic recession, the global demand for Soda Ash declined by 6 percent during the year as the downstream segments remained adversely affected. The glass segment, consuming nearly half of the global Soda Ash production, was the worst affected segment on account of slowdown in the construction and automobile industry. This situation forced the major players to reduce their operating rates and a tug of war persisted among major international manufacturers for capturing export opportunities even at very low prices and negligible margins.

During the year, the business successfully completed and commissioned the 65 ktpa plant expansion project without any lost time incident.

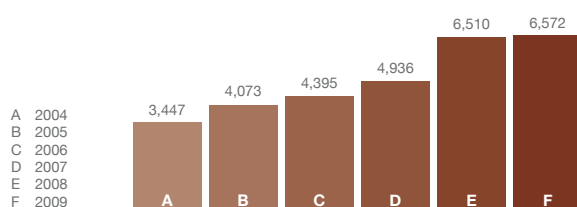
Poor law and order situation in the country coupled with the energy crisis adversely affected the downstream demand. In addition, demand from local glass industry, in particular, showed a significant decline due to sharp slowdown in the construction activities forcing a number

of manufacturing units to cease their operations. Overall, domestic Soda Ash market contracted by 1 percent compared to previous year. Due to weak demand, the occupancy of the expanded plant was 81 percent.

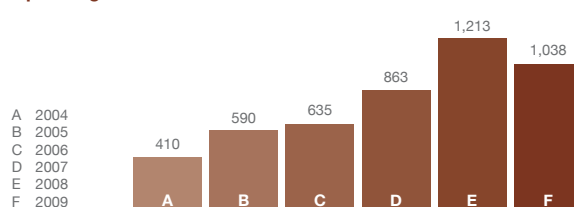
Focus on maintaining strong relationship with our customers ensured that our customer base remained intact. We also successfully managed to establish our product in the export markets and sold 12,993 tes. Unit gross margin was lower than last year primarily due to double digit increase in gas tariff and curtailment of gas supply resulting in the use of expensive alternate fuels.

Operating result for the year was lower by 14 percent compared with corresponding period last year, primarily due to increase in gas tariff, use of expensive alternate fuel during gas outages and higher depreciation charge resulting from the expanded plant.

Turnover - Rs Million



Operating Result - Rs Million



Paints

- Contraction in automobile, refinish and decorative paints market
- Sales volume down by 23%
- Continued focus on customer needs with an investment of Rs 39 million for channel modernization

	Q4 2009	Increase/ (Decrease*)	Year Ended December 31, 2009	Increase/ (Decrease*)
Operating Result - Rs Million	(16)	27%	263	(21%)
Sales Volume - Kilolitres	7,583	(17%)	33,223	(23%)
Production Volume - Kilolitres	7,387	(20%)	33,741	(22%)

*Compared with the restated figures of same period last year

The economic slow down, high interest rates and the liquidity crunch adversely impacted business environment. There was a decline in construction activity resulting in a double digit contraction of the domestic decorative coatings market, in-addition customers down traded premium with non-premium products. Automobile production declined by 28 percent over 2008 and the vehicle refinish market also contracted. In the industrial segment, overall demand declined however this was partially compensated by double digit growth in volumes sold to the motorcycle and tractor industries.

Overall, volumes were lower by 23 percent over 2008 for reasons mentioned above. However margin management was better than last year, partially mitigating the impact of lower volumes.

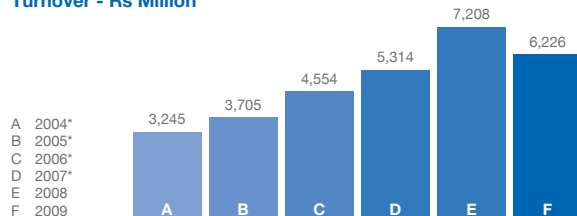
Despite difficult market conditions, our focus on customer need and service remained a priority. In the decorative segment the company made an investment of Rs 39 million in order to modernize its key retail outlets and establish state of the art colour studios.

These outlets, at par with international standards are equipped with state of the art tinting technology and colour selection tools for enhanced customer experience and product offering.

Similarly, in the refinish segment, the company invested Rs 33 million on training and other associated cost related to the launch of AkzoNobel's flagship Vehicle Refinish brand **Sikkens**. This product gained wide acceptance across the automotive after-sales network as well as market dealerships, establishing ICI as the clear market leader in the vehicle refinish market.

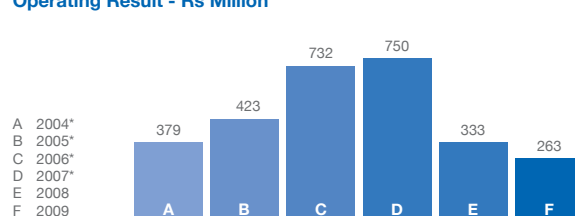
With lower volumes and one-off spend of Rs 33 million on the launch of Sikkens brand, the operating profit for the year was lower by 21 percent compared with last year. As reported earlier, the profit and loss account for the year 2008 has been restated to account for certain obligations and commitments in the decorative segment pertaining to that period not correctly reflected in the figures reported earlier.

Turnover - Rs Million



*Excluding discontinued OEM car paints business

Operating Result - Rs Million



*Excluding discontinued OEM car paints business

Life Sciences

- Achieved 47% growth in Animal Health segment
- Sales in Pharmaceutical segment higher by 15%
- 19% reduction in Seeds segment due to farm economics tilting disproportionately in favor of wheat

	Q4 2009	Increase/ (Decrease*)	Year Ended December 31, 2009	Increase/ (Decrease*)
Operating Result - Rs Million	174	6%	420	(14%)
Turnover - Rs Million	1,110	2%	3,741	11%

*Compared with the same period last year

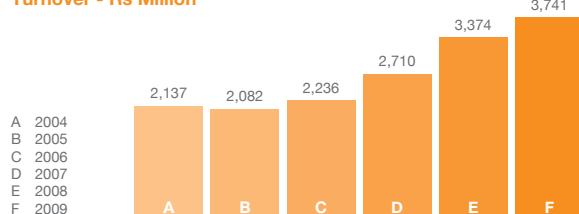
All segments showed higher turnover compared with last year with the exception of the seeds segment.

Sales in the pharmaceutical segment were higher by 15 percent over last year. Cardiovascular portfolio defended its leadership position with better performance in its relevant therapeutic class compared to last year. Strong growth of 47 percent was achieved in the animal health segment. Sales in the seeds segment were 19 percent

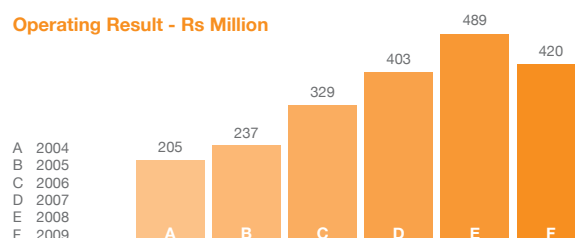
lower compared with 2008 due to continued preference for wheat by farmers on account of higher wheat support price announced by the Government.

Operating result for the year was 14 percent lower compared with last year due to lower sales of sunflower seeds as explained above.

Turnover - Rs Million



Operating Result - Rs Million



Chemicals

- Overall industrial slowdown
- Limited export opportunities due to global recession

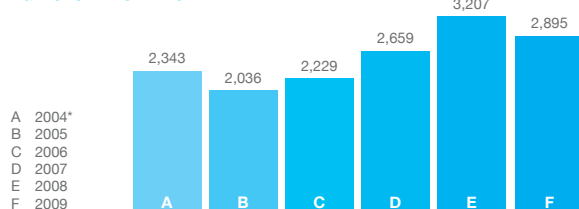
	Q4 2009	Increase/ (Decrease*)	Year Ended December 31, 2009	Increase/ (Decrease*)
Operating Result - Rs Million	50	(24%)	217	(24%)
Sales Volume - Tonnes	4,220	14%	16,504	(22%)
Production Volume - Tonnes**	1,820	4%	8,477	(13%)

*Compared with the same period last year
**Relates to Polyurethanes and Specialty Chemicals

Business conditions remained difficult with the slow down of the value added textile, appliance sector and an overall industrial slowdown. Export opportunities also remained scarce due to general global economic slowdown.

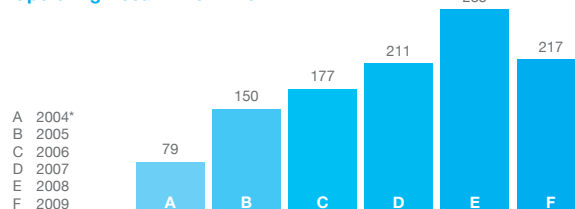
Operating results for the year were lower by 24 percent compared with last year on account of lower sales volumes due to weak demand from the value added textile and the appliance sectors.

Turnover - Rs Million



*Includes Rs 1,154 m in respect of furnace oil & coal business

Operating Result - Rs Million



* Includes Rs 46.8 m in respect of furnace oil and coal business

Taxation

The most significant development was the decision of the Honourable Supreme Court of Pakistan in which it was held that the Income Tax Department can not reopen assessments, finalised on or before June 2002, under section 122(5A) of the Income Tax Ordinance 2001 with retrospective effect.

Earlier, the Income Tax Department had reopened the settled issue of PTA de-merger under section 122(5A) of the Income Tax Ordinance 2001, with a view of applying tax on de-merged assets relating to PTA business through reopening of the assessment already finalised prior to June 2002. This matter was being contested at various levels including the Supreme Court of Pakistan. The decision from the Supreme Court, brought a favourable outcome to the considerable efforts put in by the Company over a number of years on the aforementioned issue.

Finance

Company's Balance Sheet management remained strong with current ratio improving to 1.9 (2008: 1.8).

Net sales income was up by 2 percent compared to last year. Gross profit was up by 3 percent on account of better volumes in polyester business and effective margin management. Financial charges for the year were lower by 24 percent as the liquidity position of the Company further improved and lower exchange losses due to relative stability in exchange rates. Other operating income of the Company showed significant improvement on account of higher income from deposits and other investments.

Despite tough business and economic conditions, your Company capitalised on the strength of its diverse portfolio, servicing a wide range of downstream industry and posted a 10 percent increase in profit after tax amounting of Rs. 2,045 million compared with Rs.1,863 million last year (restated). The consolidated profit after tax amounting to Rs. 2,054 million was also 21 percent higher compared with last year (restated).

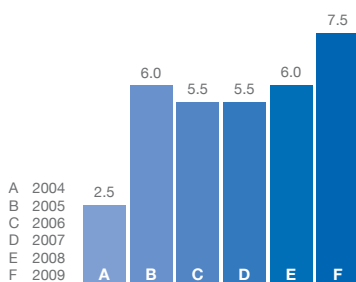
Earnings per share for the year was higher by 10 percent compared to last year (restated).

Future outlook

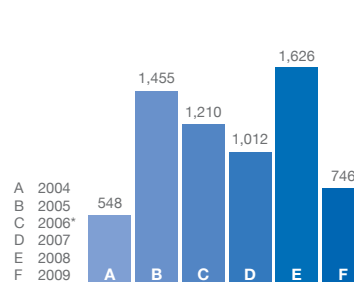
Prospects of a global recovery in 2010 remain mixed. However, debate on an end to the monetary and fiscal stimuli and servicing the mounting public debts in the US and the Euro zone weigh heavily on the shape of this recovery and hence the uncertainty. On the domestic front, there are signs of macro economic stability, however this hard gained recovery is threatened by the pressures building up on fiscal account, further increase in energy shortages, persistent inflation and the unease on continued security incidents. Business environment is therefore expected to remain tough in 2010.

Under these very difficult challenges, your Company remains committed to business growth and opportunities for new investment. Meanwhile we draw the attention of the government on issues requiring policy interventions in order to safeguard the existing industrial base, revive economic growth and attract productive investment.

Dividend
Rupees per share



Capital Expenditure
Rs m



*Excluding purchase value of Fayzan Manufacturing Modaraba Rs 1,295 million

- Renegotiate the Afghan transit treaty in order to curb duty free re-entry of goods in the domestic market.
Increasing the tax base, domestic production and investments
- Increase transparency on import data and make available the same to the stakeholders for effective policing on under invoicing.
Increases tax collection and domestic production
- Strengthen the National Tariff commission through capacity building and make it an independent body.
Increases predictability / transparency on tariff structures to avoid any adhoc tariff adjustments as seen recently. Ensures effective investigation of anti dumping cases thereby genuinely providing level playing field to the domestic players and for encouraging new investment
- Implement a long term energy policy and implement Cabinet's short term energy management plan in letter and spirit

Acknowledgment

Your Company maintained its strong position, with a healthy balance sheet while meeting stakeholders' expectations. The performance of the Company is a strong evidence of the contribution our employees make towards the success of the Company in difficult times. Your Company's performance as reflected in the improved results for 2009 would not have been possible without the contribution of our committed employees, devoted customers and continued support received from suppliers and contractors. The Board would like to thank all stakeholders for their valuable support and untiring efforts, which enabled the Company to achieve this performance.

Auditors

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

Board changes

On January 23, 2009, Pervaiz A. Khan resigned from the Board consequent to his retirement from the service of ICI Pakistan Limited. To fill the vacancy, Ali A. Aga, Vice President of the Soda Ash business, was appointed on the Board with effect from January 27, 2009 for the remainder of the term to expire on April 28, 2011. Derek W. Welch was appointed as a Director of ICI Pakistan Limited in place of Muhammad Zahir who took an early retirement on medical grounds. Mr Welch's appointment was effective from June 3, 2009 for the remainder of the term to expire on April 28, 2011. The Board would like to thank the outgoing Directors Pervaiz A. Khan and Mohammad Zahir for their contribution to the Company and welcome the new Directors Ali A. Aga and Derek W. Welch on the Board of the Company.

Compliance with the Code of Corporate Governance

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

- The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity
- Proper books of accounts of the Company have been maintained
- Accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any deviation from these has been adequately disclosed
- The system of internal control and other such procedures, which are in place, are being continuously reviewed by the Internal Audit Function. The process of review will continue and any weakness in controls will be removed
- There are no doubts upon the Company's ability to continue as a going concern
- There has been no deviation from the best practices of corporate governance as detailed in the Listing Regulations
- Key operating and financial data for the last 10 years is summarized on pages 96-97
- Outstanding taxes and levies are given in the Notes to the Financial Statements
- The management of the Company is committed to good corporate governance, and appropriate steps are taken to comply with best practices

Investment in retirement benefits

The value of investments, made by the staff retirement funds operated by the Company as per their respective audited financial statements for the year ended December 31, 2008 are as follows:

		Value (Rs '000's)
1	ICI Pakistan Management Staff Provident Fund	543,193
2	ICI Pakistan Management Staff Gratuity Fund	314,712
3	ICI Pakistan Management Staff Pension Fund	812,068
4	ICI Pakistan Management Staff Defined Contribution Superannuation Fund	177,794
5	ICI Pakistan Non-Management Staff Provident Fund	350,930

Directors' attendance

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

Name of Directors	Board of Directors Attendance	Audit Committee Attendance	Remuneration Committee Attendance
1 Mr. M J Jaffer	4	5	-
2 Mr. Waqar A Malik	4	-	-
3 Mr. Mueen Afzal	4	5	-
4 Mr. M Nawaz Tiwana	4	-	1
5 Mr. Ali A Aga (ii)	4	-	-
6 Mr. Muhammad Zahir (i)	1	-	-
7 Mr. Derek W Welch (iii)	1	-	-
8 Mr. Tariq Iqbal Khan	3	-	-
9 Mr. Feroz Rizvi	4	-	-
10 Mr. Bart Kaster	2	4	-
11 Mr. James R Rees	3	-	1
12 Mr. Pervaiz A Khan (iv)	0	-	-
13 Mr. Nasir Jamal	4	4	-
Company Secretary (v)			

(i) Resigned w.e.f. April 20, 2009

(ii) Appointed w.e.f. January 27, 2009

(iii) Appointed w.e.f. June 03, 2009

(iv) Resigned w.e.f. January 23, 2009

(v) Resigned w.e.f. January 31, 2010

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

Pattern of shareholding

A statement showing the pattern of shareholding in the Company along with additional information as at December 31, 2009 appears on pages 99-101

ICI Omicron B.V. (an AkzoNobel group company) continues to hold 75.81% shares, while Institutions held 12.39%, and individuals and others held the balance 11.79%.

The highest and lowest market prices during 2009 were Rs 50.00 and Rs 201.00 per share, respectively.

The Directors, CEO, CFO, Company Secretary and their spouses and minor children did not carry out any transaction in the shares of the Company during the year.



M J Jaffer
Chairman



Waqar A Malik
Chief Executive

February 18, 2010
Karachi

Statement of Compliance with the Code of Corporate Governance for the year ended December 31, 2009

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

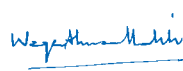
The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent, non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes seven non-executive directors and three executive directors
2. The directors voluntarily confirmed that none of them is serving as a director in more than ten listed companies, including ICI Pakistan Limited, except for Mr Tariq Iqbal Khan who has been granted a waiver from the application of the relevant clause of the Code by the Securities and Exchange Commission of Pakistan
3. The Directors have voluntarily declared that all the resident directors of the Company are registered taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or NBFIs. None of the directors is a member of stock exchange
4. Two casual vacancies occurred in the Board on January 23, 2009 and April 20, 2009 which were filled up on January 27, 2009 and June 3, 2009 respectively. SECP allowed the Company fifteen days' extension for filling the second vacancy based on exceptional circumstances
5. The Board of Directors of the Company in its meeting held on February 23, 2001 adopted a Statement of Ethics and Business Practices. This statement under its title 'The Way We Do Things Around Here' and then 'ICI Way' had been regularly circulated within the Company since 2001. On October 23, 2008, the Directors adopted a new Code of Conduct which was circulated among all employees of the Company in 2008/2009. Training sessions were held at various locations in order to apprise all employees about the revised Code of Conduct
6. The Board of Directors at its meeting held on February 25, 2005 approved and adopted a mission statement which has been circulated to the employees of the Company. The Board of Directors has also approved and adopted a corporate strategy for the Company and significant policies. The corporate strategy is reviewed by the Board from time to time as appropriate
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other Executive Directors, have been taken by the Board
8. During the year four regular meetings of the Board were held which were all presided over by the Chairman. Written notices of the regular Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of all four meetings were appropriately recorded and circulated in time
9. The Directors have been provided with copies of the Listing Regulations of the Stock Exchange, the Company's Memorandum and Articles of Association and the Code of Corporate Governance. Orientation courses, both in-house and external, were also arranged for the Board in 2003 & 2006. Besides a comprehensive paper on 'Roles and Responsibilities of Directors' was also circulated to the directors for their perusal in November 2006. In April 2008, another booklet titled, "A Handbook of Directors" was circulated amongst the Directors. The directors are, therefore, well conversant with their duties and responsibilities
10. No new appointment of CFO, Company Secretary or Head of Internal Audit has been made during the year
11. The Report of the Directors for the year ended December 31, 2009 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed
12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board. The 2nd quarterly and annual accounts were also initialed by the external auditors before presentation to the Board
13. The Company maintains a list of related parties which is updated on a regular basis. All transactions with related parties are placed before the Audit Committee on a quarterly basis and are approved by the Board along with the methods for pricing
14. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding
15. The Company has complied with all the corporate and financial reporting requirements of the Code
16. The Audit Sub Committee of the Board has been in existence since 1992. It comprises three members, all of whom are non-executive directors including the chairman of the committee. ICI Pakistan also has a Remuneration Committee comprising two non-executive directors, which has also been in operation since 1997
17. There have been five Audit Committee meetings during the year under review. The Directors have approved the revised terms of reference of the Audit Committee in light of the Code of Corporate Governance
18. ICI Pakistan has an effective internal audit function in place. The Board has outsourced the internal audit function to Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. They are involved in the internal audit function on a full time basis

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard
21. We confirm that all other material principles contained in the Code have been complied with



M J Jaffer
Chairman



Waqar A Malik
Chief Executive

February 18, 2010
Karachi

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

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

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 31 December 2009.

February 18, 2010
Karachi

KPMG Taseer Hadi & Co.

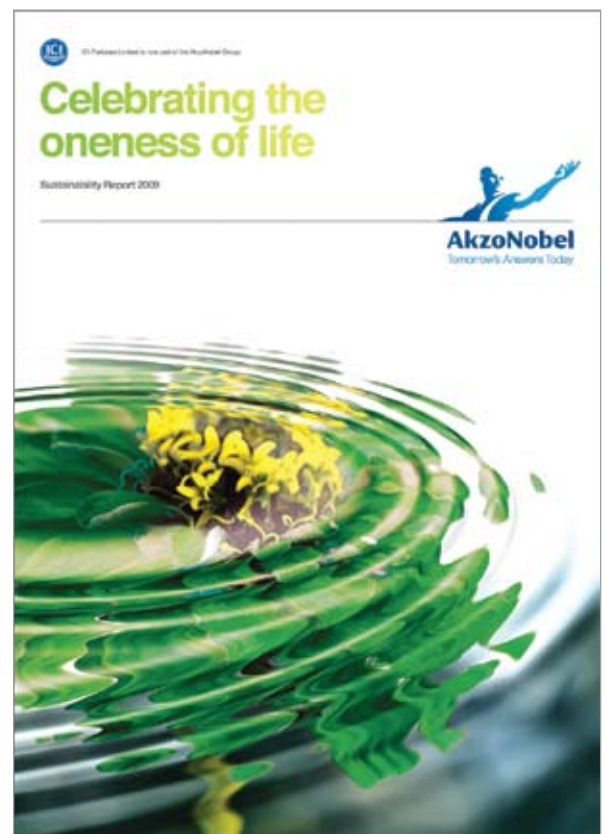
KPMG Taseer Hadi & Co.
Chartered Accountants
Syed Iftikhar Anjum

Don't miss our Sustainability Report 2009

We published our first-ever Sustainability Report as a part of our Annual Report 2008. It is now a separate publication, and provides in-depth information regarding sustainability initiatives and developments at ICI Pakistan Limited.

Our goal is to deliver sustainable solutions to our customers; this is crucial to the success of our company, but we know we would never be able to achieve this success without sustainable business operations that meet the needs of today while protecting resources for, and the rights of, future generations.

Our Sustainability Report for 2009 is divided into segments according to the way we manage sustainability at ICI Pakistan, and the four main components are: People, Planet, Performance and Product.



