



ICI Pakistan Limited is now part of the AkzoNobel Group

# Climate of change

ICI Pakistan Limited  
Quarterly Report Jan - Mar 09



**AkzoNobel**  
Tomorrow's Answers Today



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**Condensed Interim Consolidated  
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## Company Information

### Board of Directors

M J Jaffer	Chairman Non-Executive	Tariq Iqbal Khan	Non-Executive
Waqar A Malik	Chief Executive	James R Rees	Non-Executive
Mueen Afzal *	Non-Executive	Feroz Rizvi	Executive
Ali A Aga	Executive	M Nawaz Tiwana	Non-Executive
Bart Kaster	Non-Executive		

### Audit & Remuneration Sub Committees of the Board

#### Audit Sub Committee

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

#### Remuneration Sub Committee

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

### Chief Financial Officer

Feroz Rizvi

### Company Secretary

Nasir Jamal

### Executive Management Team

Waqar A Malik	Chief Executive	Suhail Aslam Khan	Vice President
Ali A Aga *	Vice President		Polyester Business,
	Soda Ash Business	M Asif Malik	General Manager
Dr Amir Jafri	Vice President		Technical Function
	Paints Business	Feroz Rizvi	Chief Financial Officer
Jehanzeb Khan	Vice President		
	Chemicals Business		

### Bankers

Askari Bank Limited	National Bank of Pakistan
Bank Alfalah Limited	Oman International Bank
Citibank N.A.	Standard Chartered Bank
Deutsche Bank AG	(Pakistan) Limited
Faysal Bank Limited	The Royal Bank of Scotland Limited,
Habib Bank Limited	(Formerly ABN AMRO Bank
HSBC Bank Middle East Limited	(Pakistan) Limited)
Meezan Bank Limited	United Bank Limited
MCB Bank Limited	

### Auditors

#### Internal Auditors

Ford Rhodes Sidat Hyder & Co.,  
Chartered Accountants

#### External Auditors

KPMG Taseer Hadi & Co.,  
Chartered Accountants

### Registered Office

ICI House, 5 West Wharf, Karachi-74000  
Tel : 111-100-200, (021) 2313717-22  
Fax : 2311739  
Web: www.icipakistan.com  
E-mail: ccpa\_pakistan@ici.com

### Shares Registrar

M/s. FAMCO Associates (Pvt) Ltd  
(Formerly Ferguson Associates (Pvt) Ltd)  
4th Floor, State Life Building 2-A  
Wallace Road, off I. I. Chundrigar Road  
Karachi-74000  
Tel : (021) 2420755, 2427012, 2426597, 2475606 & 2425467  
Fax : (021) 2426752

\* names in alphabetical order

## Report of the Directors For the Quarter Ended 31 March 2009

The Directors are pleased to present their report together with the un-audited financial statements of the Company for the three months ended 31 March 2009.

No injury (lost time incident) was reported during the quarter. Full compliance was achieved with the environmental and health standards and regulations during the quarter.

Business environment remained difficult and challenging in the backdrop of a significant slowdown in the GDP growth rate (2.5 percent Vs 5.8 percent last year). The factors that led to decline in the industrial production of around 5% in FY 09 July-December, as reported by the State Bank, were ubiquitous in Q1 2009 albeit the rate of decline may have slowed down; interrupted energy supplies, higher gas and electricity costs, subdued domestic demand and security concerns continued to weigh down on the business sentiment.

A weaker economy affected demand for your Company's products in most segments except in the Polyester, Pharmaceuticals and Animal Health (Life Sciences Business). Although turnover was up by 5%, gross profit and operating result were 11% and 31% lower respectively compared with the same period last year mainly due to dampened demand, as explained above and higher energy cost. Profit after tax was 26% lower than the first quarter 2008.

The Company maintained strict control on non-productive costs. We believe the macro-economic indicators will improve and remain hopeful of GDP growth normalising. Your Company therefore continued to invest during the quarter in its brands and modernisation of its sales channels in the Paints Business as reflected in the revenue spend.

Also, the Rs 1.85 billion capacity enhancement investment in the Soda Ash Business, and its subsequent successful completion and commissioning in early April this year, as per plan and within budgeted cost despite higher inflationary environment, positions your Company to grow this business further.

### Board Changes

Mr Muhammad Zahir, Vice President, Life Sciences Business, Corporate Human Resource and Corporate Communication Public Affairs and a Director on the Board of ICI Pakistan Ltd has taken an early retirement from the Company on medical grounds with effect from April 20, 2009. Consequent to his early retirement, he has also resigned from the Board of the Company. The Board would like to wish him a long and healthy life.