ICI Pakistan Limited Financial Statements



ICI Pakistan Limited is now part
of the AkzoNobel Group



AkzoNobel
Tomorrow's Answers Today

Auditors' Report to the Members

We have audited the annexed unconsolidated balance sheet of ICI Pakistan Limited ("the Company") as at 31 December, 2009 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the change as described in note 2.2 to the 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 31 December 2009 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Date: 18 February 2010
Karachi

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
Syed Iftikhar Anjum

Balance Sheet As at December 31, 2009

Amounts in Rs '000

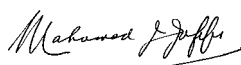
	Note	2009	2008 Restated	2007 Restated
EQUITY AND LIABILITIES				
Share Capital and Reserves				
Authorised capital 1,500,000,000 ordinary shares of Rs 10 each		15,000,000	15,000,000	15,000,000
Issued, subscribed and paid-up capital	3	1,388,023	1,388,023	1,388,023
Capital reserves	4	465,845	465,845	465,845
Unappropriated profit		11,628,928	10,594,258	9,514,962
Total Equity		13,482,796	12,448,126	11,368,830
Surplus on Revaluation of Property, Plant and Equipment	5	931,846	962,795	1,012,167
LIABILITIES				
Non-Current Liabilities				
Provisions for non-management staff gratuity and eligible retired employees' medical scheme	6	183,019	142,250	119,571
Deferred tax liability - net	7	1,025,098	470,704	-
		1,208,117	612,954	119,571
Current Liability				
Trade and other payables	8	5,799,898	4,446,810	6,263,805
Contingencies and Commitments	9			
Total Equity and Liabilities		21,422,657	18,470,685	18,764,373

Balance Sheet As at December 31, 2009

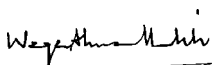
Amounts in Rs '000

	Note	2009	2008 Restated	2007 Restated
ASSETS				
Non-current Assets				
Property, plant and equipment	10	9,225,110	9,353,769	8,506,736
Intangible asset	11	-	7,700	39,737
		9,225,110	9,361,469	8,546,473
Deferred tax asset - net	7	-	-	370,406
Long-term investments	12	712,500	712,500	582,500
Long-term loans	13	330,801	330,605	204,867
Long-term deposits and prepayments	14	29,078	30,684	37,357
		1,072,379	1,073,789	1,195,130
		10,297,489	10,435,258	9,741,603
Current Assets				
Stores and spares	15	496,401	538,540	605,480
Stock-in-trade	16	3,244,525	2,951,956	2,311,336
Trade debts	17	919,463	806,612	991,596
Loans and advances	18	406,739	193,254	137,680
Trade deposits and short-term prepayments	19	452,438	404,662	341,129
Other receivables	20	677,111	749,388	683,461
Taxation recoverable		460,240	419,934	337,032
Cash and bank balances	21	4,468,251	1,971,081	3,615,056
		11,125,168	8,035,427	9,022,770
Total Assets		21,422,657	18,470,685	18,764,373

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



M J Jaffer
Chairman / Director



Waqar A Malik
Chief Executive



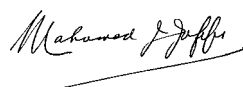
Feroz Rizvi
Chief Financial Officer

Profit and Loss Account

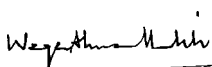
For the year ended December 31, 2009

		Amounts in Rs '000	
	Note	2009	2008 Restated
Turnover	24	32,399,181	31,921,873
Sales tax, excise duty, commission and discounts	23	(3,969,284)	(4,122,958)
Net sales, commission & toll income		28,429,897	27,798,915
Cost of sales	24	(22,754,005)	(22,303,138)
Gross profit		5,675,892	5,495,777
Selling and distribution expenses	26	(1,470,174)	(1,317,258)
Administration and general expenses	27	(1,178,064)	(1,126,159)
		3,027,654	3,052,360
Financial charges	28	(167,541)	(219,308)
Other operating charges	29	(247,590)	(233,699)
		(415,131)	(453,007)
Other operating income	30	459,983	213,425
Profit before taxation		3,072,506	2,812,778
Taxation	31	(1,027,768)	(950,040)
Profit after taxation		2,044,738	1,862,738
		(Rupees)	(Rupees)
Earnings per share - Basic and diluted	32	14.73	13.42

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



M J Jaffer
Chairman / Director



Waqar A Malik
Chief Executive

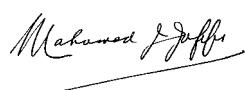


Feroz Rizvi
Chief Financial Officer

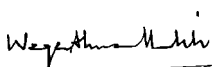
Statement of Comprehensive Income For the year ended December 31, 2009

	Amounts in Rs '000	
	2009	2008 Restated
Profit for the year	2,044,738	1,862,738
Other comprehensive income	-	-
Total Comprehensive income for the year	2,044,738	1,862,738

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



M J Jaffer
Chairman / Director



Waqar A Malik
Chief Executive



Feroz Rizvi
Chief Financial Officer

Cash Flow Statement

For the year ended December 31, 2009

Amounts in Rs '000

	2009	2008 Restated
Cash Flows from Operating Activities		
Profit before taxation	3,072,506	2,812,778
Adjustments for:		
Depreciation and amortisation	870,688	806,044
Gain on disposal of property, plant and equipment	(5,293)	(7,437)
Provision for non-management staff gratuity and eligible retired employees' medical scheme	56,008	33,640
Mark-up on bank deposits and loan to subsidiary	(228,624)	(129,412)
Interest / mark-up expense	88,118	122,519
	3,853,403	3,638,132
Movement in:		
Working capital	1,083,497	(2,434,675)
Long-term loans	(196)	(21,738)
Long-term deposits and prepayments	1,606	6,673
Cash generated from operations	4,938,310	1,188,392
Payments for :		
Non-management staff gratuity and eligible retired employees' medical scheme	(15,239)	(10,961)
Taxation	(513,680)	(191,832)
Interest / mark-up	(97,097)	(114,672)
Profit / mark-up received on bank deposits	163,937	98,882
Net cash generated from operating activities	4,476,231	969,809
Cash Flows from Investing Activities		
Payments for capital expenditure	(826,402)	(1,515,828)
Proceeds from disposal of property, plant and equipment	17,148	12,130
Profit / mark-up received on loan to subsidiary	58,211	28,729
Long term investment	-	(130,000)
Loan / standby finance facility to subsidiary company - net	(187,000)	(176,000)
Net cash used in investing activities	(938,043)	(1,780,969)

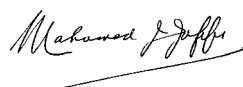
Cash Flow Statement

For the year ended December 31, 2009

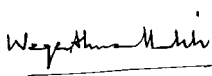
Amounts in Rs '000

	2009	2008 Restated
Cash Flows from Financing Activities		
Dividend paid	(1,041,018)	(832,815)
Net cash used in financing activities	(1,041,018)	(832,815)
Net increase / (decrease) in cash and cash equivalents	2,497,170	(1,643,975)
Cash and cash equivalents at January 1	1,971,081	3,615,056
Cash and cash equivalents at December 31 - note 21	4,468,251	1,971,081
Movement in Working Capital		
<i>(Increase) / decrease in current assets</i>		
Stores and spares	42,139	66,940
Stock-in-trade	(292,569)	(640,620)
Trade debts	(112,851)	184,984
Loans and advances	(26,485)	16,426
Trade deposits and short-term prepayments	(47,776)	(63,533)
Other receivables	78,753	(64,126)
	(358,789)	(499,929)
Increase / (decrease) in current liability		
Trade and other payables	1,442,286	(1,934,746)
	1,083,497	(2,434,675)

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



M J Jaffer
Chairman / Director



Waqar A Malik
Chief Executive



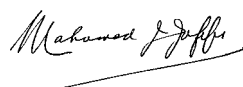
Feroz Rizvi
Chief Financial Officer

Statement of Changes in Equity For the year ended December 31, 2009

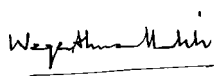
Amounts in Rs '000

	Issued, subscribed and paid-up capital	Capital reserves	Unappropriated profit	Total
Balance as on January 1, 2008	1,388,023	465,845	9,544,582	11,398,450
Effect of restatement as referred in note 41.3	-	-	(29,620)	(29,620)
Balance as on January 1, 2008 - restated	1,388,023	465,845	9,514,962	11,368,830
Final dividend for the year ended December 31, 2007 @ Rs 3.50 per share	-	-	(485,808)	(485,808)
Interim dividend for the year 2008 @ Rs 2.50 per share	-	-	(347,006)	(347,006)
Transactions with owners, recorded directly in equity	-	-	(832,814)	(832,814)
Total comprehensive income for the year ended December 31, 2008	-	-	1,862,738	1,862,738
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax - note 5	-	-	49,372	49,372
	-	-	1,912,110	1,912,110
Balance as on December 31, 2008 - restated	1,388,023	465,845	10,594,258	12,448,126
Final dividend for the year ended December 31, 2008 @ Rs 4.00 per share	-	-	(555,209)	(555,209)
Interim dividend for the year 2009 @ Rs 3.50 per share	-	-	(485,808)	(485,808)
Transactions with owners, recorded directly in equity	-	-	(1,041,017)	(1,041,017)
Total comprehensive income for the year ended December 31, 2009	-	-	2,044,738	2,044,738
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax - note 5	-	-	30,949	30,949
	-	-	2,075,687	2,075,687
Balance as on December 31, 2009	1,388,023	465,845	11,628,928	13,482,796

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



M J Jaffer
Chairman / Director



Waqar A Malik
Chief Executive



Feroz Rizvi
Chief Financial Officer

Notes to the Financial Statements For the year ended December 31, 2009

1. Status and Nature of Business

ICI Pakistan Limited ("the Company") is incorporated in Pakistan and is listed on Karachi, Lahore and Islamabad Stock Exchanges. The Company is engaged in the manufacture of polyester staple fibre, POY chips, soda ash, paints, specialty chemicals, sodium bicarbonate 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.

2. Summary of Significant Accounting Policies

The accounting policies adopted are the same as those which were applied for the previous financial year except for the changes described in note 2.2.

2.1 Statement of compliance

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

2.2 Changes in accounting policies

Starting January 1, 2009, the Company has changed its accounting policies in the following areas:

The Company has applied "Revised IAS 1 Presentation of Financial Statements (2007)" which became effective from January 1, 2009. This standard required the Company to present in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in statement of comprehensive income.

The Company has applied "IFRS 8 Operating Segments" from January 1, 2009. As a result, additional disclosures have been made relating to financial and descriptive information with respect to individual operating segments and on an enterprise-wide basis. The Company determines and presents operating segments based on the information that internally is provided to the CEO, who is the Company's chief operating decision maker. Previously operating segments were determined and presented in accordance with IAS 14 Segment Reporting. The new accounting policy in respect of operating segment disclosures is disclosed in note 2.20.

The Company has applied "Islamic Financial Accounting Standard 2 - Ijarah" from January 1, 2009. Ijarah contracts are already treated as operating leases, resultantly there is no impact on the reported results.

Comparative information has been re-presented so that it is in conformity with the revised / new standards. Since the changes in accounting policies only affect presentation of financial statements, there is no impact on earnings per share.

2.3 Basis of preparation

These financial statements have been prepared under the historical cost convention, except that certain property, plant and equipment have been included at revalued amounts and certain exchange elements referred to in note 2.9 have been recognised in the cost of the relevant property, plant & equipment.

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

Notes to the Financial Statements For the year ended December 31, 2009

historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

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

2.4 Staff retirement benefits

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

Defined benefit plans

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

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

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

Defined contribution plans

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

2.5 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 recognized as a provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

2.6 Trade and other payables

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

2.7 Dividend

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

Notes to the Financial Statements For the year ended December 31, 2009

2.8 Taxation

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

Current

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

Deferred

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

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

2.9 Property, plant and equipment and depreciation

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

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

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

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

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

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

Notes to the Financial Statements For the year ended December 31, 2009

2.10 Intangible assets

Intangible assets are measured initially at cost and subsequently stated at cost less accumulated amortisation and impairment losses, if any.

Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. These costs are amortised over their estimated useful lives.

2.11 Impairment

Financial assets (including receivables)

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

All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables and 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 or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

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 or loss.

Notes to the Financial Statements For the year ended December 31, 2009

Impairment loss 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 Investments

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

2.13 Stores and spares

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

2.14 Stock-in-trade

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

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

2.15 Trade debts and other receivables

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

2.16 Foreign currency translation

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

2.17 Functional and presentation currency

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

2.18 Revenue recognition

n 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.

Notes to the Financial Statements For the year ended December 31, 2009

- n Commission income is recognised on the date of shipment from suppliers.
- n Profit on short-term deposits and mark-up on loan to subsidiary is accounted for on a time-apportioned basis using the effective interest rate method.
- n Dividend income is recognised when the right to receive dividend is established.
- n Toll manufacturing income is recognised when services are rendered.

2.19 Financial expense and finance income

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

Finance income comprises interest income on funds invested. Markup/Interest income is recognised as it accrues in profit or loss, using the effective interest rate method.

2.20 Segment reporting

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

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

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

2.21 Finance lease

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

2.22 Operating lease / Ijarah contract

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

Notes to the Financial Statements For the year ended December 31, 2009

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

2.23 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and current or 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.

2.24 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 cost 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.

2.25 Financial liabilities

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

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. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

2.27 Off-setting

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

2.28 Earnings per Share

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

Notes to the Financial Statements

For the year ended December 31, 2009

Amounts in Rs '000

3. Issued, Subscribed and Paid-up Capital

2009 (Numbers)	2008		2009	2008
125,840,190	125,840,190	Ordinary shares of Rs 10 each fully paid in cash	1,258,402	1,258,402
318,492	318,492	Ordinary shares of Rs 10 each issued as fully paid for consideration other than cash under scheme of arrangement for amalgamation	3,185	3,185
25,227	25,227	Ordinary shares of Rs 10 each issued as fully paid bonus shares	252	252
12,618,391	12,618,391	Ordinary shares issued pursuant to the Scheme as fully paid for consideration of investment in associate (note 3.1)	126,184	126,184
138,802,300	138,802,300		1,388,023	1,388,023

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

3.2 ICI Omicron B.V., which is a wholly owned subsidiary of AkzoNobel N.V., held 105,229,125 (2008: 105,229,125) ordinary shares of Rs 10 each at December 31, 2009. AkzoNobel N.V., acquired ICI PLC, UK, effective January 2, 2008, the parent company of ICI Omicron B.V., and became the ultimate holding company of ICI Pakistan Limited. ICI Pakistan Limited continues to be the direct subsidiary of ICI Omicron B.V.

4. Capital Reserves

Share premium - note 4.1	465,259	465,259
Capital receipts - note 4.2	586	586
	465,845	465,845

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

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

5. Surplus on Revaluation of Property, Plant and Equipment

Balance as on January 1	962,795	1,012,167
Less: Transfer to unappropriated profit in respect of incremental depreciation charged during the year net of deferred tax	(30,949)	(49,372)
Balance as on December 31	931,846	962,795

Notes to the Financial Statements

For the year ended December 31, 2009

Amounts in Rs '000

6.1.8 Past service cost reflects a revision in the conversion factor for commutation of pension to lump sums.

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

	2009	2008
Discount rate	12.75%	16.00%
Expected return on plan assets	12.75%	16.00%
Future salary increases	10.60%	13.79%
Future pension increases	7.38%	10.48%

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

	2009	Increase	Decrease
Effect on the aggregate of the current service cost and interest cost	28,909	4,624	(3,385)
Effect on the defined benefit obligation	257,794	40,233	(32,763)

6.1.11 The Company contributed Rs 55.553 million (2008: Rs 49.339 million) and Rs 29.321 million (2008: Rs 23.509 million) to the provident fund and the defined contribution superannuation fund respectively during the year.

7. Deferred Tax (Liability) / Asset	2009			2008 Restated		
	Opening	(Charge) / reversal	Closing	Opening	(Charge) / reversal	Closing
Deductible temporary differences						
Tax losses carried forward	272,421	(272,421)	-	1,293,899	(1,021,478)	272,421
Provisions for retirement benefits, doubtful debts and others	355,745	(19,424)	336,321	181,089	174,656	355,745
Taxable temporary differences						
Property, plant and equipment	(1,098,870)	(262,549)	(1,361,419)	(1,104,582)	5,712	(1,098,870)
	(470,704)	(554,394)	(1,025,098)	370,406	(841,110)	(470,704)

8. Trade and Other Payables	2009	2008 Restated
Trade creditors - note 8.1	963,992	1,189,743
Bills payable	2,270,321	687,699
Sales tax, excise and custom duties	177,618	118,476
Mark-up accrued on short term financing	-	8,979
Accrued interest / return on unsecured loan - note 8.2	299,647	281,081
Accrued expenses	1,150,995	959,057
Technical service fee / Royalty	35,975	29,382
Workers' profit participation fund - note 8.3	164,599	148,214
Workers' welfare fund	119,760	155,998
Distributors' security deposits - payable on termination of distributorship - note 8.4	71,993	55,222
Contractors' earnest / retention money	10,103	9,680
Advances from customers	248,727	362,902
Unclaimed dividends	4,548	4,549
Payable for capital expenditure	136,810	217,028
Provision for compensated absences - note 8.5	20,000	20,000
Others	124,810	198,800
	5,799,898	4,446,810

Notes to the Financial Statements

For the year ended December 31, 2009

Amounts in Rs '000

	2009	2008 Restated
8.1	The above balances include amounts due to following associated undertakings:	
LOTTE Pakistan PTA Limited (formerly Pakistan PTA Limited) - note 8.1.1	-	342,989
ICI Paints UK (part of AkzoNobel group)	6,911	6,434
ICI Paints (Asia Pacific) PTE Ltd (part of AkzoNobel group)	26,105	9,548
AkzoNobel Paints Malaysia	3,392	1,882
Marine Protective International Coating Malaysia	1,400	-
ICI Paints Indonesia (part of AkzoNobel group)	101	95
CR Netherlands	5,339	40,100
	43,248	401,048
8.1.1	This Company was part of AkzoNobel group till September 17, 2009.	
8.2	This represents amount payable to Mortar Investments International Limited.	
8.3	Workers' profit participation fund	
Balance as on January 1	148,214	147,360
Allocation for the year - note 29	161,822	147,873
	310,036	295,233
Interest on funds utilised in the Company's businesses at 41.25 percent (2008: 41.25 percent) per annum - note 28	2,105	3,637
	312,141	298,870
Less:		
- Amount paid on behalf of the Fund	72,260	53,927
- Deposited with the Government of Pakistan	75,282	96,729
	147,542	150,656
Balance as on December 31	164,599	148,214
8.4	Interest on security deposits from certain distributors is payable at 7.5 percent (2008: 7.5 percent) per annum as specified in the respective agreements.	
8.5	This figure is based on the latest actuarial valuation, as at December 31, 2009.	

Notes to the Financial Statements

For the year ended December 31, 2009

Amounts in Rs '000

	2009	2008
9. Contingencies and Commitments		
9.1 Claims against the Company not acknowledged as debts are as follows:		
Local bodies	14,631	14,531
Sales Tax authorities	93,323	92,844
Others	53,396	87,844
	<u>161,350</u>	<u>195,219</u>
9.2 A notice has been issued by the Environmental Protection Authority (EPA) against the Paints factory located at Ferozpur road, Lahore. Pursuant to this an order has been passed by the EPA for asserted violation of certain provisions of the act. The Company has filed an appeal against the order in the Environmental Tribunal in Lahore and is of the opinion that the order is not justified.		
9.3 Guarantees issued by the Company in respect of financial and operational obligations of LOTTE Pakistan PTA Limited (formerly Pakistan PTA Limited) pursuant to the Scheme of arrangement, amounting to Rs 2,280 million (2008: Rs 2,370 million) against which LOTTE Pakistan PTA Limited (formerly Pakistan PTA Limited) and KP Chemical Corporation Limited has issued counter guarantees to the Company.		
9.4 Guarantee issued by the Company to a bank in respect of financing obtained by Senior Executives amounted to Rs 35 million (2008: Rs 48 million), in accordance with the terms of employment.		
9.5 Guarantee issued by the Company of Rs 133 million (2008: Rs 133 million) to a bank on behalf of its subsidiary ICI Pakistan PowerGen Limited for availing funded facility.		
9.6 Commitments in respect of capital expenditure amounted to Rs 23.875 million (2008: Rs 149.29 million).		
9.7 Commitments for rentals under operating lease/Ijarah contracts in respect of vehicles amounting to Rs 195.166 million (2008: Rs 147.823 million) are as follows:		
Year		
2009	-	59,480
2010	66,746	52,383
2011	58,165	27,418
2012	45,305	8,542
2013	23,680	-
2014	1,270	-
	<u>195,166</u>	<u>147,823</u>
Payable not later than one year	66,746	59,480
Payable later than one year but not later than five years	128,420	88,343
	<u>195,166</u>	<u>147,823</u>
9.8 Outstanding foreign exchange contracts as at December 31, 2009 entered into by the Company to hedge the anticipated future transactions amounted to Rs Nil (2008: Rs 54.841 million).		

Notes to the Financial Statements For the year ended December 31, 2009

Amounts in Rs '000

10. Property, Plant and Equipment

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

Operating property, plant and equipment - note 10.2	8,835,201	7,516,758
Capital work-in-progress - note 10.6	389,909	1,837,011
	<u>9,225,110</u>	<u>9,353,769</u>

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

	Land		Lime beds on freehold land	Buildings		Plant and machinery	Railway sidings	Rolling stock and vehicles	Furniture and equipment	Total
	Freehold	Leasehold		On freehold land	On leasehold land					
2009										
Net carrying value basis Year ended December 31, 2009										
Opening net book value (NBV)	836,702	7,149	78,256	224,676	455,945	5,753,476	-	31,742	128,812	7,516,758
Addition/transfer (at cost)	-	-	-	30,721	332,621	1,743,504	-	7,560	78,880	2,193,286
Disposal/transfer (at NBV)	-	-	-	-	-	(9,229)	-	(2,077)	(549)	(11,855)
Depreciation charge	-	(4,312)	(9,741)	(32,186)	(63,189)	(698,103)	-	(11,143)	(44,314)	(862,988)
Closing net book value (NBV)	836,702	2,837	68,515	223,211	725,377	6,789,648	-	26,082	162,829	8,835,201
Gross carrying value basis At December 31, 2009										
Cost/Revaluation	836,702	567,799	133,820	901,854	1,293,917	16,790,858	297	120,598	668,909	21,314,754
Accumulated Depreciation	-	(564,962)	(65,305)	(678,643)	(568,540)	(10,001,210)	(297)	(94,516)	(506,080)	(12,479,553)
Net book value	836,702	2,837	68,515	223,211	725,377	6,789,648	-	26,082	162,829	8,835,201
Depreciation rate % per annum	-	2 to 4	3.33 to 7.5	5 to 10	2.5 to 10	3.33 to 10	3.33	10 to 25	10 to 33.33	
2008										
Net carrying value basis Year ended December 31, 2008										
Opening net book value (NBV)	836,702	27,910	69,326	242,960	484,368	5,922,308	-	21,490	123,845	7,728,909
Addition/transfer (at cost)	-	-	15,498	14,113	23,470	447,949	-	20,278	45,241	566,549
Disposal/transfer (at NBV)	-	-	-	-	(135)	(3,443)	-	(198)	(917)	(4,693)
Depreciation charge	-	(20,761)	(6,568)	(32,397)	(51,758)	(613,338)	-	(9,828)	(39,357)	(774,007)
Closing net book value (NBV)	836,702	7,149	78,256	224,676	455,945	5,753,476	-	31,742	128,812	7,516,758
Gross carrying value basis At December 31, 2008										
Cost/Revaluation	836,702	567,799	133,820	871,133	961,296	15,084,152	297	124,837	606,786	19,186,822
Accumulated Depreciation	-	(560,650)	(55,564)	(646,457)	(505,351)	(9,330,676)	(297)	(93,095)	(477,974)	(11,670,064)
Net book value	836,702	7,149	78,256	224,676	455,945	5,753,476	-	31,742	128,812	7,516,758
Depreciation rate % per annum	-	2 to 4	3.33 to 7.5	5 to 10	2.5 to 10	3.33 to 10	3.33	10 to 25	10 to 33.33	

10.3 Subsequent to revaluation on October 1, 1959 and September 30, 2000, which had resulted in a surplus of Rs 14.207 million and Rs 1,569.869 million respectively, the land and plant and machinery were revalued again on December 15, 2006 resulting in a net surplus of Rs 667.967 million. The valuation was conducted by independent valuers. Valuations for plant and machinery was the open market value of the asset based on estimated gross replacement cost, depreciated to reflect the residual service potential of the asset having paid due regard to age, condition and obsolescence. Land was valued on the basis of fair market value.

Notes to the Financial Statements

For the year ended December 31, 2009

Amounts in Rs '000

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

Net Book Value	2009	2008
Freehold land	20,929	20,929
Leasehold land	-	15
Plant and machinery	6,575,035	5,538,264
Rolling stock and vehicles	26,082	31,742
Furniture and equipment	162,829	128,812
	6,784,875	5,719,762

- 10.5** The depreciation charge for the year has been allocated as follows:

Cost of sales - note 25	815,543	733,896
Selling and distribution expenses - note 26	12,726	11,744
Administration and general expenses - note 27	34,719	28,367
	862,988	774,007

- 10.6** The following is a statement of capital work-in-progress:

Designing, consultancy and engineering fee	-	49,782
Civil works and buildings	50,634	274,207
Plant and machinery	183,965	1,300,228
Miscellaneous equipment	33,664	125,227
Advances to suppliers / contractors	121,646	87,567
	389,909	1,837,011

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

2009						
	Mode of sale	Cost	Accumulated depreciation	Net book value	Sale proceeds	Particulars of buyers
Plant and machinery						
Dust extraction unit and other items	Auction	28,576	23,089	5,487	3,338	Hi-Tech Electronics & Machinery, Karachi
Tinting Machines	Negotiation	4,429	710	3,719	3,719	Jaffer and Sons., Chaudhry Paint House, Color Bank and Awan Brothers, Lahore
Rolling stock and vehicles						
Toyota Corolla - 2 nos	Negotiation	1,481	734	747	2,088	Tufail Iqbal & M Inam, Lahore
Hino Dump Trucks	Auction	8,808	7,519	1,289	1,902	Hi-Tech Electronics & Machinery, Karachi
2008						
Building						
Corroded pipes in plant and steel	Negotiation	336	201	135	130	Shahbaz & Company, Malakwal
Plant and machinery						
Cables and switch	Tender	912	508	404	866	Sheikh Khalil Ahmed, Lahore
Chain conveyer / Agitator tubes	Negotiation	12,373	9,604	2,769	1,150	Shahbaz & Company, Malakwal
Various items	Negotiation	405	210	195	961	ICI Pakistan PowerGen Limited
Rolling stock and vehicles						
Toyota Corolla	Negotiation	59	-	59	785	Bilal Saeed, Lahore
Suzuki Potohar	Auction	221	156	65	307	Abdul Qadir, Lahore
Furniture and equipment						
Multimedia	Negotiation	213	90	123	20	KBS Enterprises, Karachi
Multimedia	Negotiation	109	31	78	20	General Traders, Karachi
Furniture	Auction	311	143	168	40	Irfan Traders, Lahore
Air conditioners	Negotiation	275	156	119	75	Shahbaz & Company, Malakwal
Computers and servers	Negotiation	172	108	64	50	Mega Computer, Lahore

Notes to the Financial Statements

For the year ended December 31, 2009

Amounts in Rs '000

	2009	2008
11. Intangible Asset - SAP		
Net carrying value basis		
Year ended December 31		
Opening net book value (NBV)	7,700	39,737
Amortisation charge	(7,700)	(32,037)
Closing net book value (NBV)	-	7,700
Gross carrying amount		
At December 31		
Cost	168,781	168,781
Accumulated amortisation	(168,781)	(161,081)
Net book value	-	7,700
Rate of amortisation	20%	20%
11.1 The amortisation charge for the year has been allocated as follows:		
Cost of sales - note 25	3,636	15,128
Selling and distribution expenses - note 26	639	2,657
Administration and general expenses - note 27	3,425	14,252
	7,700	32,037
12. Long Term Investments - at cost		
Unquoted		
<i>Subsidiary</i>		
- ICI Pakistan PowerGen Limited (wholly owned) - note 12.1 7,100,000 ordinary shares (2008: 7,100,000) of Rs 100 each	710,000	710,000
Others		
<i>Equity security available for sale</i>		
- Arabian Sea Country Club Limited	2,500	2,500
	712,500	712,500
12.1 The value of the Company's investment on the basis of net assets of the Subsidiary as disclosed in the audited financial statements for the year ended December 31, 2009 amounted to Rs. 258.426 million (2008: Rs 248.834 million).		
13. Long-Term Loans - Considered good		
Due from Subsidiary - Unsecured		
- Long term loan - note 13.1	200,000	200,000
Due from Executives and Employees - note 13.2	130,801	130,605
	330,801	330,605
13.1 This represents loan given to ICI Pakistan PowerGen Limited (wholly owned subsidiary) of Rs 200 million carrying mark-up at 3 months KIBOR + 2%. This loan is repayable in nine equal semi annual instalments commencing from October 1, 2011.		

Notes to the Financial Statements

For the year ended December 31, 2009

Amounts in Rs '000

			2009	2008
13.2 Due from Executives and Employees				
	Motor car	House building	Total	Total
Due from Directors and Executives	74,647	47,109	121,756	102,117
Less: Receivable within one year	9,965	15,154	25,119	22,630
	<u>64,682</u>	<u>31,955</u>	<u>96,637</u>	<u>79,487</u>
Due from Employees			54,237	70,390
Less: Receivable within one year			20,073	19,272
			<u>34,164</u>	<u>51,118</u>
			<u>130,801</u>	<u>130,605</u>
Outstanding for period:				
- less than three years but over one year			70,338	90,819
- more than three years			60,463	39,786
			<u>130,801</u>	<u>130,605</u>
13.3 Reconciliation of the carrying amount of loans to Directors and Executives:				
Opening balance at beginning of the year			102,117	71,913
Disbursements			79,293	84,345
Repayments			(59,654)	(54,141)
Balance at end of the year			<u>121,756</u>	<u>102,117</u>
<p>The loan to executive include an amount of Rs 1.595 million (2008: Rs 2.870 million) in respect of house building relating to key management personnel. Loan outstanding during the year relates to Mr. Ali A. Aga (Director), who was provided this loan as per his terms of employment.</p>				
13.4	Loans for purchase of motor cars and house building are repayable between two to ten years. These loans are interest free and granted to the employees including executives of the Company in accordance with their terms of employment.			
13.5	The maximum aggregate amount of long-term loans due from the Executives at the end of any month during the year was Rs 125.362 million (2008: Rs 102.117 million).			
14. Long-Term Deposits and Prepayments				
Deposits			21,211	22,291
Prepayments			7,867	8,393
			<u>29,078</u>	<u>30,684</u>
15. Stores and Spares				
Stores (include in-transit Rs 11.688 million; 2008: Rs 13.271 million)			37,613	47,279
Spares			493,799	519,154
Consumables			76,660	76,768
			<u>608,072</u>	<u>643,201</u>
Less: Provision for slow moving and obsolete items			111,671	104,661
			<u>496,401</u>	<u>538,540</u>
15.1 Movement of provision in stores and spares				
Provision as at January 1			104,661	55,661
Charge for the year - note 27			40,000	49,000
Write-off			(32,990)	-
Provision as at December 31			<u>111,671</u>	<u>104,661</u>

Notes to the Financial Statements

For the year ended December 31, 2009

Amounts in Rs '000

	2009	2008 Restated
16. Stock-in-Trade		
Raw and packing material (include in-transit Rs 219.873 million; 2008: Rs 386.240 million)	1,282,701	1,489,937
Work-in-process	83,229	134,237
Finished goods (include in-transit Rs 9.23 million; 2008: nil)	1,997,408	1,441,647
	3,363,338	3,065,821
Less: Provision for slow moving and obsolete stock		
- Raw material	63,944	67,435
- Finished goods	54,869	46,430
	118,813	113,865
	3,244,525	2,951,956
16.1 Movement of provision in stock-in-trade		
Provision as at January 1	113,865	117,732
Charge for the year - note 27	38,617	108,407
Reversal	(5,000)	-
Write-off	(28,669)	(112,274)
Provision as at December 31	118,813	113,865
Stock amounting to Rs 18.663 million (2008: Rs 392.2 million) are measured at net realisable value and has been written down by Rs 1.62 million (2008: Rs 61.6 million) to arrive at its net realisable value.		
17. Trade Debts		
Considered good		
- Secured	356,608	305,110
- Unsecured	812,677	927,897
	1,169,285	1,233,007
Considered doubtful	277,631	193,363
	1,446,916	1,426,370
Less: Provision for:		
- Doubtful debts	277,631	193,363
- Discounts	249,822	426,395
	527,453	619,758
	919,463	806,612
18. Loans and Advances		
Considered good		
Loans due from:		
Directors and Executives - note 13.2	25,119	22,630
Employees - note 13.2	20,073	19,272
Subsidiary - unsecured - note 18.1	283,000	96,000
	328,192	137,902
Advances to:		
Directors and Executives - note 18.2	6,012	5,530
Employees	6,626	5,174
Contractors and suppliers	60,355	41,561
Others	5,554	3,087
	78,547	55,352
	406,739	193,254
Considered doubtful	8,120	8,120
	414,859	201,374
Less: Provision for doubtful loans and advances	8,120	8,120
	406,739	193,254

Notes to the Financial Statements

For the year ended December 31, 2009

Amounts in Rs '000

18.1 A standby finance facility of Rs 300 million (2008: Rs 100 million short term loan) is provided to ICI Pakistan PowerGen Limited (wholly owned subsidiary) repayable on demand at a markup rate of 3 months Kibor + 1.65% (2008: Rs 6 months Kibor + 3%). The amount utilized under this facility as at December 31, 2009 amounted to Rs. 283 million (2008: Rs. nil).

18.2 The maximum aggregate amount of advances due from the Directors and Executives at the end of any month during the year was Rs 3.967 million and Rs 4.446 million (2008: Rs 2.620 million and Rs 15.056 million) respectively.

19. Trade Deposits and Short-Term Prepayments	2009	2008
Trade deposits	21,700	24,159
Short-term prepayments	430,738	380,503
	452,438	404,662
20. Other Receivables		
<i>Considered good</i>		
Duties, sales tax and octroi refunds due	212,244	260,181
Due from Associate - note 20.1 & 20.2	85,225	67,582
Insurance claims	11,887	23,360
Commission receivable	39,829	18,159
Interest income receivable from subsidiary	16,233	13,815
Interest income receivable	4,058	-
Rebates receivable	123,427	194,522
Others	184,208	171,769
	677,111	749,388
<i>Considered doubtful</i>	17,383	17,533
	694,494	766,921
Less: Provision for doubtful receivables - note 20.3	17,383	17,533
	677,111	749,388

20.1 The maximum aggregate amount due from ICI Omicron B.V. at the end of any month during the year was Rs 81.978 million (2008: Rs 67.582 million).

20.2 The above balances include amounts due from following associated undertakings:

ICI Omicron B.V. wholly owned subsidiary of AkzoNobel N.V.	80,420	67,582
ICI Paints Vietnam (Part of AkzoNobel group)	4,805	-
	85,225	67,582

20.3 Movement of provision for doubtful receivables

Provision as at January 1	17,533	15,904
Charge for the year - note 27	-	1,629
Reversal	(150)	-
Provision as at December 31	17,383	17,533

21. Cash and Bank Balances

Short term deposits	3,350,000	120,000
Current accounts	936,795	1,614,887
In hand		
- Cheques	169,633	221,248
- Cash	11,823	14,946
	4,468,251	1,971,081

22. Short-Term Financing

22.1 Running finance

The facilities for running finance available from various banks amounted to Rs 2,691 million (2008: Rs 2,571 million) and carried mark-up during the period ranging from 12.64 to 17.37 percent per annum (2008: 15.22 to 17.59 percent per annum). The facilities are secured by hypothecation charge over the present and future stock-in-trade and book debts of the Company and first pari passu charge over plant and machinery of Polyester Business of the Company. No such facility was utilised as at December 31, 2009.

22.2 Term finance

The facilities for term finance available from various banks amount to Rs nil (2008: Rs 550 million).

Notes to the Financial Statements

For the year ended December 31, 2009

Amounts in Rs '000

23. Operating Results

Note	Polyester		Soda Ash		Paints		Life Sciences		Chemicals		Company	Company
	2009	2008	2009	2008	2009	2008 Restated	2009	2008	2009	2008	2009	2008 Restated
Sales												
Afghanistan	-	-	-	-	88,800	82,000	-	-	-	-	88,800	82,000
Bangladesh	-	-	86,476	46,685	-	-	-	-	6,888	13,313	93,364	59,998
India	-	-	27,882	-	-	-	-	-	-	-	27,882	-
South Africa	-	-	76,605	-	-	-	-	-	-	-	76,605	-
United Arab Emirates	-	-	16,556	35,354	-	-	-	-	158	-	16,714	35,354
Others	-	-	3,989	-	-	11,900	810	691	18,055	6,910	22,854	19,501
	-	-	211,508	82,039	88,800	93,900	810	691	25,101	20,223	326,219	196,853
Inter-segment	-	-	-	-	-	-	-	-	276,573	569,840	276,573	569,840
Local	13,242,345	12,187,914	6,360,285	6,428,445	6,136,722	7,114,309	3,740,030	3,373,373	2,508,705	2,530,635	31,988,087	31,634,676
	13,242,345	12,187,914	6,571,793	6,510,484	6,225,522	7,208,209	3,740,840	3,374,064	2,810,379	3,120,698	32,590,879	32,401,369
Commission / Toll income	-	4,490	-	-	-	-	-	-	84,875	85,854	84,875	90,344
Turnover	13,242,345	12,192,404	6,571,793	6,510,484	6,225,522	7,208,209	3,740,840	3,374,064	2,895,254	3,206,552	32,675,754	32,491,713
Sales tax	-	-	1,073,105	1,064,410	811,979	905,199	-	-	272,088	251,467	2,157,172	2,221,076
Excise Duty	-	-	52,328	53,109	49,947	57,149	-	-	7,010	6,080	109,285	116,338
Commission and discounts to distributors and customers	44,517	54,254	107,539	126,512	1,006,822	1,121,653	374,927	360,139	169,022	122,986	1,702,827	1,785,544
	44,517	54,254	1,232,972	1,244,031	1,868,748	2,084,001	374,927	360,139	448,120	380,533	3,969,284	4,122,958
Net sales, commission & toll income	13,197,828	12,138,150	5,338,821	5,266,453	4,356,774	5,124,208	3,365,913	3,013,925	2,447,134	2,826,019	28,706,470	28,368,755
Cost of sales	11,794,598	11,155,231	3,896,339	3,716,355	2,986,743	3,695,790	2,383,614	1,983,934	1,969,284	2,321,668	23,030,578	22,872,978
Gross profit	1,403,230	982,919	1,442,482	1,550,098	1,370,031	1,428,418	982,299	1,029,991	477,850	504,351	5,675,892	5,495,777
Selling and distribution expenses	75,236	54,738	112,223	83,807	725,114	650,223	424,700	410,673	132,901	117,817	1,470,174	1,317,258
Administration and general expenses	239,111	196,463	291,821	253,314	381,949	444,863	137,107	130,420	128,076	101,099	1,178,064	1,126,159
Operating result	1,088,883	731,718	1,038,438	1,212,977	262,968	333,332	420,492	488,898	216,873	285,435	3,027,654	3,052,360
23.1 Segment assets	6,262,004	6,221,622	6,042,615	6,398,339	2,317,535	2,654,665	1,429,433	1,047,091	767,910	828,952	16,819,497	17,150,669
23.2 Unallocated assets											4,603,160	1,320,016
											21,422,657	18,470,685
23.3 Segment liabilities	2,297,646	1,053,424	1,998,609	1,506,505	753,310	1,135,559	1,331,383	763,269	322,872	301,285	6,703,820	4,760,042
23.4 Unallocated liabilities											304,195	299,722
											7,008,015	5,059,764
23.5 Non-cash items (Provision for non-management staff gratuity and eligible retired employees' medical scheme)	10,249	5,718	27,052	17,493	8,121	4,710	5,041	2,691	5,545	3,028	56,008	33,640
23.6 Depreciation & amortisation	326,976	350,285	436,885	361,614	72,376	59,135	14,507	16,013	19,944	18,997	870,688	806,044
23.7 Capital expenditure	83,573	100,971	461,508	1,386,174	148,599	68,111	16,489	17,416	36,015	53,061	746,184	1,625,733
23.8 Inter-segment pricing	Transactions among the business segments are recorded at arm's length prices using admissible valuation methods.											
23.9	There were no major customer's of the Company which formed 10 per cent or more of the Company's revenue.											

Notes to the Financial Statements

For the year ended December 31, 2009

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	2009	2008
24. Reconciliations of reportable segment turnover, cost of sales, assets and liabilities		
24.1 Turnover		
Total turnover for reportable segments - note 23	32,675,754	32,491,713
Elimination of inter-segment turnover	(276,573)	(569,840)
Total turnover	<u>32,399,181</u>	<u>31,921,873</u>
24.2 Cost of sales		
Total cost of sales for reportable segments - note 25	23,030,578	22,872,978
Elimination of inter-segment revenue	(276,573)	(569,840)
Total cost of sales	<u>22,754,005</u>	<u>22,303,138</u>
24.3 Assets		
Total assets for reportable segments	16,819,497	17,150,669
Taxation recoverable	460,240	419,934
Bank deposits - note 21	3,350,000	120,000
Due from Associates - note 20.1	80,420	67,582
Long term Investments - note 12	712,500	712,500
Total assets	<u>21,422,657</u>	<u>18,470,685</u>
24.4 Liabilities		
Total liabilities for reportable segments	6,703,820	4,760,042
Accrued interest / return on unsecured loan	299,647	295,173
Unclaimed dividends - note 8	4,548	4,549
Total liabilities	<u>7,008,015</u>	<u>5,059,764</u>

Notes to the Financial Statements

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25. Cost of Sales

	Polyester		Soda Ash		Paints		Life Sciences		Chemicals		Company	Company
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Raw and packing materials consumed												
Opening stock	512,080	506,824	370,987	135,447	324,080	146,172	111,021	159,410	104,334	79,537	1,422,502	1,027,390
Purchases												
Inter-segment	-	-	-	-	276,573	569,840	-	-	-	-	276,573	569,840
Others	10,263,852	9,739,672	1,251,854	1,854,823	2,328,255	2,964,033	776,709	563,465	840,470	951,331	15,461,140	16,073,324
	10,263,852	9,739,672	1,251,854	1,854,823	2,604,828	3,533,873	776,709	563,465	840,470	951,331	15,737,713	16,643,164
	10,775,932	10,246,496	1,622,841	1,990,270	2,928,908	3,680,045	887,730	722,875	944,804	1,030,868	17,160,215	17,670,554
Closing stock - note 16	(612,350)	(512,080)	(74,436)	(370,987)	(285,368)	(324,080)	(146,489)	(111,021)	(100,114)	(104,334)	(1,218,757)	(1,422,502)
Raw material consumed	10,163,582	9,734,416	1,548,405	1,619,283	2,643,540	3,355,965	741,241	611,854	844,690	926,534	15,941,458	16,248,052
Salaries, wages and benefits	332,146	256,109	499,952	410,304	81,234	74,667	3,037	2,764	37,879	23,539	954,248	767,383
Stores and spares consumed	90,109	90,866	114,679	118,300	4,476	1,763	-	-	2,801	4,288	212,065	215,217
Conversion fee paid to contract manufacturers	-	-	-	-	-	-	186,899	172,532	4,416	5,455	191,315	177,987
Oil, gas and electricity	841,024	665,838	1,406,785	1,170,754	28,235	16,851	-	-	8,128	7,290	2,284,172	1,860,733
Rent, rates and taxes	846	1,599	655	506	6,210	444	-	-	9,857	9,819	17,568	12,368
Insurance	15,497	20,703	12,755	15,979	26,518	20,665	3	2	300	187	55,073	57,536
Repairs and maintenance	950	955	43	125	18,190	11,895	11	10	3,174	2,334	22,368	15,319
Depreciation & amortisation charge - note 10.5 & 11.1	320,585	343,074	423,211	345,323	60,803	47,927	694	597	13,886	12,103	819,179	749,024
Technical fees	-	-	-	-	19,279	24,215	1,445	1,462	3,010	-	23,734	25,677
Royalty	-	-	-	-	-	-	1,008	1,173	24,470	18,265	25,478	19,438
General expenses	92,148	87,759	64,268	56,045	57,373	76,292	452	798	10,431	10,277	224,672	231,171
Opening stock of work-in-process	108,866	72,892	-	-	19,851	115,205	5,024	3,084	496	946	134,237	192,127
Closing stock of work-in-process - note 16	(54,163)	(108,866)	-	-	(15,600)	(19,851)	(11,811)	(5,024)	(1,655)	(496)	(83,229)	(134,237)
Cost of goods manufactured	11,911,590	11,165,345	4,070,753	3,736,619	2,950,109	3,726,038	928,003	789,252	961,883	1,020,541	20,822,338	20,437,795
Opening stock of finished goods	392,244	375,903	33,140	12,876	221,852	188,092	476,184	330,283	271,797	184,665	1,395,217	1,091,819
Finished goods purchased	-	6,227	-	-	85,700	103,600	1,826,217	1,347,098	882,262	1,390,063	2,794,179	2,846,988
	12,303,834	11,547,475	4,103,893	3,749,495	3,257,661	4,017,730	3,230,404	2,466,633	2,115,942	2,595,269	25,011,734	24,376,602
Closing stock of finished goods - note 16	(509,236)	(392,244)	(207,554)	(33,140)	(246,586)	(221,852)	(837,505)	(476,184)	(141,658)	(271,797)	(1,942,539)	(1,395,217)
Provision for obsolete stocks - note 27	-	-	-	-	(24,332)	(100,088)	(9,285)	(6,515)	(5,000)	(1,804)	(38,617)	(108,407)
	11,794,598	11,155,231	3,896,339	3,716,355	2,986,743	3,695,790	2,383,614	1,983,934	1,969,284	2,321,668	23,030,578	22,872,978

25.1 Staff retirement benefits

Salaries, wages and benefits include Rs 193.055 million (2008: Rs 43.962 million) in respect of staff retirement benefits.

Notes to the Financial Statements

For the year ended December 31, 2009

Amounts in Rs '000

26. Selling and Distribution Expenses

	Polyester		Soda Ash		Paints		Life Sciences		Chemicals		Company 2009	Company 2008 Restated
	2009	2008	2009	2008	2009	2008 Restated	2009	2008	2009	2008		
Salaries and benefits	40,591	32,209	24,581	18,389	195,676	152,402	184,344	147,224	63,531	51,355	508,723	401,579
Repairs and maintenance	122	69	1,063	863	3,537	2,687	1,862	1,531	1,033	623	7,617	5,773
Advertising and sales promotion	15,480	1,064	896	1,251	262,189	244,830	64,513	90,357	987	2,091	344,065	339,593
Rent, rates and taxes	-	-	922	921	23,491	25,254	4,404	4,666	1,182	1,482	29,999	32,323
Insurance	-	-	434	914	-	-	3,866	5,128	3,340	4,091	7,640	10,133
Lighting, heating and cooling	17	15	873	885	4,807	3,721	1,969	1,684	206	258	7,872	6,563
Depreciation & amortisation charge - note 10.5 & 11.1	59	248	327	209	-	-	11,195	12,467	1,784	1,477	13,365	14,401
Outward freight and handling	7,078	7,515	69,972	48,363	172,953	159,682	22,395	23,071	28,089	21,610	300,487	260,241
Travelling expenses	3,206	5,081	1,882	1,308	30,588	31,951	63,407	65,509	11,567	13,317	110,650	117,166
Postage, telegram, telephone and telex	423	808	774	688	5,801	5,558	9,759	7,712	3,447	3,665	20,204	18,431
General expenses	8,260	7,729	10,499	10,016	26,072	24,138	56,986	51,324	17,735	17,848	119,552	111,055
	75,236	54,738	112,223	83,807	725,114	650,223	424,700	410,673	132,901	117,817	1,470,174	1,317,258

26.1 Staff retirement benefits

Salaries, wages and benefits include Rs 67.593 million (2008: Rs 40.995 million) in respect of staff retirement benefits.