### Financial Performance

Summary of financial results for the first quarter is given below:

	Amounts in Rs Million		
	Q1 2009	Q1 2008	Increase/(Decrease)
Turnover	7,747.7	7,407.8	5%
Net Sales Income	6,695.8	6,585.4	2%
Gross Profit	1,103.0	1,245.9	(11)%
Operating Result	507.0	740.1	(31)%
Profit Before Tax	471.6	643.5	(27)%
Profit After Tax	308.1	416.2	(26)%
Earning Per Share (Rs)	2.22	3.00	(26)%

## Report of the Directors For the Quarter Ended 31 March 2009

### Polyester Staple Fibre (PSF)

	Q1 2009	Variance*
<b>Operating Result – Rs Million</b>	115.6	(49)%
<b>Sales Volume</b> (Fibre & POY Chips) – Tonnes	32,243	6%
<b>Production Volume</b> (Fibre & POY Chips) – Tonnes	30,528	(6)%

\*Compared to the same period last year

Crude prices remained low during the quarter compared to Q1 2008. This resulted in lowering of the international PTA and MEG prices and subsequently PSF prices in Q1 2009 compared to the corresponding period last year.

Despite slight improvement in energy supplies to the downstream industries, with excess stocking by customers in anticipation of price hikes and strong demand in the PSF intensive Polyester Viscose and Pure Polyester segments, the market contracted versus the same period last year. The sales to capacity ratio for the domestic manufacturers was as low as 59% due to regular dumping of product by the regional players. The Business still managed to grow sales by 6% compared to the same period last year, selling 32,243 MT during the period as it substantially increased its market share.

The Lahore High Court (LHC) has dismissed a petition seeking stoppage of anti dumping investigation by the National Tariff Commission (NTC). Thus far, the superior courts have upheld all the determinations made by the NTC.

Input cost in Q1 2009 increased on account of higher consumption of expensive furnace oil due to severe gas curtailment and rise in energy cost by around 34% compared to same period last year. Excluding the impact of the above factors, other costs (excluding raw material) as well as selling and administration expenses on a collective basis remained under tight control, which were almost at par with the same period last year despite inflation in the range of 20%. Regional PSF prices were below the same period last year on account of supply overhang and reduction in input cost. Consequently, the domestic prices were also below the same period last year. With lower selling prices and higher energy cost, gross profit was 36% below Q1 2008 despite better efficiencies on a comparable basis. Operating result for the quarter at Rs 115.6 million was 49% below the same period last year mainly due to lower gross profit as explained above.

### Soda Ash

	Q1 2009	Variance*
<b>Operating Result – Rs Million</b>	179.5	53%
<b>Sales Volume – Tonnes</b> Soda Ash & Sodium Bicarbonate	56,800	(7)%
<b>Production Volume – Tonnes</b> Soda Ash & Sodium Bicarbonate	56,266	(7)%

\*Compared to the same period last year

The global soda ash market is currently facing an over supply situation due to weak demand with global economic slowdown. Demand in the domestic soda ash market during Q1 2009 remained affected by an unprecedented level of power shortages in the Country and gas load shedding. This, along with security issues and economic slowdown further aggravated the situation and adversely affected the growth of major soda ash consumers in the glass and silicate industries. Resultantly, Business sales volume for the quarter was 7% lower than the same period last year.

Energy cost increased by around 34% whereas coke and salt prices (raw material) increased by 31% and 12% respectively on a comparable basis. The increase in input cost was offset through appropriate increase in selling prices, better raw material and energy efficiencies.

## Report of the Directors For the Quarter Ended 31 March 2009

Other costs as well as other selling and administration expenses were tightly controlled. This, and lower outward freight & handling charges enabled the Business to achieve operating result for the quarter at Rs 179.5 million.

### Paints

	Q1 2009	Variance*
<b>Operating Result</b> – Rs Million	54.6	(66)%
<b>Sales Volume</b> – Kilolitres	9,476	(5)%
<b>Production Volume</b> – Kilolitres	9,820	1%

\*Compared to the same period last year

Paints Business performance was affected by the ongoing political as well as security unrest in the Country, inflationary pressure and economic slowdown which curtailed the consumer demand in all the segments. Sales volume was marginally lower in the Decorative segment. Growth in Industrial segment was affected by decline in car and motorcycle production whereas volumes in the Refinish segment declined primarily due to slowdown at the Sales Service & Spares (SSS) dealers. Consequently, sales volume for the quarter was 5% lower than the corresponding period last year.