26.2 Severance cost

Salaries and benefits include Rs 4.677 million (2008: Rs nil) in respect of severance cost.

27. Administration and General Expenses

Salaries and benefits	134,531	92,194	193,284	146,769	134,481	94,962	93,672	75,817	72,479	59,887	628,447	469,629
Repairs and maintenance	2,715	3,739	3,478	7,657	8,828	7,982	1,352	2,268	780	1,638	17,153	23,284
Advertising and publicity expenses	2,855	2,870	6,013	7,424	-	-	1,134	1,357	1,452	1,543	11,454	13,194
Rent, rates and taxes	2,551	2,341	2,877	2,527	6,302	5,963	543	459	587	520	12,860	11,810
Insurance	552	687	1,454	1,975	7,438	578	2,137	3,399	316	436	11,897	7,075
Lighting, heating and cooling	3,172	2,650	5,273	4,521	3,518	2,903	3,590	3,219	1,077	953	16,630	14,246
Depreciation & amortisation charge - note 10.5 & 11.1	6,332	6,963	13,347	16,082	11,573	11,208	2,618	2,949	4,274	5,417	38,144	42,619
Provision for doubtful debts - trade - others	5,610	4,130	-	-	69,040	60,046	7	627 1,629	641	-	75,298	64,803 1,629
Provision for obsolete stocks-Note 16.1	-	-	-	-	24,332	100,088	9,285	6,515	5,000	1,804	38,617	108,407
Provision for obsolete spares-Note 15.1	40,000	45,000	-	4,000	-	-	-	-	-	-	40,000	49,000
Travelling expenses	6,491	7,404	8,142	11,548	14,626	12,787	5,631	7,773	5,349	4,060	40,239	43,572
Postage, telegram, telephone and telex	1,337	1,070	2,149	2,085	8,999	13,997	2,516	2,042	1,148	1,014	16,149	20,208
General expenses	32,965	27,415	55,804	48,726	92,812	134,349	14,622	22,366	34,973	23,827	231,176	256,683
	239,111	196,463	291,821	253,314	381,949	444,863	137,107	130,420	128,076	101,099	1,178,064	1,126,159

27.1 Staff retirement benefits

Salaries, wages and benefits include Rs 132.772 million (2008: Rs 52.685 million) in respect of staff retirement benefits.

27.2 Severance cost

Salaries and benefits include Rs 42.903 million (2008: Rs 6.531 million) in respect of severance cost.

Notes to the Financial Statements

For the year ended December 31, 2009

Amounts in Rs '000

	2009	2008 Restated
28. Financial Charges		
Mark-up on short-term financing	1,587	10,773
Interest on workers' profit participation fund - note 8.3	2,105	3,637
Discounting charges on receivables	82,383	104,195
Exchange loss	74,454	92,634
Interest on security deposits	2,043	3,914
Others	4,969	4,155
	<u>167,541</u>	<u>219,308</u>
29. Other Operating Charges		
Auditors' remuneration - note 29.1	6,600	7,120
Donations - note 29.2	16,464	21,650
Workers' profit participation fund - note 8.3	161,822	147,873
Workers' welfare fund	62,704	57,056
	<u>247,590</u>	<u>233,699</u>
29.1 Auditors' remuneration		
Audit and Group reporting fee	4,950	5,500
Half yearly review and other certifications	1,015	900
Out-of-pocket expenses	635	720
	<u>6,600</u>	<u>7,120</u>
29.2		
Donations include Rs 13.97 million (2008: Rs 13.4 million) to ICI Pakistan Foundation (Head office, Karachi) Mr. Waqar A Malik, Chief Executive; Mr. Ali Asrar Aga and Mr. Feroz Rizvi, Directors of the Company and Mr. Suhail Aslam Khan and Mr. Nasir Jamal, Executives of the Company are amongst the Trustees of the Foundation.		
30. Other Operating Income		
Income from related parties		
Return on loan due from Subsidiary	60,629	39,305
Service fees from related parties - note 30.1	4,636	8,482
Return from other financial assets		
Profit on short-term and call deposits	167,995	90,107
Income from non-financial assets		
Scrap sales	56,988	43,212
Gain on disposal of property, plant and equipment	5,293	7,437
Others		
Provisions and accruals no longer required written back	104,768	2,602
Income on technical assistance	244	1,396
Income on sale of Adhesive to Henkel	14,662	-
Sundries	44,768	20,884
	<u>459,983</u>	<u>213,425</u>
30.1		
This represents amount charged by the Company for certain management and other services rendered to its related parties (Lotte Pakistan PTA Limited (formerly Pakistan PTA Limited) and ICI Pakistan PowerGen Limited), in accordance with the Service Agreements based on commercial terms between the companies.		

Notes to the Financial Statements

For the year ended December 31, 2009

Amounts in Rs '000

	2009	2008 Restated
31. Taxation		
Current	490,813	102,838
Prior years	(17,439)	6,092
Total current tax charge	473,374	108,930
Deferred - note 7	554,394	841,110
Net tax charged - note 31.1	<u>1,027,768</u>	<u>950,040</u>
31.1 Tax reconciliation		
Profit for the year	<u>3,072,506</u>	<u>2,812,778</u>
Tax @ 35%	1,075,377	984,472
Prior years' tax charge	(17,439)	6,092
Tax impact on income under FTR of the current year	(40,712)	(47,241)
Permanent difference - Donations	5,762	7,578
Other	4,780	(861)
	<u>1,027,768</u>	<u>950,040</u>
32. Earnings per share - Basic and diluted		
Profit after taxation for the year	<u>2,044,738</u>	<u>1,862,738</u>
	Number of shares	
Weighted average number of ordinary shares in issue during the year	<u>138,802,300</u>	<u>138,802,300</u>
	Rupees	
Earnings per share	<u>14.73</u>	<u>13.42</u>

33. Remuneration of Directors and Executives

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

	Chairman		Chief Executive		Directors		Executives		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Managerial remuneration	1,162	995	21,135	17,299	33,863	34,870	418,814	366,543	474,974	419,707
Retirement benefits	-	-	5,321	4,474	7,383	7,622	107,981	94,817	120,685	106,913
Group insurance	-	-	42	42	126	126	4,512	4,515	4,680	4,683
Rent and house maintenance	-	-	5,268	5,600	-	-	122,368	106,950	127,636	112,550
Utilities	-	-	647	554	-	-	30,310	26,639	30,957	27,193
Medical expenses	-	-	203	180	419	454	15,410	15,281	16,032	15,915
	<u>1,162</u>	<u>995</u>	<u>32,616</u>	<u>28,149</u>	<u>41,791</u>	<u>43,072</u>	<u>699,395</u>	<u>614,745</u>	<u>774,964</u>	<u>686,961</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>5</u>	<u>5</u>	<u>328</u>	<u>282</u>	<u>335</u>	<u>289</u>

Notes to the Financial Statements

For the year ended December 31, 2009

Amounts in Rs '000

- 33.1** In addition to this, an amount of Rs 209.8 million (2008: Rs 179 million) on account of variable pay has been recognised in the current year. This amount is payable in 2010 after verification of achievements against target. Further, a long term bonus of Rs 28.9 million (2008: Rs 21 million) payable to certain employees has been recognised in the financial statements which is payable in 2010.

Out of variable pay recognised for 2008 and 2007 following payments were made:

	Paid in 2009 relating to 2008	Paid in 2008 relating to 2007
Chief Executive - note 33.1.1	11,765	11,859
Directors	11,400	9,976
Executives	92,752	100,326
Other employees	37,131	24,030
	<u>153,048</u>	<u>146,191</u>

- 33.1.1** Included in this is a one-off Rs nil (2008: 4.1million) profit growth bonus.
- 33.2** The Directors and certain Executives are provided with free use of Company cars in accordance with their entitlement. The Chief Executive is provided with Company owned and maintained furnished accommodation and free use of Company car.
- 33.3** Aggregate amount charged in the financial statements for remuneration to three Non-executive Directors was Rs 3.228 million (2008: Rs 2.482 million). This includes fees paid to directors amounting to Rs. 0.249 million (2008: Rs. 0.221 million) for attending for board and other meetings.
- 33.4** The above balances include an amount of Rs 141.359 million (2008: Rs 165.8 million) on account of remuneration of key management personnel out of which Rs 24.356 million (2008: Rs 19.896 million) relates to post employment benefits.

34. Transactions with Related Parties

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

	2009	2008
Subsidiary Company		
Purchase of goods, materials and services	676,003	452,449
Provision of services and other receipts	1,980	1,980
Return on loan to Subsidiary	60,629	39,305
Loan to subsidiary company - (net of repayment)	96,000	176,000
Standby finance facility availed by Subsidiary	283,000	-
Investment	-	130,000
Sale of operating asset	-	961
Associated companies		
Purchase of goods, materials and services	5,750,335	7,609,047
Provision of services and other receipts	6,440	6,502
Sale of goods and materials	126,429	142,591
Dividends	789,218	631,975
Donations	13,970	13,400

Notes to the Financial Statements

For the year ended December 31, 2009

Amounts in Rs '000

35. Plant Capacity and Annual Production

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

	2009		2008	
	Annual Name Plate Capacity	Production	Annual Name Plate Capacity	Production
Polyester	122,000	123,642	122,000	112,011
Soda Ash - note 35.1	350,000	269,500	285,000	266,060
Paints - note 35.2	-	33,741	-	43,305
Chemicals - note 35.2	-	8,477	-	9,669
Sodium Bicarbonate	20,000	22,580	20,000	21,850

35.1 Production was below name plate capacity due to gas curtailment and also in line with market demand

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

36. Fair Value of Financial Assets and Liabilities

The carrying amounts of the financial assets and financial liabilities approximate their fair values.

37. Financial Risk Management

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

37.1 Risk Management Framework

The Board of Directors has overall responsibility for establishment and 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.

38. Market Risk

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

38.1 Interest Rate Risk

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

	Carrying Amount	
	2009	2008
Fixed rate instruments		
Financial assets - Note 21	3,350,000	120,000
Financial liabilities - Note 8	(71,993)	(55,222)
	<u>3,278,007</u>	<u>64,778</u>
Variable rate instruments		
Financial assets - Note 13 & 18	<u>483,000</u>	<u>296,000</u>

Notes to the Financial Statements

For the year ended December 31, 2009

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39. Credit Risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual counterparty. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. However, in Paints business reviewing to assign credit limits is in process which will be completed in the first quarter of 2010. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. To mitigate the risk, the Company has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored. Business with customers is also secured, where possible, by way of inland letters of credit.

The Company's gross maximum exposure to credit risk at the reporting date is as follows:

	2009	2008 Restated
39.1 Financial Assets		
Long term loans - note 13	330,801	330,605
Long term deposits and prepayments - note 14	29,078	30,684
Trade debts (gross) net of discount - note 17	1,197,094	999,975
Loans and advances (gross) - note 18	414,859	201,374
Trade deposits - note 19	21,700	24,159
Other receivables - note 20	464,867	489,207
Bank balances - note 21	4,456,428	1,956,135
	<u>6,914,827</u>	<u>4,032,139</u>

39.2 The Company has placed its funds with banks which are rated A-1+ or above by PACRA / JCRVIS.

39.3 Financial Assets

- Secured	565,182	511,387
- Unsecured	6,361,468	3,535,698
	<u>6,926,650</u>	<u>4,047,085</u>

39.4 The ageing of bank balances, trade receivables and loans and advances (on gross basis) at the reporting date is as follows:

Not past due	5,461,849	2,541,315
Past due but not Impaired:		
Not more than three months	281,317	390,278
Past due and Impaired:		
more than three months and not more than six months	63,002	61,176
more than six months and not more than nine months	25,352	8,870
more than nine months and not more than one year	43,378	53
More than one year	193,483	155,792
	<u>606,532</u>	<u>616,169</u>
	<u>6,068,381</u>	<u>3,157,484</u>

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

Wholesale customers	138,510	58,522
Retail customers	284,408	345,308
End-user customers	183,614	212,339
	<u>606,532</u>	<u>616,169</u>

39.6 Movement of provision for trade receivables and loans and advances

Opening	201,483	143,520
Additional provision	75,298	64,803
Provision utilised against write offs	9,646	(6,388)
Provision no longer required	(676)	(452)
	<u>285,751</u>	<u>201,483</u>

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

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

Notes to the Financial Statements

For the year ended December 31, 2009

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39.7 Concentration Risk

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

	2009	2008
Textile	217,085	235,577
Glass	22,679	12,371
Ceramics	2,985	-
Paper and Board	18,137	-
Chemicals	232,624	142,781
Pharmaceuticals	18,799	62,845
Construction	31,972	-
Transport	60,264	-
Paints	516,308	504,346
Bank	4,456,428	1,956,135
Subsidiary	283,000	96,000
Others	208,100	147,429
	6,068,381	3,157,484

40. Liquidity Risk

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

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

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

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

	2008		
Financial liabilities			
Trade creditors - note 8	1,189,743	1,189,743	(1,189,743)
Bills payable - note 8	687,699	687,699	(687,699)
Mark-up accrued on short term financing - note 8	8,979	8,979	(8,979)
Accrued interest / return on unsecured loan - note 8.2	281,081	281,081	(281,081)
Accrued expenses - note 8	959,057	959,057	(959,057)
Technical service fee / Royalty - note 8	29,382	29,382	(29,382)
Distributors' security deposits - payable on termination of distributorship - note 8 & 8.4	55,222	59,364	(59,364)
Contractors' earnest / retention money - note 8	9,680	9,680	(9,680)
Unclaimed dividends - note 8	4,549	4,549	(4,549)
Payable for capital expenditure - note 8	217,028	217,028	(217,028)
Others - note 8	198,800	198,800	(198,800)
	3,641,220	3,645,362	(3,645,362)

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41. In April 2009 it was observed that certain isolated management practices and dealings at Decorative segment of the Paints business seemed to be at variance with the Company's approved policies and procedures. This information was communicated to the Board who immediately initiated a detailed review by the Company's Internal Auditors Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants. These practices mainly related to obligations and commitments made in the market which were not properly recorded.

The detailed review by Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants has been completed, the Board of Directors have decided to make a full provision in respect of these identified obligations. The amount has been accounted for as given below in accordance with the IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

- 41.1 The effect of retrospective restatement on profit and loss account is tabulated below:

	2008
Increase in commission and discounts	(165,000)
Increase in selling and distribution expenses	(72,500)
Increase in administration and general expenses	(62,500)
Decrease in operating results	(300,000)
Decrease in other operating income	(41,000)
Decrease in WPPF charge	17,050
Decrease in WWF charge	6,820
Decrease in profit before tax	(317,130)
Decrease in income tax expense	110,996
Decrease in profit after tax	(206,134)
	(Rupees)
Decrease in basic and diluted earnings per share	(1.49)

- 41.2 The effect of retrospective restatement on Balance sheet for 2008 and 2007 is tabulated below:

	2008	2007
Decrease in trade debts	197,000	32,000
Increase in deferred tax asset	126,946	15,950
Increase in trade and other payables	165,700	13,570
Decrease in unappropriated profit	235,754	29,620

- 41.3 Effect on unappropriated profit as at December 31:

Increase in commission and discounts	(197,000)	(32,000)
Increase in administration and general expenses	(62,500)	-
Increase in selling and distribution expenses	(89,500)	(17,000)
Decrease in operating results	(349,000)	(49,000)
Decrease in other operating income	(41,000)	-
Decrease in WPPF and WWF charge	27,300	3,430
Decrease in income tax expense	126,946	15,950
Decrease in unappropriated profit	(235,754)	(29,620)

42. Capital Risk Management

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

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

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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 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 finalized assessment. The department had however filed an appeal in the Supreme Court against the High Court's order. The appeal was dismissed by the Supreme Court.

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

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

The Income Tax Appellate Tribunal earlier set aside the assessment for the assessment year 1998-99 on the issues of date of commissioning of PTA plant & depreciation thereon, restriction of cost of capitalization of PTA plant and addition to income in respect of trial production stocks. The re-assessment was finalized by the department during the year giving rise to an additional tax demand.

In appeal against the said order, after the action being maintained by the Commissioner of Income Tax - Appeals, the Income Tax Appellate Tribunal has set aside the assessment order passed by the tax department for fresh adjudication.

Pension and Gratuity

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

Property, plant and equipment

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

44. Standards or Interpretations not yet effective

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increase in disclosures in certain cases:

Revised IFRS 3 Business Combinations (applicable for annual periods beginning on or after July 1, 2009) broadens among other things the definition of business resulting in more acquisitions being treated as business combinations, contingent consideration to be measured at fair value, transaction costs other than share and debt issue costs to be expensed, any pre-existing interest in an acquiree to be measured at fair value, with the related gain or loss recognised in profit or loss and any non-controlling (minority) interest to be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of an acquiree, on a transaction-by- transaction basis. The application of this standard is not likely to have an effect on the Company's financial statements.

Notes to the Financial Statements For the year ended December 31, 2009

Amended IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after July 1, 2009) requires accounting for changes in ownership interest by the group in a subsidiary, while maintaining control, to be recognized as an equity transaction. When the group loses control of subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognized in the profit or loss. The application of the standard is not likely to have an effect on the Company's financial statements.

IFRIC 15- Agreement for the Construction of Real Estate (effective for annual periods beginning on or after October 1, 2009) clarifies the recognition of revenue by real estate developers for sale of units, such as apartments or houses, 'off-plan', that is, before construction is complete. The amendment is not relevant to the Company's operations.

Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective for annual periods beginning on or after July 1, 2009) clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. The amendment is not likely to have an effect on the Company's financial statements.

IFRIC – 17 Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after July 1, 2009) states that when a company distributes non cash assets to its shareholders as dividend, the liability for the dividend is measured at fair value. If there are subsequent changes in the fair value before the liability is discharged, this is recognised in equity. When the non cash asset is distributed, the difference between the carrying amount and fair value is recognised in the income statement. As the Company does not distribute non-cash assets to its shareholders, this interpretation has no impact on the Company's financial statements.

The International Accounting Standards Board made certain amendments to existing standards as part of its second annual improvements project. The effective dates for these amendments vary by standard and most will be applicable to the Company's 2010 financial statements. These amendments are unlikely to have an impact on the Company's financial statements.

Amendment to IFRS 2 – Share-based Payment – Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after January 1, 2010). Currently effective IFRSs require attribution of group share-based payment transactions only if they are equity-settled. The amendments resolve diversity in practice regarding attribution of cash-settled share-based payment transactions and require an entity receiving goods or services in either an equity-settled or a cash-settled payment transaction to account for the transaction in its separate or individual financial statements.

Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (effective for annual periods beginning on or after February 1, 2010). The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. This interpretation has no impact on the Company's financial statements.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after July 1, 2010). This interpretation provides guidance on the accounting for debt for equity swaps. This interpretation has no impact on the Company's financial statements.

IAS 24 Related Party Disclosures (revised 2009) – effective for annual periods beginning on or after January 1, 2011. The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The amendment would result in certain changes in disclosures.

Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after January 1, 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. This amendment is not likely to have any impact on Company's financial statements.

Improvements to IFRSs 2008 – Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – (effective for annual periods beginning on or after July 1, 2009). The amendments specify that if an entity is committed to a plan to sell a subsidiary, then it would classify all of that subsidiary's assets and liabilities as held for sale if criteria in IFRS 5 are met. This applies regardless of the entity retaining an interest (other than control) in the subsidiary; and disclosures for discontinued operations are required by the parent when a subsidiary meets the definition of a discontinued operation. This amendment is not likely to have any impact on Company's financial statements.

Notes to the Financial Statements For the year ended December 31, 2009

45. Dividend

The directors in their meeting held on February 18, 2010 have declared a final dividend of Rs 4.5 per share (2008: Rs 4.00 per share) in respect of year ended December 31, 2009. The financial statements for the year ended December 31, 2009 do not include the effect of the above dividend which will be accounted for in the period in which it is declared.

46. Date of Authorisation

These financial statements were authorised for issue in the Board of Directors meeting held on February 18, 2010.

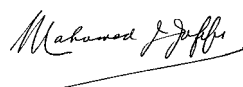
47. General

47.1 Figures have been rounded off to the nearest thousand rupees.

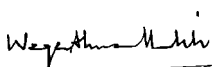
47.2 Corresponding Figures

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

Reclassification from component	Reclassification to component	Amounts in Rs '000
Administration & general expenses - Depreciation	Selling & distribution expenses - Depreciation	10,797
Selling & distribution expenses - General Expenses	Cost of sales - Rent rates and taxes	9,635
Cost of sales - Raw Material Purchases	Selling & distribution expenses - Outward freight and handling charges	23,071
Cost of sales - Finished Goods Purchases	Cost of sales - Royalty	1,173



M J Jaffer
Chairman / Director



Waqar A Malik
Chief Executive



Feroz Rizvi
Chief Financial Officer

Comparison of Results for Ten Years As at December 31

	2000		Company
	Continued	Discontinued	
Balance Sheet			
Total Equity and Revaluation Reserve			4,038,362
Non Current Liability			189,552
Current Liability			6,910,283
Total Equity and Liabilities			11,138,197
Non Current Assets			7,792,121
Current Assets			3,346,076
Total Assets			11,138,197
Profit and Loss Account			
Net sales, commission & toll income	9,784,132	7,576,861	15,725,184
Gross profit	2,613,951	(134,936)	2,479,015
Operating Result	1,542,154	(368,602)	1,173,552
Profit before taxation	1,251,588	(2,923,265)	(1,671,677)
Profit after taxation	1,202,446	(2,952,776)	(1,750,330)
Summary of Cash Flows			
Net cash generated from operating activities			461,917
Net cash used in investing activities			(1,631,630)
Net cash used in financing activities			(3,066,247)
Cash and cash equivalents at December 31			185,081
Investors Ratio			
Gross profit to Sales			15.76
Gross profit ratio (turnover)			13.16
EBITDA			-
EBITDA margin to sales (%)			-
Profit/(loss) after Taxation to sales (%)			-
Debtor turnover ratio (in days) - Sales			8
Inventory turnover ratio (in days) - COGS			64
Creditor turnover ratio (in days) - COGS			-
Operating Cycle			-
Fixed assets turnover to Sales (%)			277
Market Value / share			10.85
Break-up value per share with Surplus on Revaluation			26.72
Break-up value per share excluding Surplus on Revaluation			11.70
Price Earning ratio			-
Dividend (Declared for the year) Yield - (%)			-
Dividend (Declared for the year) Payout (%)			-
Return on Capital Employed (%)			-
Debt : Equity ratio			78:22
Current ratio			1.43
Acid Test			0.54
Interest cover - times			0.42
Earnings after tax per share			-
Dividends - Rupee per share			-
Dividend cover - times			-

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

Comparison of Results for Ten Years As at December 31

Amounts in Rs '000

2001	2002	2003	2004 *	2005 Restated	2006	2007 Restated	2008 Restated	2009
5,384,581	6,775,438	6,141,682	8,641,044	9,987,387	11,389,230	12,380,997	13,410,921	14,414,642
66,173	78,895	74,568	82,601	90,604	104,079	119,571	612,954	1,208,117
7,945,475	6,932,541	7,915,577	5,205,018	5,891,930	5,436,275	6,263,805	4,446,810	5,799,898
13,396,229	13,786,874	14,131,827	13,928,663	15,969,921	16,929,584	18,764,373	18,470,685	21,422,657
8,685,242	9,168,174	8,825,935	6,738,979	9,469,783	9,905,729	9,741,603	10,435,258	10,297,489
4,710,987	4,618,700	5,305,892	7,189,684	6,500,138	7,023,855	9,022,770	8,035,427	11,125,168
13,396,229	13,786,874	14,131,827	13,928,663	15,969,921	16,929,584	18,764,373	18,470,685	21,422,657
10,569,573	12,218,937	18,127,295	17,639,480	18,476,457	19,574,118	23,024,123	27,798,915	28,429,897
2,465,404	2,327,095	2,664,367	2,755,709	3,351,698	4,081,470	4,818,754	5,495,777	5,675,892
1,398,862	1,077,114	1,087,681	1,346,788	1,842,542	2,479,018	2,984,004	3,052,360	3,027,654
619,777	723,094	806,552	2,898,950	1,612,401	2,117,797	2,768,523	2,812,778	3,072,506
566,618	1,854,732	766,244	2,846,368	2,253,257	1,455,628	1,784,800	1,862,738	2,044,738
980,784	1,026,536	1,933,065	1,823,927	2,521,959	3,477,093	4,093,537	969,809	4,476,231
(788,962)	(32,549)	(103,226)	3,379,171	(1,118,221)	(1,040,183)	(1,397,436)	(1,780,969)	(938,043)
70,652	(965,730)	(1,261,623)	(4,542,451)	(928,947)	(2,337,028)	(868,583)	(832,815)	(1,041,018)
447,555	475,812	1,044,028	1,704,675	2,179,466	2,279,348	4,106,866	2,462,891	4,960,061
23.33	19.04	14.70	15.62	18.14	20.86	20.93	19.77	19.96
19.24	15.44	12.03	12.94	15.92	18.60	18.54	17.22	17.52
2,019,204	1,707,874	1,735,358	2,026,891	2,580,943	3,251,478	3,858,393	3,858,404	3,898,342
19	14	10	11	14	17	17	14	14
5	15	4	16	12	7	8	7	7
18	19	13	15	14	13	14	12	11
81	69	45	61	65	57	47	43	50
62	48	32	42	42	47	42	19	15
37	40	26	34	38	23	19	35	46
177.77	212.77	327.94	327.51	252.49	232.61	269.4	296.95	308.18
35.30	53.95	85.00	89.65	140.50	115.50	196.65	68.71	168.49
32.09	38.73	44.25	62.25	71.95	82.05	89.20	96.62	103.85
17.78	33.08	39.35	58.02	68.39	73.95	81.91	89.68	97.14
7.55	4.04	15.40	4.37	8.65	11.01	16.29	5.12	11.44
5.67	4.17	-	2.79	4.27	4.76	2.80	8.73	4.75
48.99	16.84	-	12.19	36.96	52.45	42.77	44.71	54.31
24.05	40.40	14.03	35.34	23.74	14.18	15.70	14.96	15.17
67:33	49:51	42:58	0:100	0:100	0:100	0:100	0:100	0:100
1.11	1.17	1.36	1.41	1.10	1.29	1.44	1.81	1.92
0.51	0.56	0.67	0.71	0.56	0.73	0.97	1.02	1.27
1.80	2.72	3.11	12.38	6.72	8.32	25.74	22.77	24.78
4.68	13.36	5.52	20.51	16.23	10.49	12.86	13.42	14.73
2.00	2.25	-	2.50	6.00	5.50	5.50	6.00	7.50
2.04	6.68	2.45	8.20	2.71	1.91	2.34	2.24	1.96

Vertical and Horizontal Analysis for Six years As at December 31

Vertical Analysis

	2004	2005	2006	2007	2008	2009
Profit and Loss Account						
Net sales, commission & toll income	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Gross profit	15.6%	18.1%	20.9%	20.9%	19.8%	20.0%
Operating Result	7.6%	10.0%	12.7%	13.0%	11.0%	10.6%
Profit before taxation	16.4%*	8.7%*	10.8%	12.0%	10.1%	10.8%
Profit after taxation	16.1%*	12.2%*	7.4%	7.8%	6.7%	7.2%

Balance Sheet

Equity and Revaluation Reserve	62%	63%	67%	66%	73%	67%
Non Current Liability	1%	1%	1%	1%	3%	6%
Current Liability	37%	37%	32%	33%	24%	27%
Total Equity and Liabilities	100%	100%	100%	100%	100%	100%
Non Current Assets	48%	59%	59%	52%	56%	48%
Current Assets	52%	41%	41%	48%	44%	52%
Total Assets	100%	100%	100%	100%	100%	100%

Horizontal Analysis

Profit and Loss Account

Net sales, commission & toll income	-2.7%	4.7%	5.9%	17.6%	20.7%	2.3%
Gross profit	3.4%	21.6%	21.8%	18.1%	14.0%	3.3%
Operating Result	23.8%	36.8%	34.5%	20.4%	2.3%	-0.8%
Profit before taxation	259.4%*	-44.4%*	31.3%	30.7%	1.6%	9.2%
Profit after taxation	271.5%*	-20.8%*	-35.4%	22.6%	4.4%	9.8%

Balance Sheet

Equity and Revaluation Reserve	41%	16%	14%	9%	8%	7%
Non Current Liability	11%	10%	15%	15%	413%*	97%
Current Liability	-34%	13%	-8%	15%	-29%	30%
Total Equity and Liabilities	-1%	15%	6%	11%	-2%	16%
Non Current Assets	-24%	41%	5%	-2%	7%	-1%
Current Assets	36%	-10%	8%	28%	-11%	38%
Total Assets	-1%	15%	6%	11%	-2%	16%

* 2004 Includes profit on sale of investment in PPTA shares of Rs 1,788.5 million

* 2005 Earnings include deferred tax credit of Rs 681 million

* 2008 Represents Deferred tax liability of Rs 841.1 million

Pattern of Shareholding as at December 31, 2009

No. of Shareholders	Categories		No. of Shares
	From	To	
6,174	1	100	218,955
4,038	101	500	972,249
1,072	501	1,000	798,298
1,095	1,001	5,000	2,331,983
146	5,001	10,000	1,060,827
46	10,001	15,000	573,886
30	15,001	20,000	534,739
17	20,001	25,000	393,875
7	25,001	30,000	195,740
6	30,001	35,000	191,513
4	35,001	40,000	149,274
3	40,001	45,000	125,339
1	45,001	50,000	50,000
2	50,001	55,000	106,230
1	60,001	65,000	65,000
1	65,001	70,000	67,273
7	70,001	75,000	511,279
3	75,001	80,000	235,700
1	80,001	85,000	80,040
2	95,001	100,000	200,000
1	100,001	105,000	104,830
1	110,001	115,000	112,200
3	120,001	125,000	365,962
2	125,001	130,000	255,100
1	130,001	135,000	134,847
1	155,001	160,000	160,000
1	160,001	165,000	164,923
1	170,001	175,000	171,700
2	175,001	180,000	358,873
1	230,001	235,000	233,300
1	245,001	250,000	250,000
1	285,001	290,000	289,610
1	320,001	325,000	321,224
1	325,001	330,000	325,814
1	370,001	375,000	373,600
2	395,001	400,000	800,000
1	410,001	415,000	411,800
1	510,001	515,000	514,704
1	545,001	550,000	547,832
1	595,001	600,000	600,000
1	605,001	610,000	610,000
1	695,001	700,000	696,800
1	855,001	860,000	860,000
1	905,001	910,000	909,900
1	935,001	940,000	938,371
1	1,195,001	1,200,000	1,200,000
1	1,240,001	1,245,000	1,241,000
1	1,510,001	1,515,000	1,512,599
1	3,045,001	3,050,000	3,045,986
1	7,195,001	7,200,000	7,200,000
1	105,225,001	105,230,000	105,229,125
12,692			138,802,300

Pattern of Shareholding as at December 31, 2009

S.No.	Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
1	Associated Companies (a)	1	105,229,125	75.81
2	Investment Companies	12	6,118	0.00
3	Insurance Companies	7	2,749	0.00
4	Joint Stock Companies	26	9,232	0.01
5	Others	25	314,262	0.23
6	Financial Institutions	12	19,058	0.01
7	Modaraba Companies	3	176	0.00
8	Mutual Funds	6	764	0.00
9	Individuals	8,480	2,610,569	1.89
10	Central Depository Company (b)	4,120	30,610,247	22.05
	TOTALS	12,692	138,802,300	100.00

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

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

1	Insurance Companies	16	5,586,635	18.25
2	Investment Companies	4	55,288	0.18
3	Joint Stock Companies	120	7,825,110	25.56
4	Modaraba Management Companies	2	121	0.00
5	Modarabas	4	93,475	0.31
6	Mutual Fund	33	5,068,018	16.56
7	Others	18	263,141	0.86
8	Financial Institutions	18	3,826,736	12.50
9	Cooperative Societies	1	2,200	0.01
10	Charitable Trusts	7	160,731	0.53
11	Individuals	3,897	7,728,792	25.25
	TOTALS	4,120	30,610,247	100.0

Pattern of Shareholding as at December 31, 2009

ADDITIONAL INFORMATION

Shareholder's Category	Number of Shareholders	Number of Shares Held
Associated Companies, Undertakings and Related Parties		
ICI OMICRON B.V.	1	105,229,125
NIT and ICP (name wise detail)		
National Bank of Pakistan, Trustee Department (NIT)	2	1,103,294
Investment Corporation of Pakistan	2	1,810
Directors, CE and their spouse and minor children (name wise detail)		
Mahomed J. Jaffer	1	21,325
Waqar A Malik	1	1
Mueen Afzal	1	1
Feroz Rizvi	1	1
M Nawaz Tiwana	1	1
Ali Asrar Aga	1	1
Khatoon M. Jaffer w/o M J Jaffer	1	15,989
Akbar Jaffer s/o M J Jaffer	1	15,081
Executives	53	17,696
Public Sector Companies and Corporations	4	3,048,048
Banks, Development Finance Institutions, Non-Banking Finance Institutions Insurance Companies, Modarabas and Mutual Funds	96	9,732,536
Shareholders holding 10% or more voting interest		
ICI OMICRON B.V.	1	105,229,125

Consolidated Financial Statements

**ICI Pakistan Limited
and its Subsidiary Company**



ICI Pakistan Limited is now part
of the AkzoNobel Group



AkzoNobel
Tomorrow's Answers Today

Report of the Directors for the year ended December 31, 2009

The Directors are pleased to present their report together with the audited Group results of ICI Pakistan Limited for the year ended December 31, 2009. The ICI Pakistan Group comprises of ICI Pakistan Limited and ICI Pakistan PowerGen Limited, a wholly owned subsidiary.

The Directors Report, giving a commentary on the performance of ICI Pakistan Limited for the year ended December 31, 2009 has been presented separately.

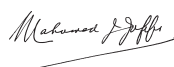
During the year, furnace oil prices on an average at Rs 31,453/tonne were 22 percent lower compared with average price at Rs 40,407 last year. However, gas tariff was increased during the year.

Electricity sales volume for the quarter and year ended was 39 and 11 percent higher respectively compared with the same quarter and full year 2008. This was due to higher demand from the Polyester plant of ICI Pakistan Limited. This, along with revision in electricity tariff enabled the Company in achieving operating result of Rs 88.8 million compared with an operating loss of Rs 114.4 million last year. Financial charges for the year were higher by 43 percent primarily on account of higher working capital requirements compared to last year .

Earnings per share at Rs 1.35 were significantly higher compared with a loss per share last year.

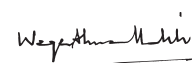
Future Outlook

Sale of surplus power to LESCO under the power sale agreement is expected to commence in Q1, 2010.



M J Jaffer
Chairman

Date: February 18, 2010
Karachi



Waqar A Malik
Chief Executive

Auditors' Report to the Members

We have audited the annexed consolidated financial statements of ICI Pakistan Limited and its subsidiary (the "Group") comprising consolidated balance sheet as at 31 December 2009 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended.

These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the consolidated financial position of the Group as at 31 December 2009, and the consolidated results of its operations, consolidated cash flows and consolidated changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Date: 18 February 2010
Karachi

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
Syed Iftikhar Anjum

Consolidated Balance Sheet As at December 31, 2009

Amounts in Rs '000

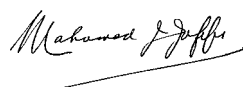
	Note	2009	2008 Restated	2007 Restated
EQUITY AND LIABILITIES				
Share Capital and Reserves				
Authorised capital 1,500,000,000 ordinary shares of Rs 10 each		15,000,000	15,000,000	15,000,000
Issued, subscribed and paid-up capital	4	1,388,023	1,388,023	1,388,023
Capital reserves	5	465,845	465,845	465,845
Unappropriated profit		11,163,577	10,117,065	9,200,609
Total Equity		13,017,445	11,970,933	11,054,477
Surplus on Revaluation of Property, Plant and Equipment	6	944,124	977,323	1,034,851
LIABILITIES				
Non-Current Liabilities				
Provisions for non-management staff gratuity and eligible retired employees' medical scheme	7	183,258	142,489	119,809
Deferred tax liability - net	8	1,025,098	470,704	-
		1,208,356	613,193	119,809
Current Liabilities				
Short-term financing	9	36,038	227,939	-
Trade and other payables	10	5,873,490	4,516,307	6,326,523
		5,909,528	4,744,246	6,326,523
Contingencies and Commitments	11			
Total Equity and Liabilities		21,079,453	18,305,695	18,535,660

Consolidated Balance Sheet As at December 31, 2009

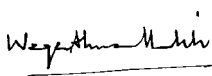
Amounts in Rs '000

	Note	2009	2008 Restated	2007 Restated
ASSETS				
Non-current Assets				
Property, plant and equipment	12	9,862,870	10,069,384	8,775,214
Intangible asset	13	-	7,700	39,737
		9,862,870	10,077,084	8,814,951
Deferred tax asset - net	8	-	-	370,406
Long-term investments	14	2,500	2,500	2,500
Long-term loans	15	131,430	131,314	109,768
Long-term deposits and prepayments	16	29,078	30,684	37,357
		163,008	164,498	520,031
		10,025,878	10,241,582	9,334,982
Current Assets				
Stores and spares	17	554,581	581,473	647,784
Stock-in-trade	18	3,253,345	2,965,699	2,328,375
Trade debts	19	944,879	832,062	1,017,082
Loans and advances	20	124,940	98,370	114,640
Trade deposits and short-term prepayments	21	454,433	406,019	342,559
Other receivables	22	713,444	789,959	712,263
Taxation recoverable		460,240	418,776	335,875
Cash and bank balances	23	4,547,713	1,971,755	3,702,100
		11,053,575	8,064,113	9,200,678
Total Assets		21,079,453	18,305,695	18,535,660

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.



M J Jaffer
Chairman / Director



Waqar A Malik
Chief Executive

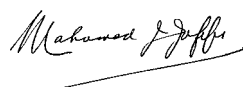


Feroz Rizvi
Chief Financial Officer

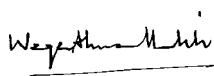
Consolidated Profit and Loss Account For the year ended December 31, 2009

Amounts in Rs '000			
	Note	2009	2008 Restated
Turnover	25	32,399,181	31,921,873
Sales tax, excise duty, commission and discounts	24	(4,062,526)	(4,186,816)
Net sales, commission & toll income		28,336,655	27,735,057
Cost of sales	25	(22,569,672)	(22,346,066)
Gross profit		5,766,983	5,388,991
Selling and distribution expenses	27	(1,470,174)	(1,317,258)
Administration and general expenses	28	(1,178,370)	(1,132,201)
Operating results		3,118,439	2,939,532
Financial charges	29	(185,742)	(235,738)
Other operating charges	30	(248,436)	(233,842)
		(434,178)	(469,580)
Other operating income	31	397,837	171,830
Profit before taxation		3,082,098	2,641,782
Taxation	32	(1,027,768)	(950,040)
Profit after taxation		2,054,330	1,691,742
		(Rupees)	(Rupees)
Earnings per share - Basic and diluted	33	14.80	12.19

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.



M J Jaffer
Chairman / Director



Waqar A Malik
Chief Executive

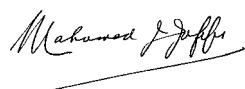


Feroz Rizvi
Chief Financial Officer

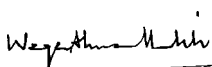
Consolidated Statement of Comprehensive Income For the year ended December 31, 2009

	Amounts in Rs '000	
	2009	2008 Restated
Profit for the year	2,054,330	1,691,742
Other comprehensive income	-	-
Total Comprehensive income for the year	<u>2,054,330</u>	<u>1,691,742</u>

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.



M J Jaffer
Chairman / Director



Waqar A Malik
Chief Executive



Feroz Rizvi
Chief Financial Officer

Consolidated Cash Flow Statement For the year ended December 31, 2009

Amounts in Rs '000

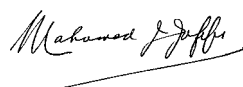
	2009	2008 Restated
Cash Flows from Operating Activities		
Profit before taxation	3,082,098	2,641,782
Adjustments for:		
Depreciation and amortisation	957,309	878,543
Gain on disposal of property, plant and equipment	(5,293)	(6,671)
Provision for non-management staff gratuity and eligible retired employees' medical scheme	56,008	33,727
Mark-up on bank deposits	(167,995)	(90,228)
Interest / mark-up expense	106,496	137,970
	<u>4,028,623</u>	<u>3,595,123</u>
Movement in:		
Working capital	1,086,307	(2,456,344)
Long-term loans	(116)	(21,546)
Long-term deposits and prepayments	1,606	6,673
	<u>5,116,420</u>	<u>1,123,906</u>
Cash generated from operations		
Payments for :		
Non-management staff gratuity and eligible retired employees' medical scheme	(15,239)	(11,047)
Taxation	(514,838)	(191,831)
Interest / mark-up	(119,395)	(125,028)
Profit / mark-up received on bank deposits	163,937	99,003
	<u>4,630,885</u>	<u>895,003</u>
Net cash generated from operating activities		
Cash Flows from Investing Activities		
Payments for capital expenditure	(839,156)	(2,031,641)
Proceeds from disposal of property, plant and equipment	17,148	11,169
	<u>(822,008)</u>	<u>(2,020,472)</u>
Net cash used in investing activities		

Consolidated Cash Flow Statement For the year ended December 31, 2009

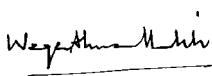
Amounts in Rs '000

	2009	2008 Restated
Cash Flows from Financing Activities		
Dividend paid	(1,041,018)	(832,815)
Net cash used in financing activities	(1,041,018)	(832,815)
Net increase / (decrease) in cash and cash equivalents	2,767,859	(1,958,284)
Cash and cash equivalents at January 1	1,743,816	3,702,100
Cash and cash equivalents at December 31	4,511,675	1,743,816
Movement in Working Capital		
(Increase) / decrease in current assets		
Stores and spares	26,892	66,311
Stock-in-trade	(287,646)	(637,324)
Trade debts	(112,817)	185,020
Loans and advances	(26,570)	16,270
Trade deposits and short-term prepayments	(48,414)	(63,460)
Other receivables	80,573	(86,471)
	(367,982)	(519,654)
Increase / (decrease) in current liability		
Trade and other payables	1,454,289	(1,936,690)
	1,086,307	(2,456,344)
Cash and cash equivalents at December 31 comprise of:		
Cash and bank balances - note 23	4,547,713	1,971,755
Running finances utilised under mark-up arrangements - note 9	(36,038)	(227,939)
	4,511,675	1,743,816

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.



M J Jaffer
Chairman / Director



Waqar A Malik
Chief Executive



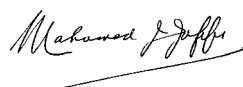
Feroz Rizvi
Chief Financial Officer

Consolidated Statement of Changes in Equity For the year ended December 31, 2009

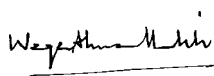
Amounts in Rs '000

	Issued, subscribed and paid-up capital	Capital reserves	Unappropriated profit	Total
Balance as on January 1, 2008	1,388,023	465,845	9,230,229	11,084,097
Effect of restatement as referred in note 42.3	-	-	(29,620)	(29,620)
Balance as on January 1, 2008 - restated	1,388,023	465,845	9,200,609	11,054,477
Final dividend for the year ended December 31, 2007 @ Rs. 3.50 per share	-	-	(485,808)	(485,808)
Interim dividend for the year 2008 @ Rs. 2.50 per share	-	-	(347,006)	(347,006)
Transactions with owners, recorded directly in equity	-	-	(832,814)	(832,814)
Total comprehensive income for the year ended December 31, 2008	-	-	1,691,742	1,691,742
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation net of deferred tax - note 6	-	-	57,528	57,528
	-	-	1,749,270	1,749,270
Balance as on December 31, 2008 - restated	1,388,023	465,845	10,117,065	11,970,933
Final dividend for the year ended December 31, 2008 @ Rs. 4.00 per share	-	-	(555,209)	(555,209)
Interim dividend for the year 2009 @ Rs. 3.50 per share	-	-	(485,808)	(485,808)
Transactions with owners, recorded directly in equity	-	-	(1,041,017)	(1,041,017)
Total comprehensive income for the year ended December 31, 2009	-	-	2,054,330	2,054,330
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation net of deferred tax - note 6	-	-	33,199	33,199
	-	-	2,087,529	2,087,529
Balance as on December 31, 2009	1,388,023	465,845	11,163,577	13,017,445

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.



M J Jaffer
Chairman / Director



Waqar A Malik
Chief Executive



Feroz Rizvi
Chief Financial Officer

Notes to the Consolidated Financial Statements For the year ended December 31, 2009

1. Status and Nature of Business

The Group consists of:

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

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

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

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

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

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

2. Basis of preparation

2.1 Statement of compliance

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

2.2 Changes in accounting policies

Starting January 1, 2009, the Group has changed its accounting policies in the following areas:

The Group has applied "Revised IAS 1 Presentation of Financial Statements (2007)" which became effective from January 1, 2009. This standard required the Group to present in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in statement of comprehensive income.

The Group has applied "IFRS 8 Operating Segments" from January 1, 2009. As a result, additional disclosures have been made relating to financial and descriptive information with respect to individual operating segments and on an enterprise-wide basis. The Group determines and presents operating segments based on the information that internally is provided to the CEO, who is the Group's chief operating decision maker. Previously operating segments were determined and presented in accordance with IAS 14 Segment Reporting. The new accounting policy in respect of operating segment disclosures is disclosed in note 3.18.

The Group has applied "Islamic Financial Accounting Standard 2 - Ijarah" from January 1, 2009. Ijarah contracts are already treated as operating leases, resultantly there is no impact on the reported results.

Comparative information has been re-presented so that it is in conformity with the revised / new standards. Since the changes in accounting policies only affect presentation of financial statements, there is no impact on earnings per share.

Notes to the Consolidated Financial Statements For the year ended December 31, 2009

2.3 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except that certain property, plant and equipment have been included at revalued amounts and certain exchange elements referred to in note 3.7 have been recognised in the cost of the relevant property, plant & equipment.

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

Judgments and estimates made by the management that may have a significant risk of material adjustments to the financial statements in subsequent years are discussed in note 44.

3. Summary of Significant Accounting Policies

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

3.1 Consolidation

The financial statements of the Subsidiary have been consolidated on a line-by-line basis and all intra-group balances and transactions have been eliminated.

3.2 Staff retirement benefits

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

Defined benefit plans

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

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

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

Defined contribution plans

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

Notes to the Consolidated Financial Statements For the year ended December 31, 2009

3.3 Provisions

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

3.4 Trade and other payables

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

3.5 Dividend

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

3.6 Taxation

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

Current

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

Deferred

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

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

3.7 Property, plant and equipment and depreciation

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

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

Notes to the Consolidated Financial Statements For the year ended December 31, 2009

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

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

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

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

3.8 Intangible assets

Intangible assets are measured initially at cost and subsequently stated at cost less accumulated amortisation and impairment losses, if any.

Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. These costs are amortised over their estimated useful lives.

3.9 Impairment

Financial assets (including receivables)

Financial asset 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 and 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 or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

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

Notes to the Consolidated Financial Statements For the year ended December 31, 2009

using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

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

Impairment loss 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.

3.10 Investment

Investment in non-listed equity security classified as available for sale is stated at cost less provision for impairment, if any.

3.11 Stores and spares

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

3.12 Stock-in-trade

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

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

3.13 Trade debts and other receivables

Trade debts and other receivables are recognised initially at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. (Refer note 40.5.1).

3.14 Foreign currency translation

Transactions denominated in foreign currencies are translated to Pak Rupees, which is the Group's functional currency, at the foreign exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the foreign exchange rates at the balance sheet date. All exchange differences are taken to the profit and loss account.

3.15 Functional and presentation currency

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

Notes to the Consolidated Financial Statements For the year ended December 31, 2009

3.16 Revenue recognition

- n 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.
- n Commission income is recognised on date of shipment from suppliers.
- n Profit on short-term deposits is accounted for on a time-apportioned basis using the effective interest rate method.
- n Dividend income is recognised when the right to receive dividend is established.
- n Toll manufacturing income is recognised when services are rendered.

3.17 Financial expense and finance income

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

Finance income comprises interest income on funds invested. Markup / Interest income is recognised as it accrues in profit or loss, using the effective interest method.

3.18 Segment reporting

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

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

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

3.19 Finance lease

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

3.20 Operating lease / Ijarah contracts

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

Notes to the Consolidated Financial Statements For the year ended December 31, 2009

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

3.21 Cash and cash equivalents

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

3.22 Borrowings and their cost

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

3.23 Financial liabilities

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

3.24 Derivative financial instruments

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

3.25 Off-setting

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

3.26 Earnings per Share

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2009

Amounts in Rs '000

4. Issued, Subscribed and Paid-up Capital

2009 (Numbers)	2008		2009	2008
125,840,190	125,840,190	Ordinary shares of Rs 10 each fully paid in cash	1,258,402	1,258,402
318,492	318,492	Ordinary shares of Rs 10 each issued as fully paid for consideration other than cash under scheme of arrangement for amalgamation	3,185	3,185
25,227	25,227	Ordinary shares of Rs 10 each issued as fully paid bonus shares	252	252
12,618,391	12,618,391	Ordinary shares issued pursuant to the Scheme as fully paid for consideration of investment in associate (note 4.1)	126,184	126,184
138,802,300	138,802,300		1,388,023	1,388,023

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

4.2 ICI Omicron B.V., which is a wholly owned subsidiary of AkzoNobel N.V., held 105,229,125 (2008: 105,229,125) ordinary shares of Rs 10 each at December 31, 2009. AkzoNobel N.V., acquired ICI PLC, UK, effective January 2, 2008, the parent company of ICI Omicron B.V., and became the ultimate holding company of ICI Pakistan Limited. ICI Pakistan Limited continues to be the direct subsidiary of ICI Omicron B.V.

5. Capital Reserves

Share premium - note 5.1	465,259	465,259
Capital receipts - note 5.2	586	586
	465,845	465,845

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

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

6. Surplus on Revaluation of Property, Plant and Equipment

Balance as on January 1	977,323	1,034,851
Less: Transfer to unappropriated profit in respect of incremental depreciation charged during the year net of deferred tax	(33,199)	(57,528)
Balance as on December 31	944,124	977,323

Notes to the Consolidated Financial Statements For the year ended December 31, 2009

Amounts in Rs '000

	2009	2008
7. Provisions for non-management staff gratuity and eligible retired employees' medical scheme - note 7.1	183,258	142,489

7.1 Staff Retirement Benefits

	2009				2008			
	Funded			Unfunded	Funded			Unfunded
	Pension	Gratuity	Total		Pension	Gratuity	Total	
7.1.1 The amounts recognised in the profit and loss account against defined benefit schemes are as follows:								
Current service cost	24,526	26,223	50,749	7,535	27,894	25,302	53,196	5,813
Interest cost	153,634	62,926	216,560	41,173	102,880	39,967	142,847	22,172
Expected return on plan assets	(98,449)	(31,903)	(130,352)	-	(92,075)	(30,167)	(122,242)	-
Termination cost	13,043	-	13,043	-	-	-	-	-
Past service cost	-	-	-	-	(69,114)	-	(69,114)	-
Recognition of actuarial loss	101,997	13,582	115,579	7,300	18,053	8,414	26,467	5,742
Net (Surplus) / Charge for the year	194,751	70,828	265,579	56,008	(12,362)	43,516	31,154	33,727
7.1.2 Movements in the net asset / (liability) recognised in the balance sheet are as follows:								
Opening balance	238,716	62,148	300,864	(142,489)	190,191	18,771	208,962	(119,809)
Net (Charge) / Surplus for the year - note 7.1.1	(194,751)	(70,828)	(265,579)	(56,008)	12,362	(43,516)	(31,154)	(33,727)
Contributions / payments during the year	275,472	42,547	318,019	15,239	36,163	86,893	123,056	11,047
Closing balance	319,437	33,867	353,304	(183,258)	238,716	62,148	300,864	(142,489)
7.1.3 The amounts recognised in the balance sheet are as follows:								
Fair value of plan assets - note 7.1.5	1,037,319	317,150	1,354,469	-	815,658	310,404	1,126,062	-
Present value of defined benefit obligation - note 7.1.4	(1,285,827)	(462,971)	(1,748,798)	(340,084)	(1,117,525)	(442,477)	(1,560,002)	(259,784)
(Deficit)	(248,508)	(145,821)	(394,329)	(340,084)	(301,867)	(132,073)	(433,940)	(259,784)
Unrecognised actuarial loss	567,945	179,688	747,633	156,826	540,583	194,221	734,804	117,295
Recognised asset / (liability)	319,437	33,867	353,304	(183,258)	238,716	62,148	300,864	(142,489)
7.1.4 Movement in the present value of defined benefit obligation:								
Opening balance	1,117,525	442,477	1,560,002	259,784	977,855	373,060	1,350,915	204,472
Current service cost	24,526	26,223	50,749	7,535	27,894	25,302	53,196	5,813
Interest cost	153,634	62,926	216,560	41,173	102,880	39,967	142,847	22,172
Benefits paid	(286,286)	(103,768)	(390,054)	(15,239)	(92,439)	(38,789)	(131,228)	(11,047)
Termination cost	13,043	-	13,043	-	-	-	-	-
Past service cost - note 7.1.8	-	-	-	-	(69,114)	-	(69,114)	-
Actuarial loss	263,385	35,113	298,498	46,831	170,449	42,937	213,386	38,374
Present value of the defined benefit obligation at the end of the year	1,285,827	462,971	1,748,798	340,084	1,117,525	442,477	1,560,002	259,784
7.1.5 Movement in the fair value of plan assets:								
Opening balance	815,658	310,404	1,126,062	-	1,038,068	274,870	1,312,938	-
Expected return	98,449	31,903	130,352	-	92,075	30,167	122,242	-
Contributions	275,472	42,547	318,019	-	36,163	86,893	123,056	-
Benefits paid	(286,286)	(103,768)	(390,054)	-	(92,439)	(38,789)	(131,228)	-
Actuarial gain / (loss)	134,026	36,064	170,090	-	(258,209)	(42,737)	(300,946)	-
Fair value of plan assets at the end of the year	1,037,319	317,150	1,354,469	-	815,658	310,404	1,126,062	-
7.1.6 Historical information								
As at December 31				2009	2008	2007	2006	2005
Present Value of defined benefit obligation				2,088,882	1,819,786	1,555,387	1,236,483	1,199,351
Fair value of plan assets				1,354,469	1,126,062	1,312,938	1,067,109	1,014,442
Deficit				734,413	693,724	242,449	169,374	184,909
Experience adjustments on plan liabilities				3%	13%	16%	1%	8%
Experience adjustments on plan assets				13%	(27%)	7%	(9%)	7%
7.1.7 Major categories / composition of plan assets are as follows:							2009	2008
Debt instruments							50%	20%
Equity							32%	20%
Cash							18%	60%

These figures are based on the latest actuarial valuation, as at December 31, 2009. The valuation uses the Projected Unit Credit method. Actuarial gains and losses are amortised over the expected future service life of current members.

Mortality of active employees and pensioners have been amended as 70 % of the EFU (61-66) Table (i.e. in 2008 valuation assumed mortality represented by EFU (61-66) Table). The table has been rated down three years for mortality of female pensioners and widows.

The return on plan assets was assumed to equal the discount rate. Actual (loss) / return on plan assets during 2009 was Rs 300.442 million (2008: Rs 178.704 million).

Notes to the Consolidated Financial Statements For the year ended December 31, 2009

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7.1.8 Past service cost reflects a revision in the conversion factor for commutation of pension to lump sums.

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

	2009	2008
Discount rate	12.75%	16.00%
Expected return on plan assets	12.75%	16.00%
Future salary increases	10.60%	13.79%
Future pension increases	7.38%	10.48%

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

	2009	Increase	Decrease
Effect on the aggregate of the current service cost and interest cost	28,909	4,624	(3,385)
Effect on the defined benefit obligation	257,794	40,233	(32,763)

7.1.11 The Group contributed Rs 55.553 million (2008: Rs 49.674 million) and Rs 29.321 million (2008: Rs 23.832 million) to the provident fund and the defined contribution superannuation fund respectively during the year.

8. Deferred Tax (Liability) / Asset	2009			2008 Restated		
	Opening	(Charge) / reversal	Closing	Opening	(Charge) / reversal	Closing
Deductible temporary differences						
Tax losses carried forward	214,425	(214,425)	-	1,289,149	(1,074,724)	214,425
Provisions for retirement benefits, doubtful debts and others	413,741	(77,420)	336,321	185,839	227,902	413,741
Taxable temporary differences						
Property, plant and equipment	(1,098,870)	(262,549)	(1,361,419)	(1,104,582)	5,712	(1,098,870)
	<u>(470,704)</u>	<u>(554,394)</u>	<u>(1,025,098)</u>	<u>370,406</u>	<u>(841,110)</u>	<u>(470,704)</u>

	2009	2008
9. Short-Term Financing		
Running finances utilised under mark-up arrangements - note 9.1	36,038	227,939
	<u>36,038</u>	<u>227,939</u>

9.1 Running finance

The facilities for running finance available from various banks amounted to Rs 2,991 million (2008: Rs 2,831 million) and carried mark-up during the period ranging from 12.64 to 17.37 percent per annum (2008: 15.22 to 17.59 percent per annum). The facilities are secured by hypothecation charge over the present and future stock-in-trade and book debts of the Group and first pari passu charge over plant and machinery of Polyester Business of the Group.

9.2 Term finance

The facilities for term finance available from various banks amount to Rs nil (2008: Rs 550 million).

Notes to the Consolidated Financial Statements For the year ended December 31, 2009

Amounts in Rs '000

	2009	2008 Restated
10. Trade and Other Payables		
Trade creditors - note 10.1	977,600	1,203,954
Bills payable	2,270,855	688,008
Sales tax, excise and custom duties	177,618	118,476
Mark-up accrued on short-term financing	2,712	15,611
Accrued interest / return on unsecured loan - note 10.2	299,647	281,081
Accrued expenses	1,177,342	974,332
Technical service fee / royalty	35,975	29,382
Workers' profit participation fund - note 10.3	165,103	148,214
Workers' welfare fund	119,954	156,000
Distributors' security deposits - payable on termination of distributorship - note 10.4	71,993	55,222
Contractors' earnest / retention money	10,103	9,680
Advances from customers	248,727	362,902
Unclaimed dividends	4,548	4,549
Payable for capital expenditure	139,532	223,738
Provision for compensated absences - note 10.5	20,000	20,000
Others	151,781	225,158
	<u>5,873,490</u>	<u>4,516,307</u>
10.1 The above balances include amounts due to following associated undertakings:		
LOTTE Pakistan PTA Limited formerly Pakistan PTA Limited - note 10.1.1	-	342,989
ICI Paints UK (part of AkzoNobel group)	6,911	6,434
ICI Paints (Asia Pacific) PTE Ltd (part of AkzoNobel group)	26,105	9,548
AkzoNobel Paints Malaysia	3,392	1,882
Marine Protective International Coating Malaysia	1,400	-
ICI Paints Indonesia (part of AkzoNobel group)	101	95
CR Netherlands	5,339	40,100
	<u>43,248</u>	<u>401,048</u>
10.1.1 This Company was part of AkzoNobel till September 17, 2009.		
10.2 This represents amount payable to Mortar Investments International Limited.		
10.3 Workers' profit participation fund		
Balance as on January 1	148,214	147,360
Allocation for the year - note 30	162,326	147,873
	310,540	295,233
Interest on funds utilised in the Company's businesses at 41.25 percent (2008: 41.25 percent) per annum - note 29	2,105	3,637
	312,645	298,870
Less:		
- Amount paid on behalf of the fund	72,260	53,927
- Deposited with the Government of Pakistan	75,282	96,729
	147,542	150,656
Balance as on December 31	<u>165,103</u>	<u>148,214</u>
10.4 Interest on security deposits from certain distributors is payable at 7.5 percent (2008: 7.5 percent) per annum as specified in the respective agreements.		
10.5 This figure is based on the latest actuarial valuation, as at December 31, 2009.		

Notes to the Consolidated Financial Statements

For the year ended December 31, 2009

Amounts in Rs '000

	2009	2008
11. Contingencies and Commitments		
11.1 Claims against the Group not acknowledged as debts are as follows:		
Local bodies	32,342	32,242
Sales tax authorities	93,323	92,844
Others	53,396	87,844
	<u>179,061</u>	<u>212,930</u>
11.2 A notice has been issued by the Environmental Protection Authority (EPA) against the Paints factory located at Ferozpur road, Lahore. Pursuant to this an order has been passed by the EPA for asserted violation of certain provisions of the act. The Company has filed an appeal against the order in the Environmental Tribunal in Lahore and is of the opinion that the order is not justified.		
11.3 Guarantees issued by the Company in respect of financial and operational obligations of LOTTE Pakistan PTA Limited (formerly Pakistan PTA Limited) pursuant to the Scheme of arrangement, amounting to Rs 2,280 million (2008: Rs 2,370 million) against which LOTTE Pakistan PTA Limited (formerly Pakistan PTA Limited) and KP Chemicals Corporation has issued counter guarantees to the Company.		
11.4 Guarantee issued by the Company to a bank in respect of financing obtained by Senior Executives amounted to Rs 35 million (2008: Rs 48 million), in accordance with the terms of employment.		
11.5 Guarantee issued by the Company of Rs 133 million (2008: Rs 133 million) to a bank on behalf of its subsidiary ICI Pakistan PowerGen Limited for availing funded facility.		
11.6 Commitments in respect of capital expenditure amounted to Rs 33.875 million (2008: Rs 149.29 million).		
11.7 Commitments for rentals under operating lease/ljarah contracts in respect of vehicles amounting to Rs 196.685 million (2008: Rs 149.387 million) are as follows:		
Year		
2009	-	59,773
2010	67,213	52,774
2011	58,633	27,809
2012	45,772	8,933
2013	23,797	98
2014	1,270	-
	<u>196,685</u>	<u>149,387</u>
Payable not later than one year	67,213	59,773
Payable later than one year but not later than five years	129,472	89,614
	<u>196,685</u>	<u>149,387</u>
11.8 Outstanding foreign exchange contracts as at December 31, 2009 entered into by the Group to hedge the anticipated future transactions amounted to Rs nil (2008: Rs 54.841 million).		

Notes to the Consolidated Financial Statements For the year ended December 31, 2009

Amounts in Rs '000

12. Property, Plant and Equipment

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

Operating property, plant and equipment - note 12.2	9,445,987	8,214,163
Capital work-in-progress - note 12.6	416,883	1,855,221
	9,862,870	10,069,384

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

	Land		Lime beds on freehold land	Buildings		Plant and machinery	Railway sidings	Rolling stock and vehicles	Furniture and equipment	Total
	Freehold	Leasehold		On freehold land	On leasehold land					
2009										
Net carrying value basis Year ended December 31, 2009										
Opening net book value (NBV)	836,702	7,149	78,256	243,783	455,945	6,431,761	-	31,742	128,825	8,214,163
Addition/transfer (at cost)	-	-	-	30,721	332,621	1,743,506	-	7,560	78,880	2,193,288
Disposal/transfer (at NBV)	-	-	-	-	-	(9,229)	-	(2,077)	(549)	(11,855)
Depreciation charge	-	(4,312)	(9,741)	(33,258)	(63,189)	(783,646)	-	(11,143)	(44,320)	(949,609)
Closing net book value (NBV)	836,702	2,837	68,515	241,246	725,377	7,382,392	-	26,082	162,836	9,445,987
Gross carrying value basis At December 31, 2009										
Cost/Revaluation	836,702	567,799	133,820	947,003	1,293,917	18,014,527	297	120,598	669,585	22,584,248
Accumulated Depreciation	-	(564,962)	(65,305)	(705,757)	(568,540)	(10,632,135)	(297)	(94,516)	(506,749)	(13,138,261)
Net book value	836,702	2,837	68,515	241,246	725,377	7,382,392	-	26,082	162,836	9,445,987
Depreciation rate % per annum	-	2 to 4	3.33 to 7.5	5 to 10	2.5 to 10	3.33 to 10	3.33	10 to 25	10 to 33.33	
2008										
Net carrying value basis Year ended December 31, 2008										
Opening net book value (NBV)	836,702	27,910	69,326	244,172	484,368	6,140,870	-	21,490	123,864	7,948,702
Addition/transfer (at cost)	-	-	15,498	32,601	23,470	979,377	-	20,278	45,241	1,116,465
Disposal/transfer (at NBV)	-	-	-	-	(135)	(3,248)	-	(198)	(917)	(4,498)
Depreciation charge	-	(20,761)	(6,568)	(32,990)	(51,758)	(685,238)	-	(9,828)	(39,363)	(846,506)
Closing net book value (NBV)	836,702	7,149	78,256	243,783	455,945	6,431,761	-	31,742	128,825	8,214,163
Gross carrying value basis At December 31, 2008										
Cost/Revaluation	836,702	567,799	133,820	916,282	961,296	16,307,819	297	124,837	607,462	20,456,314
Accumulated Depreciation	-	(560,650)	(55,564)	(672,499)	(505,351)	(9,876,058)	(297)	(93,095)	(478,637)	(12,242,151)
Net book value	836,702	7,149	78,256	243,783	455,945	6,431,761	-	31,742	128,825	8,214,163
Depreciation rate % per annum	-	2 to 4	3.33 to 7.5	5 to 10	2.5 to 10	3.33 to 10	3.33	10 to 25	10 to 33.33	

12.3 Subsequent to revaluation on October 1, 1959 and September 30, 2000, which had resulted in a surplus of Rs 14.207 million and Rs 1,569.869 million respectively, the land and plant and machinery were revalued again on December 15, 2006 resulting in a net surplus of Rs 667.967 million. The valuation was conducted by independent valuers. Valuations for plant and machinery was the open market value of the asset based on estimated gross replacement cost, depreciated to reflect the residual service potential of the asset having paid due regard to age, condition and obsolescence. Land was valued on the basis of fair market value.

Notes to the Consolidated Financial Statements

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

Net Book Value	2009	2008
Freehold land	20,929	20,929
Leasehold land	-	15
Plant and machinery	7,155,501	6,202,020
Rolling stock and vehicles	26,082	31,742
Furniture and equipment	162,836	128,825
	<u>7,365,348</u>	<u>6,383,531</u>

- 12.5** The depreciation charge for the year has been allocated as follows:

Cost of sales - note 26	902,164	806,395
Selling and distribution expenses - note 27	12,726	11,744
Administration and general expenses - note 28	34,719	28,367
	<u>949,609</u>	<u>846,506</u>

- 12.6** The following is a statement of capital work-in-progress:

Designing, consultancy and engineering fee	-	49,782
Civil works and buildings	51,121	274,650
Plant and machinery	209,638	1,317,181
Miscellaneous equipment	33,664	125,227
Advances to suppliers / contractors	122,460	88,381
	<u>416,883</u>	<u>1,855,221</u>

Notes to the Consolidated Financial Statements For the year ended December 31, 2009

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

2009						
	Mode of sale	Cost	Accumulated depreciation	Net book value	Sale proceeds	Particulars of buyers
Plant and machinery						
Dust extraction unit and other items	Auction	28,576	23,089	5,487	3,338	Hi-Tech Electronics & Machinery, Karachi
Tinting Machines	Negotiation	4,429	710	3,719	3,719	Jaffer and Sons, Chaudhry Paint House, Color Bank and Awan Brothers, Lahore
Rolling stock and vehicles						
Toyota Corolla - 2 nos	Negotiation	1,481	734	747	2,088	Tufail Iqbal & M Inam, Lahore
Hino Dump Trucks	Auction	8,808	7,519	1,289	1,902	Hi-Tech Electronics & Machinery, Karachi
2008						
Building						
Corroded pipes in plant and steel	Negotiation	336	201	135	130	Shahbaz & Company, Malakwal
Plant and machinery						
Cables and switch	Tender	912	508	404	866	Sheikh Khalil Ahmed, Lahore
Chain conveyer / Agitator tubes	Negotiation	12,373	9,604	2,769	1,150	Shahbaz & Company, Malakwal
Rolling stock and vehicles						
Toyota Corolla	Negotiation	59	-	59	785	Bilal Saeed, Lahore
Suzuki Potohar	Auction	221	156	65	307	Abdul Qadir, Lahore
Furniture and equipment						
Multimedia	Negotiation	213	90	123	20	KBS Enterprises, Karachi
Multimedia	Negotiation	109	31	78	20	General Traders, Karachi
Furniture	Auction	311	143	168	40	Irfan Traders, Lahore
Air conditioners	Negotiation	275	156	119	75	Shahbaz & Company, Malakwal
Computers and servers	Negotiation	172	108	64	50	Mega Computer, Lahore

Notes to the Consolidated Financial Statements

For the year ended December 31, 2009

Amounts in Rs '000

	2009	2008		
13. Intangible Asset - SAP				
Net carrying value basis				
Year ended December 31				
Opening net book value (NBV)	7,700	39,737		
Amortisation charge	<u>(7,700)</u>	<u>(32,037)</u>		
Closing net book value (NBV)	<u>-</u>	<u>7,700</u>		
Gross carrying amount				
At December 31				
Cost	168,781	168,781		
Accumulated amortisation	<u>(168,781)</u>	<u>(161,081)</u>		
Net book value	<u>-</u>	<u>7,700</u>		
Rate of amortisation	<u>20%</u>	<u>20%</u>		
13.1 The amortisation charge for the year has been allocated as follows:				
Cost of sales - note 26	3,636	15,128		
Selling and distribution expenses - note 27	639	2,657		
Administration and general expenses - note 28	<u>3,425</u>	<u>14,252</u>		
	<u>7,700</u>	<u>32,037</u>		
14. Long-Term Investment - At cost				
Unquoted				
<i>Equity security available for sale</i>				
- Arabian Sea Country Club Limited	<u>2,500</u>	<u>2,500</u>		
15. Long-Term Loans - Considered good				
Due from Executives and Employees - note 15.1	<u>131,430</u>	<u>131,314</u>		
15.1 Due from Executives and Employees				
	Motor car	House building	Total	Total
Due from Directors and Executives	74,647	47,109	121,756	102,117
Less: Receivable within one year	9,965	15,154	25,119	22,630
	<u>64,682</u>	<u>31,955</u>	<u>96,637</u>	<u>79,487</u>
Due from Employees			55,156	71,350
Less: Receivable within one year			<u>20,363</u>	<u>19,523</u>
			<u>34,793</u>	<u>51,827</u>
			<u>131,430</u>	<u>131,314</u>
Outstanding for period:				
- less than three years but over one year			70,636	90,941
- more than three years			<u>60,794</u>	<u>40,373</u>
			<u>131,430</u>	<u>131,314</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2009

Amounts in Rs '000

	2009	2008
15.2 Reconciliation of the carrying amount of loans to Directors / Executives:		
Opening balance at beginning of the year	102,117	71,913
Disbursements	79,293	84,345
Repayments	<u>(59,654)</u>	<u>(54,141)</u>
Balance at end of the year	<u>121,756</u>	<u>102,117</u>
<p>The loan to executive include an amount of Rs 1.595 million (2008: Rs 2.870 million) in respect of house building relating to key management personnel. Loan outstanding during the year relates to Mr. Ali A. Aga (Director), who was provided this loan as per his terms of employment.</p>		
15.3	Loans for purchase of motor cars and house building are repayable between two to ten years. These loans are interest free and granted to the employees including executives of the Group in accordance with their terms of employment.	
15.4	The maximum aggregate amount of long-term loans due from the Executives at the end of any month during the year was Rs 125.362 million (2008: Rs 102.117 million).	
16. Long-Term Deposits and Prepayments		
Deposits	21,211	22,291
Prepayments	<u>7,867</u>	<u>8,393</u>
	<u>29,078</u>	<u>30,684</u>
17. Stores and Spares		
Stores (include in-transit Rs 11.628 million; 2008: Rs 13.311 million)	37,563	47,330
Spares	562,708	574,113
Consumables	<u>86,681</u>	<u>85,391</u>
	686,952	706,834
Less: Provision for slow moving and obsolete items	<u>132,371</u>	<u>125,361</u>
	<u>554,581</u>	<u>581,473</u>
17.1 Movement of provision in stores and spares		
Opening	125,361	73,361
Charge - note 28	40,000	52,000
Write-off	<u>(32,990)</u>	<u>-</u>
Closing	<u>132,371</u>	<u>125,361</u>
18. Stock-in-Trade		
Raw and packing material (include in-transit Rs 219.830 million; 2008: Rs 386.242 million)	1,291,521	1,503,680
Work-in-process	83,229	134,237
Finished goods (include in-transit Rs 9.23 million; 2008: Nil)	<u>1,997,408</u>	<u>1,441,647</u>
	3,372,158	3,079,564
Less: Provision for slow moving and obsolete stock		
- Raw materials	63,944	67,435
- Finished goods	<u>54,869</u>	<u>46,430</u>
	118,813	113,865
	<u>3,253,345</u>	<u>2,965,699</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2009

Amounts in Rs '000

	2009	2008 Restated
18.1 Movement of provision in stock-in-trade		
Opening	113,865	117,732
Charge - note 28	38,617	108,407
Reversal	(5,000)	-
Write-off	(28,669)	(112,274)
Closing	<u>118,813</u>	<u>113,865</u>

Stock amounting to Rs 18.663 million (2008: Rs 392.2 million) are measured at net realisable value and has been written down by Rs 1.62 million (2008: Rs 61.6 million) to arrive at its net realisable value.