Gross profit was inline with the same period last year. Selling and administration expenses increased by 56% compared to Q1 2008. This was on account of higher spend on advertising, channel modernisation and launch of AkzoNobel's Sikken brand in the Refinish segment. This, and higher outward freight and handling charges resulted in operating result for the quarter at Rs 54.6 million being 66% lower than the same period last year.

### Life Sciences

	Q1 2009	Variance*
<b>Operating Result</b> – Rs Million	108.9	(40)%
<b>Turnover</b> – Rs Million	965.5	1%

\*Compared to the same period last year

The Pharmaceutical and Animal Health segments recorded double-digit growth in volumes. In the Seeds segment volume was lower than Q1 2008 by 28% on account of the Government's "grow more wheat" campaign boosted by higher support price, which led to substitution of sunflower for wheat by farmers. In addition, the decline in the international edible oil prices also reversed the favourable environment for sunflower crop that had prevailed during the previous season.

Business efficiently managed its selling and administration cost, which was 4% lower than Q1 2008. However, this was not sufficient to offset the adverse impact on gross profit which declined by 25% on a comparable basis due to lower sunflower volumes as well as higher import cost of sunflower seeds with the depreciation of Pak rupee. Resultantly, operating result at Rs 108.9 million was 40% lower than Q1 2008.

### Chemicals

	Q1 2009	Variance*
<b>Operating Result</b> – Rs Million	48.4	(2) %
<b>Sales Volume</b> – Tonnes	3,930	(15)%
<b>Production Volume</b> – Tonnes **	1,832	(29)%

\*Compared to the same period last year

\*\*Relates to Polyurethanes and Specialty Chemicals

Volumes remained under pressure due to delay in start of cotton crop season and slow down in the related textile segments as well as chemicals downstream industries. Despite lower volumes, higher margins in the Polyurethane segment assisted Business in offsetting the adverse impact on volumes consequently, gross profit was 5% higher than the same period last year. Selling and administration expenses were higher by Rs 6 million i.e. 12% mainly on account of increase in transportation cost. Despite lower sales volume, operating result for the quarter at Rs 48.4 million was marginally below the same period last year.

## Report of the Directors For the Quarter Ended 31 March 2009

### Profitability & Finance

Unprecedented load shedding of gas and electricity forced the Company to use expensive furnace and diesel oil. This and the increase in the energy prices as explained earlier, resulted in an additional cost of more than Rs 122 million to your Company. Operating result of the Company for the quarter at Rs 507.0 million was 31% lower than the same period last year.

Financial charges declined by 66% compared to the same period last year on account of lower foreign exchange losses attributed to the stability in the Pak rupee in Q1 2009 compared to the same period last year.

Consequently, profit before and after tax at Rs 471.6 and Rs 308.1 million were lower by 27% and 26% respectively compared to the same quarter last year (Rs 643.5 million and Rs 416.2 million respectively). Earning Per Share at Rs 2.22 was 26% lower than Q1 2008.

### Future Outlook

The macro economic stabilization programme of the Government of Pakistan and the improving economic indicators appear to have brightened the prospects of lower inflation and a better GDP growth rate in the second half of 2009. However in the immediate short term, Q2 2009 outlook is still difficult particularly in the Paints Business where margins are expected to be under strong pressure.

Your Company will focus on those measures, which enhances its capability to grow its businesses in the long term. The completion of the 65ktpa expansion in the Soda Ash Business positions your Company to grow this Business further. In the short term with excess capacity in the Soda Ash industry, the Company shall explore overseas market for exports at positive netbacks. Investment in the Paints business to introduce new products, segments as well as modernisation of its sales channels shall also continue apace.

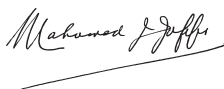
We request the Government of Pakistan to provide the necessary policy framework and fiscal measures for an enabling environment for industrial growth and to cushion it against the effects of recessionary conditions. The immediate priority is to safeguard the manufacturing industry from incidence of dumping and incentives to support exports and easing of energy interruptions and elimination of cross subsidies on gas.

In-addition your Company also draws the attention of the Government to the following outstanding specific issues:

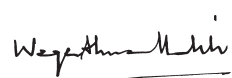
In the budget of 2008-2009 import tariff on PSF was inexplicably reduced from 6.5% to 4.5%, which resulted in an anomaly whereby, except for Polyester, the duty structure for entire textile chain remained unchanged. Government is requested to restore the tariff to 6.5% to support the ailing industry and remove the anomaly.