19. Trade Debts

Considered good

- Secured	382,380	305,110
- Unsecured	<u>812,321</u>	<u>953,347</u>

Considered doubtful

	1,194,701	1,258,457
	<u>277,631</u>	<u>193,363</u>
	1,472,332	1,451,820
Less: Provision for:		
- Doubtful debts	277,631	193,363
- Discounts payable	<u>249,822</u>	<u>426,395</u>
	527,453	619,758
	<u>944,879</u>	<u>832,062</u>

20. Loans and Advances

Considered good

Loans due from:		
Executives - note 15.1	25,119	22,630
Employees - note 15.1	<u>20,363</u>	<u>19,523</u>
	45,482	42,153

Advances to:		
Directors and Executives - note 20.1	6,012	5,530
Employees	6,808	5,428
Contractors and suppliers	61,019	42,155
Others	<u>5,619</u>	<u>3,104</u>
	79,458	56,217

Considered doubtful

	124,940	98,370
	<u>8,120</u>	<u>8,120</u>
	133,060	106,490
Less: Provision for doubtful loans and advances	<u>8,120</u>	<u>8,120</u>
	<u>124,940</u>	<u>98,370</u>

20.1 The maximum aggregate amount of advances due from the Directors and Executives at the end of any month during the year was Rs 3.967 million and Rs 4.446 million (2008: Rs 2.620 million and Rs 15.056 million) respectively.

Notes to the Consolidated Financial Statements For the year ended December 31, 2009

Amounts in Rs '000

	2009	2008
21. Trade Deposits and Short-Term Prepayments		
Trade deposits	9,768	24,159
Short-term prepayments	444,665	381,860
	<u>454,433</u>	<u>406,019</u>
22. Other Receivables		
<i>Considered good</i>		
Duties, sales tax and octroi refunds due	254,775	307,534
Due from Associate - note 22.1 & 22.2	85,225	67,582
Insurance claims	11,887	23,360
Commission receivable	39,829	18,159
Interest income receivable	4,058	-
Rebates receivable	123,427	194,522
Others	194,243	178,802
	<u>713,444</u>	<u>789,959</u>
<i>Considered doubtful</i>	17,383	17,533
	<u>730,827</u>	<u>807,492</u>
Less: Provision for doubtful receivables - note 22.3	17,383	17,533
	<u>713,444</u>	<u>789,959</u>
22.1 The maximum aggregate amount due from ICI Omicron B.V. at the end of any month during the year was Rs 81.978 million (2008: Rs 67.582 million).		
22.2 The above balances include amounts due from following associated undertakings:		
ICI Omicron B.V. wholly owned subsidiary of AkzoNobel N.V.	80,420	67,582
ICI Paints Vietnam (Part of AkzoNobel group)	4,805	-
	<u>85,225</u>	<u>67,582</u>
22.3 Movement of provision for doubtful receivables		
Opening	17,533	15,904
Charge - note 28	-	1,629
Reversal	(150)	-
Closing	<u>17,383</u>	<u>17,533</u>
23. Cash and Bank Balances		
Short term deposits	3,350,000	120,000
Current accounts	1,016,353	1,615,561
In hand		
- Cheques	169,633	221,248
- Cash	11,727	14,946
	<u>4,547,713</u>	<u>1,971,755</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2009

Amounts in Rs '000

24. Operating Results

Note	Polyester		Soda Ash		Paints		Life Sciences		Chemicals		Others-PowerGen		Group	Group
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
						Restated								Restated
Sales														
Afghanistan	-	-	-	-	88,800	82,000	-	-	-	-	-	-	88,800	82,000
Bangladesh	-	-	86,476	46,685	-	-	-	-	6,888	13,313	-	-	93,364	59,998
India	-	-	27,882	-	-	-	-	-	-	-	-	-	27,882	-
South Africa	-	-	76,605	-	-	-	-	-	-	-	-	-	76,605	-
United Arab Emirates	-	-	16,556	35,354	-	-	-	-	158	-	-	-	16,714	35,354
Others	-	-	3,989	-	-	11,900	810	691	18,055	6,910	-	-	22,854	19,501
	-	-	211,508	82,039	88,800	93,900	810	691	25,101	20,223	-	-	326,219	196,853
Inter-segment	-	-	-	-	-	-	-	-	276,573	569,840	676,003	452,449	952,576	1,022,289
Local	13,242,345	12,187,914	6,360,285	6,428,445	6,136,722	7,114,309	3,740,030	3,373,373	2,508,705	2,530,635	-	-	31,988,087	31,634,676
	13,242,345	12,187,914	6,571,793	6,510,484	6,225,522	7,208,209	3,740,840	3,374,064	2,810,379	3,120,698	676,003	452,449	33,266,882	32,853,818
Commission / Toll income	-	4,490	-	-	-	-	-	-	84,875	85,854	-	-	84,875	90,344
Turnover	13,242,345	12,192,404	6,571,793	6,510,484	6,225,522	7,208,209	3,740,840	3,374,064	2,895,254	3,206,552	676,003	452,449	33,351,757	32,944,162
Sales tax	-	-	1,073,105	1,064,410	811,979	905,199	-	-	272,088	251,467	93,242	63,858	2,250,414	2,284,934
Excise Duty	-	-	52,328	53,109	49,947	57,149	-	-	7,010	6,080	-	-	109,285	116,338
Commission and discounts to distributors and customers	44,517	54,254	107,539	126,512	1,006,822	1,121,653	374,927	360,139	169,022	122,986	-	-	1,702,827	1,785,544
	44,517	54,254	1,232,972	1,244,031	1,868,748	2,084,001	374,927	360,139	448,120	380,533	93,242	63,858	4,062,526	4,186,816
Net sales, commission & toll income	13,197,828	12,138,150	5,338,821	5,266,453	4,356,774	5,124,208	3,365,913	3,013,925	2,447,134	2,826,019	582,761	388,591	29,289,231	28,757,346
Cost of sales	11,794,598	11,155,231	3,896,339	3,716,355	2,986,743	3,695,790	2,383,614	1,983,934	1,969,284	2,321,668	493,410	497,117	23,522,248	23,368,355
Gross profit	1,403,230	982,919	1,442,482	1,550,098	1,370,031	1,428,418	982,299	1,029,991	477,850	504,351	89,351	(108,526)	5,766,983	5,388,991
Selling and distribution expenses	75,236	54,738	112,223	83,807	725,114	650,223	424,700	410,673	132,901	117,817	-	-	1,470,174	1,317,258
Administration and general expenses	239,111	196,463	291,821	253,314	381,949	444,863	137,107	130,420	128,076	101,099	546	6,282	1,178,370	1,132,201
Operating result	1,088,883	731,718	1,038,438	1,212,977	262,968	333,332	420,492	488,898	216,873	285,435	88,805	(114,808)	3,118,439	2,939,532
24.1 Segment assets	6,262,004	6,221,622	6,042,615	6,398,339	2,317,535	2,654,665	1,429,433	1,047,091	767,910	828,952	366,796	545,010	17,186,293	17,695,679
24.2 Unallocated assets													3,893,160	610,016
													21,079,453	18,305,695
24.3 Segment liabilities	2,297,646	1,053,424	1,998,609	1,506,505	753,310	1,135,559	1,331,383	763,269	322,872	301,285	109,869	297,675	6,813,689	5,057,717
24.4 Unallocated liabilities													304,195	299,722
													7,117,884	5,357,439
24.5 Non-cash items (Provision for non-management staff gratuity and eligible retired employees' medical scheme)	10,249	5,718	27,052	17,493	8,121	4,710	5,041	2,691	5,545	3,028	-	87	56,008	33,727
24.6 Depreciation & amortisation	326,976	350,285	436,885	361,614	72,376	59,135	14,507	16,013	19,944	18,997	86,621	72,499	957,309	878,543
24.7 Capital expenditure	83,573	100,971	461,508	1,386,174	148,599	68,111	16,489	17,416	36,015	53,061	8,766	519,441	754,950	2,145,174
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's of the Group which formed 10 per cent or more of the Group's revenue.													

Notes to the Consolidated Financial Statements For the year ended December 31, 2009

Amounts in Rs '000

	2009	2008
25. Reconciliations of reportable segment turnover, cost of sales, assets and liabilities		
25.1 Turnover		
Total turnover for reportable segments - note 24	33,351,757	32,944,162
Elimination of inter-segment turnover	(276,573)	(569,840)
Elimination of inter-segment turnover from subsidiary	(676,003)	(452,449)
Total turnover	<u>32,399,181</u>	<u>31,921,873</u>
25.2 Cost of sales		
Total cost of sales for reportable segments - note 26	23,522,248	23,368,355
Elimination of inter-segment revenue	(276,573)	(569,840)
Elimination of inter-segment revenue from subsidiary	(676,003)	(452,449)
Total cost of sales	<u>22,569,672</u>	<u>22,346,066</u>
25.3 Assets		
Total assets for reportable segments	17,186,293	17,695,679
Taxation recoverable	460,240	419,934
Bank deposits - note 23	3,350,000	120,000
Due from Associates - note 22.1	80,420	67,582
Long term Investments - note 14	2,500	2,500
Total assets	<u>21,079,453</u>	<u>18,305,695</u>
25.4 Liabilities		
Total liabilities for reportable segments	6,813,689	5,057,717
Accrued interest / return on unsecured loan	299,647	295,173
Unclaimed dividends - note 10	4,548	4,549
Total liabilities	<u>7,117,884</u>	<u>5,357,439</u>

Notes to the Consolidated Financial Statements For the year ended December 31, 2009

Amounts in Rs '000

26. Cost of Sales

	Polyester		Soda Ash		Paints		Life Sciences		Chemicals		Others-PowerGen		Group 2009	Group 2008 Restated
	2009	2008	2009	2008	2009	2008 Restated	2009	2008	2009	2008	2009	2008		
Raw and packing materials consumed														
Opening stock	512,080	506,824	370,987	135,447	324,080	146,172	111,021	159,410	104,334	79,537	13,743	17,039	1,436,245	1,044,429
Purchases														
Inter-segment	-	-	-	-	276,573	569,840	-	-	-	-	-	-	276,573	569,840
Others	10,263,852	9,739,672	1,251,854	1,854,823	2,328,255	2,964,033	776,709	563,465	840,470	951,331	86,268	232,873	15,547,408	16,306,197
	10,263,852	9,739,672	1,251,854	1,854,823	2,604,828	3,533,873	776,709	563,465	840,470	951,331	86,268	232,873	15,823,981	16,876,037
	10,775,932	10,246,496	1,622,841	1,990,270	2,928,908	3,680,045	887,730	722,875	944,804	1,030,868	100,011	249,912	17,260,226	17,920,466
Closing stock - note 18	(612,350)	(512,080)	(74,436)	(370,987)	(285,368)	(324,080)	(146,489)	(111,021)	(100,114)	(104,334)	(8,820)	(13,743)	(1,227,577)	(1,436,245)
Raw material consumed	10,163,582	9,734,416	1,548,405	1,619,283	2,643,540	3,355,965	741,241	611,854	844,690	926,534	91,191	236,169	16,032,649	16,484,221
Salaries, wages and benefits	332,146	256,109	499,952	410,304	81,234	74,667	3,037	2,764	37,879	23,539	14,767	11,456	969,015	778,839
Stores and spares consumed	90,109	90,866	114,679	118,300	4,476	1,763	-	-	2,801	4,288	15,293	19,852	227,358	235,069
Conversion fee paid to contract manufacturers	-	-	-	-	-	-	186,899	172,532	4,416	5,455	-	-	191,315	177,987
Oil, gas and electricity	841,024	665,838	1,406,785	1,170,754	28,235	16,851	-	-	8,128	7,290	271,999	149,372	2,556,171	2,010,105
Rent, rates and taxes	846	1,599	655	506	6,210	444	-	-	9,857	9,819	1,036	672	18,604	13,040
Insurance	15,497	20,703	12,755	15,979	26,518	20,665	3	2	300	187	1,518	2,002	56,591	59,538
Repairs and maintenance	950	955	43	125	18,190	11,895	11	10	3,174	2,334	151	121	22,519	15,440
Depreciation and amortisation - note 12.5 & 13.1	320,585	343,074	423,211	345,323	60,803	47,927	694	597	13,886	12,103	86,621	72,499	905,800	821,523
Excise duty	-	-	-	-	-	-	-	-	-	-	5,854	3,951	5,854	3,951
Technical fees	-	-	-	-	19,279	24,215	1,445	1,462	3,010	-	-	-	23,734	25,677
Royalty	-	-	-	-	-	-	1,008	1,173	24,470	18,265	-	-	25,478	19,438
General expenses - note 26.2	92,148	87,759	64,268	56,045	57,373	76,292	452	798	10,431	10,277	4,980	1,023	227,912	230,454
Opening stock of work-in-process	108,866	72,892	-	-	19,851	115,205	5,024	3,084	496	946	-	-	134,237	192,127
Closing stock of work-in-process - note 18	(54,163)	(108,866)	-	-	(15,600)	(19,851)	(11,811)	(5,024)	(1,655)	(496)	-	-	(83,229)	(134,237)
Cost of goods manufactured	11,911,590	11,165,345	4,070,753	3,736,619	2,950,109	3,726,038	928,003	789,252	961,883	1,020,541	493,410	497,117	21,314,008	20,933,172
Opening stock of finished goods	392,244	375,903	33,140	12,876	221,852	188,092	476,184	330,283	271,797	184,665	-	-	1,395,217	1,091,819
Finished goods purchased	-	6,227	-	-	85,700	103,600	1,826,217	1,347,098	882,262	1,390,063	-	-	2,794,179	2,846,988
	12,303,834	11,547,475	4,103,893	3,749,495	3,257,661	4,017,730	3,230,404	2,466,633	2,115,942	2,595,269	493,410	497,117	25,503,404	24,871,979
Closing stock of finished goods - note 18	(509,236)	(392,244)	(207,554)	(33,140)	(246,586)	(221,852)	(837,505)	(476,184)	(141,658)	(271,797)	-	-	(1,942,539)	(1,395,217)
Provision for obsolete stocks - note 28	-	-	-	-	(24,332)	(100,088)	(9,285)	(6,515)	(5,000)	(1,804)	-	-	(38,617)	(108,407)
	11,794,598	11,155,231	3,896,339	3,716,355	2,986,743	3,695,790	2,383,614	1,983,934	1,969,284	2,321,668	493,410	497,117	23,522,248	23,368,355

26.1 Staff retirement benefits

Salaries, wages and benefits include Rs 193.055 million (2008: Rs 45.524 million) in respect of staff retirement benefits.

26.2 Service Charges from subsidiary

This includes amount Rs 1.740 million charged by the Company for certain administrative service charges in accordance with the service level agreement which have been eliminated from the total.

Notes to the Consolidated Financial Statements For the year ended December 31, 2009

Amounts in Rs '000

27. Selling and Distribution Expenses

	Polyester		Soda Ash		Paints		Life Sciences		Chemicals		Others-PowerGen		Group	Group
	2009	2008	2009	2008	2009	2008 Restated	2009	2008	2009	2008	2009	2008	2009	2008 Restated
Salaries and benefits	40,591	32,209	24,581	18,389	195,676	152,402	184,344	147,224	63,531	51,355	-	-	508,723	401,579
Repairs and maintenance	122	69	1,063	863	3,537	2,687	1,862	1,531	1,033	623	-	-	7,617	5,773
Advertising and sales promotion	15,480	1,064	896	1,251	262,189	244,830	64,513	90,357	987	2,091	-	-	344,065	339,593
Rent, rates and taxes	-	-	922	921	23,491	25,254	4,404	4,666	1,182	1,482	-	-	29,999	32,323
Insurance	-	-	434	914	-	-	3,866	5,128	3,340	4,091	-	-	7,640	10,133
Lighting, heating and cooling	17	15	873	885	4,807	3,721	1,969	1,684	206	258	-	-	7,872	6,563
Depreciation and amortisation - note 12.5 & 13.1	59	248	327	209	-	-	11,195	12,467	1,784	1,477	-	-	13,365	14,401
Outward freight and handling	7,078	7,515	69,972	48,363	172,953	159,682	22,395	23,071	28,089	21,610	-	-	300,487	260,241
Travelling expenses	3,206	5,081	1,882	1,308	30,588	31,951	63,407	65,509	11,567	13,317	-	-	110,650	117,166
Postage, telegram, telephone and telex	423	808	774	688	5,801	5,558	9,759	7,712	3,447	3,665	-	-	20,204	18,431
General expenses	8,260	7,729	10,499	10,016	26,072	24,138	56,986	51,324	17,735	17,848	-	-	119,552	111,055
	75,236	54,738	112,223	83,807	725,114	650,223	424,700	410,673	132,901	117,817	-	-	1,470,174	1,317,258

27.1 **Staff retirement benefits**
Salaries, wages and benefits include Rs 67.593 million (2008: Rs 40.995 million) in respect of staff retirement benefits.

27.2 **Severance cost**
Salaries and benefits include Rs 4.677 million (2008: Rs nil) in respect of severance cost.

28. Administration and General Expenses

Salaries and benefits	134,531	92,194	193,284	146,769	134,481	94,962	93,672	75,817	72,479	59,887	-	-	628,447	469,629
Repairs and maintenance	2,715	3,739	3,478	7,657	8,828	7,982	1,352	2,268	780	1,638	-	-	17,153	23,284
Advertising and publicity	2,855	2,870	6,013	7,424	-	-	1,134	1,357	1,452	1,543	-	-	11,454	13,194
Rent, rates and taxes	2,551	2,341	2,877	2,527	6,302	5,963	543	459	587	520	-	1	12,860	11,811
Insurance	552	687	1,454	1,975	7,438	578	2,137	3,399	316	436	-	-	11,897	7,075
Lighting, heating and cooling	3,172	2,650	5,273	4,521	3,518	2,903	3,590	3,219	1,077	953	-	-	16,630	14,246
Depreciation and amortisation - note 12.5 & 13.1	6,332	6,963	13,347	16,082	11,573	11,208	2,618	2,949	4,274	5,417	-	-	38,144	42,619
Provision for doubtful debts														
- trade	5,610	4,130	-	-	69,040	60,046	7	627	641	-	-	-	75,298	64,803
- others	-	-	-	-	-	-	-	1,629	-	-	-	-	-	1,629
Provision for obsolete stocks - Note 18.1	-	-	-	-	24,332	100,088	9,285	6,515	5,000	1,804	-	-	38,617	108,407
Provision for obsolete spares - Note 17.1	40,000	45,000	-	4,000	-	-	-	-	-	-	-	3,000	40,000	52,000
Travelling expenses	6,491	7,404	8,142	11,548	14,626	12,787	5,631	7,773	5,349	4,060	-	-	40,239	43,572
Postage, telegram, telephone and telex	1,337	1,070	2,149	2,085	8,999	13,997	2,516	2,042	1,148	1,014	-	40	16,149	20,248
General expenses note 28.3	32,965	27,415	55,804	48,726	92,812	134,349	14,622	22,366	34,973	23,827	546	3,241	231,482	259,684
	239,111	196,463	291,821	253,314	381,949	444,863	137,107	130,420	128,076	101,099	546	6,282	1,178,370	1,132,201

28.1 **Staff retirement benefits**
Salaries, wages and benefits include Rs 132.772 million (2008: Rs 52.685 million) in respect of staff retirement benefits.

28.2 **Severance cost**
Salaries and benefits include Rs 42.903 million (2008: Rs 6.531 million) in respect of severance cost.

28.3 **Service Charges from subsidiary**
This includes Rs 0.240 million charged by the Company for certain administrative service charges in accordance with the service level agreement which have been eliminated from the total.