The long pending issue of price increase for the Pharmaceutical products, which were capped in 2001, needs immediate attention, to avoid collapse of the industry, and timely and continued supply of quality medicines, particularly after drastic increase in input prices and sharp depreciation of the Pak rupee value affecting imports cost of Pharmaceutical raw material.

In absence of strict implementation of the Intellectual Property Rights, counterfeiting is on the rise. Consequently, not only the consumers suffer, it also hampers the growth and development of industry in addition to the Government losing the evaded duties and taxes. The development of Paints and Pharmaceutical industries is being severely impacted due to this, and the Government of Pakistan is requested to take corrective measures.



M J Jaffer  
Chairman



Waqar A Malik  
Chief Executive


Date: April 28, 2009  
Karachi

## Condensed Interim Unconsolidated Balance Sheet (Unaudited) As at 31 March 2009

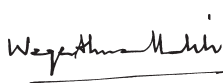
Amounts in Rs '000

	Note	31 March 2009	31 December 2008
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	9,419,315	9,353,769
Intangible asset		-	7,700
		<b>9,419,315</b>	<b>9,361,469</b>
Long-term investments	3	712,500	712,500
Long-term loans	4	353,992	330,605
Long-term deposits and prepayments		33,409	30,684
		<b>1,099,901</b>	<b>1,073,789</b>
		<b>10,519,216</b>	<b>10,435,258</b>
<b>Current assets</b>			
Stores and spares		547,996	538,540
Stock-in-trade	5	2,593,586	2,951,956
Trade debts		1,457,514	1,003,612
Loans and advances	6	250,306	193,254
Trade deposits and short-term prepayments		329,555	404,662
Other receivables		558,018	749,388
Taxation recoverable		476,092	419,934
Cash and bank balances		1,657,779	1,971,081
		<b>7,870,846</b>	<b>8,232,427</b>
<b>Total Assets</b>		<b>18,390,062</b>	<b>18,667,685</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorised capital 1,500,000,000 (31 December 2008: 1,500,000,000) ordinary shares of Rs 10 each		15,000,000	15,000,000
Issued, subscribed and paid-up capital 138,802,300 (31 December 2008: 138,802,300) ordinary shares of Rs 10 each		1,388,023	1,388,023
Capital reserves		465,845	465,845
Unappropriated profit		10,590,534	10,830,012
<b>Total Equity</b>		<b>12,444,402</b>	<b>12,683,880</b>
<b>Surplus on Revaluation of Property, Plant and Equipment</b>		<b>955,126</b>	<b>962,795</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provisions for non-management staff gratuity and eligible retired employees' medical scheme		153,388	142,250
Deferred tax liability - net		741,383	597,650
		<b>894,771</b>	<b>739,900</b>
<b>Current liabilities</b>			
Short-term financing	7	33,143	-
Trade and other payables		4,062,620	4,281,110
		<b>4,095,763</b>	<b>4,281,110</b>
<b>Contingencies and Commitments</b>	8		
<b>Total Equity and Liabilities</b>		<b>18,390,062</b>	<b>18,667,685</b>

The annexed notes 1 to 16 form an integral part of the condensed interim unconsolidated financial information.



M J Jaffer  
Chairman / Director



Waqar A Malik  
Chief Executive



Feroz Rizvi  
Chief Financial Officer



**Condensed Interim Unconsolidated  
Profit and Loss Account (Unaudited)  
For the Quarter Ended 31 March 2009**

	Polyester		Soda Ash	
	For the 3 months ended 31 March 2009	For the 3 months ended 31 March 2008	For the 3 months ended 31 March 2009	For the 3 months ended 31 March 2008
<b>Turnover - note 9</b>	<b>3,045,481</b>	3,060,305	<b>1,463,295</b>	1,286,076
Sales tax	-	-	<b>247,189</b>	203,838
Excise Duty	-	-	<b>12,041</b>	10,436
Commission and discounts to distributors and customers	<b>19,939</b>	20,150	<b>5,136</b>	18,969
	<b>19,939</b>	20,150	<b>264,366</b>	233,243
Net sales, commission and toll income	<b>3,025,542</b>	3,040,155	<b>1,198,929</b>	1,052,833
Cost of sales - note 9 and 10	<b>2,849,777</b>	2,764,068	<b>960,726</b>	849,776
<b>Gross profit</b>	<b>175,765</b>	276,087	<b>238,203</b>	203,057
Selling and distribution expenses	<b>10,765</b>	16,954	<b>13,207</b>	29,016
Administration and general expenses	<b>49,365</b>	30,555	<b>45,545</b>	56,403
<b>Operating result</b>	<b>115,635</b>	228,578	<b>179,451</b>	117,638
Financial charges				
Workers' profit participation fund				
Workers' welfare fund				
Other operating charges				
Other operating income				
<b>Profit before taxation</b>				
Taxation - note 11				
<b>Profit after taxation</b>				

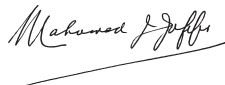
**Earnings per share - Basic and Diluted**

The annexed notes 1 to 16 form an integral part of the condensed interim unconsolidated financial information.