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	2009	2008 Restated
29. Financial Charges		
Mark-up on short-term financing	19,965	26,224
Interest on:		
Workers' profit participation fund - note 10.3	2,105	3,637
Discounting charges on receivables	82,383	104,195
Exchange losses	74,454	93,613
Interest on security deposits	2,043	3,914
Others	4,792	4,155
	<u>185,742</u>	<u>235,738</u>
30. Other operating charges		
Auditors' remuneration - note 30.1	6,750	7,263
Donations - note 30.2	16,464	21,650
Workers' profit participation fund - note 10.3	162,326	147,873
Workers' welfare fund	62,896	57,056
	<u>248,436</u>	<u>233,842</u>
30.1 Auditors' remuneration		
Audit and Group reporting fee	5,080	5,630
Half yearly review and other certifications	1,015	900
Out-of-pocket expenses	655	733
	<u>6,750</u>	<u>7,263</u>
30.2		
Donations include Rs 13.97 million (2008: Rs 13.4 million) to ICI Pakistan Foundation (Head office, Karachi) Mr. Waqar A Malik, Chief Executive; Mr. Ali Asrar Aga and Mr. Feroz Rizvi, Directors of the Company and Mr. Suhail Aslam Khan and Mr. Nasir Jamal, Executives of the Company are amongst the Trustees of the Foundation.		
31. Other Operating Income		
Income from related party		
Service fees from related party - note 31.1	2,656	6,502
Return from financial assets		
Profit on short-term and call deposits	167,995	90,228
Income from non-financial assets		
Scrap sales	57,259	43,547
Gain on disposal of property, plant and equipment	5,293	6,671
Others		
Provisions and accruals no longer required written back	104,960	2,602
Income on technical assistance	244	1,396
Income on sale of Adhesive to Henkel	14,662	-
Sundries	44,768	20,884
	<u>397,837</u>	<u>171,830</u>
31.1		
This represents amount charged by the Group for certain management and other services rendered to its related party (Lotte Pakistan PTA Limited formerly Pakistan PTA Limited), in accordance with the Service Agreement based on commercial terms between the Companies.		

Notes to the Consolidated Financial Statements

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	2009	2008 Restated
32. Taxation		
Current	490,813	102,838
Prior years	(17,439)	6,092
Total current tax charge	473,374	108,930
Deferred - note 8	554,394	841,110
Net tax charged - note 32.1	<u>1,027,768</u>	<u>950,040</u>

32.1 Tax reconciliation

Profit for the year	<u>3,082,098</u>	<u>2,641,782</u>
Tax @ 35%	1,078,734	924,623
Prior years' tax charge	(17,439)	6,092
Permanent difference - Donations	5,762	7,578
Tax impact on losses / (profit) of subsidiary - note 32.2	(3,357)	59,581
Tax impact on income under FTR of the current year	(40,712)	(47,241)
Others	4,780	(593)
Net tax charged	<u>1,027,768</u>	<u>950,040</u>

32.2 The turnover tax at the rate of 0.5% of turnover has been waived under second schedule of the income tax law ordinance 2001.

33. Earnings per share - Basic and diluted

Profit after taxation for the year	<u>2,054,330</u>	<u>1,691,742</u>
Number of shares		
Weighted average number of ordinary shares in issue during the year	<u>138,802,300</u>	<u>138,802,300</u>
Rupees		
Earnings per share	<u>14.80</u>	<u>12.19</u>

34. Remuneration of Directors and Executives

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

	Chairman		Chief Executive		Directors		Executives		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Managerial remuneration	1,162	995	21,135	17,299	33,863	34,870	418,814	366,543	474,974	419,707
Retirement benefits	-	-	5,321	4,474	7,383	7,622	107,981	94,817	120,685	106,913
Group insurance	-	-	42	42	126	126	4,512	4,515	4,680	4,683
Rent and house maintenance	-	-	5,268	5,600	-	-	122,368	106,950	127,636	112,550
Utilities	-	-	647	554	-	-	30,310	26,639	30,957	27,193
Medical expenses	-	-	203	180	419	454	15,410	15,281	16,032	15,915
	<u>1,162</u>	<u>995</u>	<u>32,616</u>	<u>28,149</u>	<u>41,791</u>	<u>43,072</u>	<u>699,395</u>	<u>614,745</u>	<u>774,964</u>	<u>686,961</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>5</u>	<u>5</u>	<u>328</u>	<u>282</u>	<u>335</u>	<u>289</u>

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- 34.1** In addition to this, an amount of Rs 209.8 million (2008: Rs 179 million) on account of variable pay has been recognised in the current year. This amount is payable in 2010 after verification of achievements against target. Further, a long term bonus of Rs 28.9 million (2008: Rs 21 million) payable to certain employees has been recognised in the financial statements which is payable in 2010.

Out of variable pay recognised for 2008 and 2007 following payments were made:

	Paid in 2009 relating to 2008	Paid in 2008 relating to 2007
Chief Executive - note 34.1.1	11,765	11,859
Directors	11,400	9,976
Executives	92,752	100,326
Other employees	37,131	24,030
	153,048	146,191

- 34.1.1** Included in this is a one-off Rs nil (2008: Rs 4.1 million) profit growth bonus.
- 34.2** The Directors and certain Executives are provided with free use of Company cars in accordance with their entitlement. The Chief Executive is provided with Company owned and maintained furnished accommodation and free use of Company car.
- 34.3** Aggregate amount charged in the financial statements for remuneration to three Non-executive Directors was Rs 3.228 million (2008: Rs 2.482 million). This includes fees paid to directors amounting to Rs 0.249 million (2008: Rs. 0.221 million) for attending for board and other meetings.
- 34.4** The above balances include an amount of Rs 141.359 million (2008: Rs 165.8 million) on account of remuneration of key management personnel out of which Rs 24.356 million (2008: Rs 19.896 million) relates to post employment benefits.

35. Transactions with Related Parties

The related parties comprise parent company (ICI Omicron B.V.), ultimate parent company (AkzoNobel N.V.), related group companies, local associated company, directors of the Company, companies where directors also hold directorship, key employees (note 34) and staff retirement funds (note 7). Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2009	2008
Associated companies		
Purchase of goods, materials and services	5,750,335	7,609,047
Provision of services and other receipts	6,440	6,502
Sale of goods and materials	126,429	142,591
Dividends	789,218	631,975
Donations	13,970	13,400

Notes to the Consolidated Financial Statements

For the year ended December 31, 2009

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36. Plant Capacity and Annual Production

- in metric tonnes except Paints which is in thousands of litres and PowerGen which is in thousand of Kilowatts:

	2009		2008	
	Annual Name Plate Capacity	Production	Annual Name Plate Capacity	Production
Polyester	122,000	123,642	122,000	112,011
Soda Ash - note 36.1	350,000	269,500	285,000	266,060
Paints - note 36.2	-	33,741	-	43,305
Chemicals - note 36.2	-	8,477	-	9,669
Sodium Bicarbonate	20,000	22,580	20,000	21,850
PowerGen - note 36.3	221,978	63,765	157,476	57,650

36.1 Production was below name plate capacity due to gas curtailment and also in line with market demand.

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

36.3 Electricity by PowerGen is produced as per demand.

37. Fair Value of Financial Assets and Liabilities

The carrying amounts of the financial assets and financial liabilities approximate their fair values.

38. FINANCIAL RISK MANAGEMENT

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

38.1 Risk Management Framework

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

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

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

39. Market Risk

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

39.1 Interest Rate Risk

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

	Carrying Amount	
	2009	2008
Fixed rate instruments		
Financial assets - Note 23	3,350,000	120,000
Financial liabilities - Note 10	(71,993)	(55,222)
	3,278,007	64,778

Notes to the Consolidated Financial Statements

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Sensitivity analysis for fixed rate instruments

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

39.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Group is exposed to foreign currency risk on sales, purchases and borrowings, which, are entered in a currency other than Pak Rupees. However the forward foreign exchange contracts were not available in 2009 in accordance with State Bank of Pakistan instructions.

	SGD	EURO	USD	GBP	JPY
			2009		
Trade debts	-	2,800	11,667	-	-
Other receivables	-	-	123,427	-	-
Due from Associate - note 22.1	-	-	-	80,420	-
Cash and bank balances	-	-	62,287	-	-
	-	2,800	197,381	80,420	-
Trade and other payables	30,824	62,986	1,692,533	511,236	5,293
Accrued interest / return on unsecured loan - note 10.2	-	-	299,647	-	-
	30,824	62,986	1,992,180	511,236	5,293
Gross balance sheet exposure	(30,824)	(60,186)	(1,794,799)	(430,816)	(5,293)
			2008		
Trade debts	-	-	14,381	-	-
Other receivables	-	-	142,096	-	-
Due from Associate - note 22.1	-	-	-	67,582	-
Cash and bank balances	-	-	31,554	-	-
	-	-	188,031	67,582	-
Trade and other payables	4,668	6,605	904,727	200,622	-
Accrued interest / return on unsecured loan - note 10.2	-	-	281,081	-	-
	4,668	6,605	1,185,808	200,622	-
Gross balance sheet exposure	(4,668)	(6,605)	(997,777)	(133,040)	-

Significant exchange rates applied during the year were as follows:

	Average rate for the year		Spot rate as at December 31	
	2009	2008	2009	2008
EURO	113.84	104.37	121.37	111.47
USD	81.69	70.93	84.24	79.10
GBP	127.85	130.67	137.81	114.71
JPY	0.87	0.69	0.91	0.88
SGD	56.52	50.25	60.06	54.94

Sensitivity analysis

Every 1% increase or decrease in exchange rate with all other variables held constant will increase or decrease profit after tax for the year by Rs 23.2 million (2008: Rs 11.4 million).

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40. Credit Risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter-parties failed completely to perform as contracted. The Group does not have significant exposure to any individual counterparty. To reduce exposure to credit risk the Group has developed a formal approval process whereby credit limits are applied to its customers. However, in Paints business reviewing to assign credit limits is in process which will be completed in the first quarter of 2010. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. To mitigate the risk, the Group has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored. Business with customers is also secured, where possible, by way of inland letters of credit.

The Group gross maximum exposure to credit risk at the reporting date is as follows:

	2009	2008 Restated
40.1 Financial Assets		
Long term loans - note 15	131,430	131,314
Long term deposits and prepayments - note 16	29,078	30,684
Trade debts (gross) net of discount - note 19	1,222,510	1,025,425
Loans and advances (gross) - note 20	133,060	106,490
Trade deposits - note 21	9,768	24,159
Other receivables - note 22	458,669	482,425
Bank balances - note 23	4,535,986	1,956,809
	<u>6,520,501</u>	<u>3,757,306</u>

The Group has placed its funds with banks which are rated A-1+ or above by PACRA / JCRVIS.

40.2 Financial Assets

- Secured	566,187	512,601
- Unsecured	5,966,041	3,244,705
	<u>6,532,228</u>	<u>3,757,306</u>

40.3 The ageing of cash and bank balances, trade receivables and loans and advances at the reporting date is as follows:

Not past due	5,259,252	2,472,555
Past due but not impaired:		
Not more than three months	281,317	390,278
Past due and impaired:		
more than three months and not more than six months	63,002	61,176
more than six months and not more than nine months	25,352	8,870
more than nine months and not more than one year	43,378	53
More than one year	219,255	155,792
	<u>632,304</u>	<u>616,169</u>
	<u>5,891,556</u>	<u>3,088,724</u>

40.4 Movement of provision for trade receivables and loans and advances

Opening	201,483	143,520
Additional provision	75,298	64,803
Provision utilised against write offs	9,646	(6,388)
Provision no longer required	(676)	(452)
	<u>285,751</u>	<u>201,483</u>

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

Wholesale customers	164,282	58,522
Retail customers	284,408	345,308
End-user customers	183,614	212,339
	<u>632,304</u>	<u>616,169</u>

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

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

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42. In April 2009 it was observed that certain isolated management practices and dealings at Decorative segment of the Paints business seemed to be at variance with the Group's approved policies and procedures. This information was communicated to the Board who immediately initiated a detailed review by the Group's Internal Auditors Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants. These practices mainly related to obligations and commitments made in the market which were not properly recorded.

The detailed review by Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants has been completed, the Board of Directors have decided to make a full provision in respect of these identified obligations. The amount has been accounted for as given below in accordance with the IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

- 42.1 The effect of retrospective restatement on profit and loss account is tabulated below:

	2008
Increase in commission and discounts	(165,000)
Increase in selling and distribution expenses	(72,500)
Increase in administration and general expenses	(62,500)
Decrease in operating results	(300,000)
Decrease in other operating income	(41,000)
Decrease in WPPF charge	17,050
Decrease in WWF charge	6,820
Decrease in profit before tax	(317,130)
Decrease in income tax expense	110,996
Decrease in profit after tax	(206,134)
	(Rupees)
Decrease in basic and diluted earnings per share	(1.49)

- 42.2 The effect of retrospective restatement on Balance sheet for 2008 and 2007 is tabulated below:

	2008	2007
Decrease in trade debts	197,000	32,000
Increase in deferred tax asset	126,946	15,950
Increase in trade and other payables	165,700	13,570
Decrease in unappropriated profit	235,754	29,620

- 42.3 Effect on unappropriated profit as at December 31:

Increase in commission and discounts	(197,000)	(32,000)
Increase in administration and general expenses	(62,500)	-
Increase in selling and distribution expenses	(89,500)	(17,000)
Decrease in operating results	(349,000)	(49,000)
Decrease in other operating income	(41,000)	-
Decrease in WPPF and WWF charge	27,300	3,430
Decrease in income tax expense	126,946	15,950
Decrease in unappropriated profit	(235,754)	(29,620)

43. Capital Risk Management

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

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

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44. Accounting Estimates and Judgements

Income Taxes

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

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

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

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

The Income Tax Appellate Tribunal earlier set aside the assessment for the assessment year 1998-99 on the issues of date of commissioning of PTA plant & depreciation thereon, restriction of cost of capitalization of PTA plant and addition to income in respect of trial production stocks. The re-assessment was finalized by the department during the year giving rise to an additional tax demand.

In appeal against the said order, after the action being maintained by the Commissioner of Income Tax - Appeals, the Income Tax Appellate Tribunal has set aside the assessment order passed by the tax department for fresh adjudication.

Pension and Gratuity

Certain actuarial assumptions have been adopted as disclosed in note 7 to the financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might affect unrecognized gains and losses in those years.

Property, plant and equipment

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

45. Standards or Interpretations not yet effective

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the Group's operations or are not expected to have significant impact on the Group's financial statements other than increase in disclosures in certain cases:

Revised IFRS 3 Business Combinations (applicable for annual periods beginning on or after July 1, 2009) broadens among

Notes to the Consolidated Financial Statements For the year ended December 31, 2009

other things the definition of business resulting in more acquisitions being treated as business combinations, contingent consideration to be measured at fair value, transaction costs other than share and debt issue costs to be expensed, any pre-existing interest in an acquiree to be measured at fair value, with the related gain or loss recognised in profit or loss and any non-controlling (minority) interest to be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of an acquiree, on a transaction-by-transaction basis. The application of this standard is not likely to have an effect on the Group's financial statements.

Amended IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after July 1, 2009) requires accounting for changes in ownership interest by the group in a subsidiary, while maintaining control, to be recognized as an equity transaction. When the group loses control of subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognized in the profit or loss. The application of the standard is not likely to have an effect on the Group's financial statements.

IFRIC 15- Agreement for the Construction of Real Estate (effective for annual periods beginning on or after October 1, 2009) clarifies the recognition of revenue by real estate developers for sale of units, such as apartments or houses, 'off-plan', that is, before construction is complete. The amendment is not relevant to the Group's operations.

Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective for annual periods beginning on or after July 1, 2009) clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. The amendment is not likely to have an effect on the Group's financial statements.

IFRIC – 17 Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after July 1, 2009) states that when a Group distributes non cash assets to its shareholders as dividend, the liability for the dividend is measured at fair value. If there are subsequent changes in the fair value before the liability is discharged, this is recognised in equity. When the non cash asset is distributed, the difference between the carrying amount and fair value is recognised in the income statement. As the Group does not distribute non-cash assets to its shareholders, this interpretation has no impact on the Group's financial statements.

The International Accounting Standards Board made certain amendments to existing standards as part of its second annual improvements project. The effective dates for these amendments vary by standard and most will be applicable to the Group's 2010 financial statements. These amendments are unlikely to have an impact on the Group's financial statements.

Amendment to IFRS 2 – Share-based Payment – Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after January 1, 2010). Currently effective IFRSs require attribution of group share-based payment transactions only if they are equity-settled. The amendments resolve diversity in practice regarding attribution of cash-settled share-based payment transactions and require an entity receiving goods or services in either an equity-settled or a cash-settled payment transaction to account for the transaction in its separate or individual financial statements.

Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (effective for annual periods beginning on or after February 1, 2010). The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. This interpretation has no impact on the Group's financial statements.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after July 1, 2010). This interpretation provides guidance on the accounting for debt for equity swaps. This interpretation has no impact on the Group's financial statements.

IAS 24 Related Party Disclosures (revised 2009) – (effective for annual periods beginning on or after January 1, 2011). The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The amendment would result in certain changes in disclosures.

Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after January 1, 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. This amendment is not likely to have any impact on Group's financial statements.

Improvements to IFRSs 2008 – Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations –

Notes to the Consolidated Financial Statements

For the year ended December 31, 2009

(effective for annual periods beginning on or after July 1, 2009). The amendments specify that if an entity is committed to a plan to sell a subsidiary, then it would classify all of that subsidiary's assets and liabilities as held for sale if criteria in IFRS 5 are met. This applies regardless of the entity retaining an interest (other than control) in the subsidiary; and disclosures for discontinued operations are required by the parent when a subsidiary meets the definition of a discontinued operation. This amendment is not likely to have any impact on Group's financial statements.

46. Dividend

The directors in their meeting held on February 18, 2010 have declared a final dividend of Rs 4.50 per share (2008: Rs 4.00 per share) in respect of year ended December 31, 2009. The financial statements for the year ended December 31, 2009 do not include the effect of the above dividend which will be accounted for in the period in which it is declared.

47. Date of Authorisation

These consolidated statements were authorised for issue in the Board of Directors meeting held on February 18, 2010.

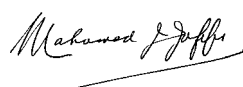
48. General

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

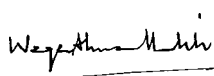
48.2 Corresponding Figures

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

Reclassification from component	Reclassification to component	Amounts in Rs '000
Administration & general expenses - Depreciation	Selling & distribution expenses - Depreciation	10,797
Selling & distribution expenses - General Expenses	Cost of sales - Rent rates and taxes	9,635
Cost of sales - Raw Material Purchases	Selling & distribution expenses - Outward freight and handling charges	23,071
Cost of sales - Finished Goods Purchases	Cost of sales - Royalty	1,173



M J Jaffer
Chairman / Director



Waqar A Malik
Chief Executive



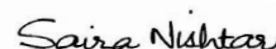
Feroz Rizvi
Chief Financial Officer

Notice of Meeting

Notice is hereby given that the Fifty-eighth Annual General Meeting of ICI PAKISTAN LIMITED will be held on Tuesday, March 30, 2010 at 11:30 a.m. at the Registered Office of the Company, ICI House, 5 West Wharf, Karachi, to transact the following business:

1. To receive, consider and adopt the accounts of the Company for the year ended December 31, 2009, the report of the Auditors thereon and the report of the Directors.
2. To declare and approve Final cash dividend @ 45% i.e., Rs 4.50 per ordinary share of Rs 10/- each for the year ended December 31, 2009 as recommended by the Directors, payable to the Members whose names appear in the Register of Members as at March 18, 2010.
3. To appoint the Auditors of the Company and to fix their remuneration.

By the Order of the Board



Saira Nishtar
Company Secretary

February 18, 2010
Karachi

Notes:

1. Share Transfer Books of the Company will remain closed from March 19, 2010 to March 30, 2010 (both days inclusive). Transfers received in order at the office of our Shares Registrar, FAMCO Associates (Pvt) Ltd. State Life Building No 1-A, 1st Floor, I.I Chundrigar Road Karachi-74000, by the close of business on March 18, 2010 will be in time to entitle the transferees to the final dividend and to attend the Meeting.
 2. All Members are entitled to attend and vote at the meeting.
 3. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend, speak and vote for him/her. A proxy must be a Member of the Company.
 4. An instrument of proxy applicable for the Meeting is being provided with the notice sent to Members. Further copies of the instrument of proxy may be obtained from the Registered Office of the Company during normal office hours.
 5. An instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must, to be valid, be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.
 6. Members are requested to notify immediately changes, if any, in their registered address to our Shares Registrar, FAMCO Associates (Pvt) Ltd.
 7. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
- A. For Attending the Meeting:**
- (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
 - (ii) In case of corporate entity, the Board of Directors' resolution/power of the attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.
- B. For Appointing Proxies:**
- (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
 - (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - (iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - (iv) The proxy shall produce his original CNIC or original passport at the time of the meeting.
 - (v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.



ICI Pakistan Limited is now part
of the AkzoNobel Group

AkzoNobel
Tomorrow's Answers Today

Admission Slip

The Fifty-eighth Annual General Meeting of ICI Pakistan Limited will be held on March 30, 2010 at 11:30 a.m. at the Registered Office of the Company at ICI House, 5 West Wharf, Karachi.

Company's transport will wait at the corner of Karachi Stock Exchange Road, between 10:15 a.m. and 10:45 a.m. on the date of the Meeting. Shareholders desirous of attending the Meeting may avail this facility.

Kindly bring this slip duly signed by you for attending the Meeting.

Company Secretary

Name _____

Shareholder No. _____ Signature _____

Note:

- i) The signature of the shareholder must tally with the specimen signature on the Company's record.
- ii) Shareholders are requested to hand over duly completed admission slips at the counter before entering the Meeting premises.

CDC Account Holders / Proxies / Corporate Entities:

- a) The CDC Account Holder / Proxy shall authenticate his / her identity by showing his / her original Computerised National Identity Card (CNIC) or original passport at the time of attending the Meeting.
- b) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the Meeting (unless it has been provided earlier).

This Admission Slip is Not Transferable

Form of Proxy

58th Annual General Meeting

I / We _____

of _____

being member(s) of ICI Pakistan Limited holding _____

ordinary shares hereby appoint _____

of _____ or failing him / her _____

of _____ who is / are also member(s) of ICI Pakistan Limited as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the Fifty-eighth Annual General Meeting of the Company to be held on March 30, 2010 and at any adjournment thereof.

As witness my / our hand / seal this _____ day of _____ 2010

Signed by the said _____

in the presence of 1. _____

2. _____

Folio / CDC Account No.

Signature on
Revenue Stamp
of Appropriate
Value

This signature should
agree with the
specimen registered
with the Company.

Important:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, ICI House, 5 West Wharf, Karachi, not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he / she himself / herself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

For CDC Account Holders / Corporate Entities:

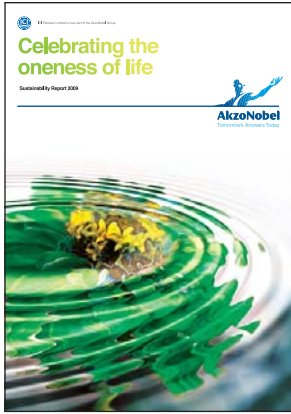
In addition to the above, the following requirements have to be met:

- i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iii) The proxy shall produce his / her original CNIC or original passport at the time of the Meeting.
- iv) In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

**The Company Secretary
ICI Pakistan Limited
ICI House
5 West Wharf
Karachi-74000**

**Affix
Correct
Postage**

Don't miss our Sustainability Report 2009, which is now a separate publication



A publication of the Corporate Communications and Public Affairs Department
ICI Pakistan Limited
5 West Wharf
Karachi 74000

T +92 21 3231 3717 - 22
F +92 21 3231 1739 - 92 21 3231 2500
E ccpa.pakistan@akzonobel.com
www.icipakistan.com

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AkzoNobel is proud to be one of the world's leading industrial companies. Based in Amsterdam, the Netherlands, we make and supply a wide range of paints, coatings and specialty chemicals - 2009 revenue totaled €13.9 billion. In fact, we are the largest global paints and coatings company. As a major producer of specialty chemicals we supply industries worldwide with quality ingredients for life's essentials. We think about the future, but act in the present. We're passionate about introducing new ideas and developing sustainable answers for our customers. That's why our 57,000 employees - who are based in more than 80 countries - are committed to excellence and delivering Tomorrow's Answers Today™.

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