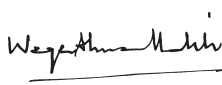
**Condensed Interim Unconsolidated  
Profit and Loss Account (Unaudited)  
For the Quarter Ended 31 March 2009**

Amounts in Rs '000

Paints		Life Sciences		Chemicals		Company	
For the 3 months ended 31 March 2009	For the 3 months ended 31 March 2008	For the 3 months ended 31 March 2009	For the 3 months ended 31 March 2008	For the 3 months ended 31 March 2009	For the 3 months ended 31 March 2008	For the 3 months ended 31 March 2009	For the 3 months ended 31 March 2008
1,659,983	1,539,963	965,459	954,628	697,002	695,670	7,747,747	7,407,827
212,210	188,742	-	-	64,678	59,775	524,077	452,355
12,968	12,284	-	-	1,694	1,645	26,703	24,365
309,940	163,453	117,637	115,708	48,514	27,393	501,166	345,673
535,118	364,479	117,637	115,708	114,886	88,813	1,051,946	822,393
1,124,865	1,175,484	847,822	838,920	582,116	606,857	6,695,801	6,585,434
779,575	826,463	608,747	520,921	477,407	507,095	5,592,759	5,339,508
345,290	349,021	239,075	317,999	104,709	99,762	1,103,042	1,245,926
220,280	111,279	100,004	102,973	28,355	25,032	372,611	285,254
70,388	75,018	30,143	33,271	27,948	25,353	223,389	220,600
54,622	162,724	108,928	181,755	48,406	49,377	507,042	740,072
						34,419	100,333
						24,969	34,046
						9,625	13,132
						7,548	9,690
						76,561	157,201
						41,123	60,585
						471,604	643,456
						163,542	227,297
						308,062	416,159
						(Rupees)	
						2.22	3.00



M J Jaffer  
Chairman / Director



Waqar A Malik  
Chief Executive



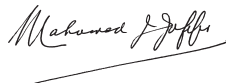
Feroz Rizvi  
Chief Financial Officer

**Condensed Interim Unconsolidated  
Statement of Comprehensive Income (Unaudited)  
For the Quarter Ended 31 March 2009**

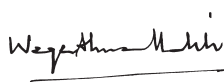
Amounts in Rs '000

	For the 3 months ended 31 March 2009	For the 3 months ended 31 March 2008
<b>Profit for the period</b>	<b>308,062</b>	416,159
<b>Other comprehensive income:</b>		
Transfer from surplus on revaluation of property, plant and equipment	<b>11,208</b>	28,810
Deferred tax credited to profit and loss account	<b>(3,539)</b>	(3,983)
	<b>7,669</b>	24,827
<b>Total comprehensive income for the quarter</b>	<b>315,731</b>	440,986

The annexed notes 1 to 16 form an integral part of the condensed interim unconsolidated financial information.



M J Jaffer  
Chairman / Director



Waqar A Malik  
Chief Executive



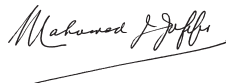
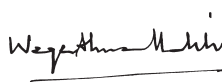
Feroz Rizvi  
Chief Financial Officer

## Condensed Interim Unconsolidated Cash Flow Statement (Unaudited) For the Quarter Ended 31 March 2009

Amounts in Rs '000

	31 March 2009	31 March 2008
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	471,604	643,456
Adjustments for:		
Depreciation and amortisation	198,645	210,102
Gain on disposal of property, plant and equipment	(2,936)	(3,386)
Provision for non-management staff gratuity and eligible retired employees' medical scheme	13,584	5,740
Mark-up on bank deposits and loan to subsidiary	(20,750)	(39,876)
Interest / mark-up expense	28,007	39,100
	<u>688,154</u>	<u>855,136</u>
Movement in:		
Working capital	(515,612)	(1,035,357)
Long-term loans	(23,387)	(9,064)
Long-term deposits and prepayments	(2,725)	1,490
Cash generated from / (used in) operations	<u>146,430</u>	<u>(187,795)</u>
Payments for :		
Non-management staff gratuity and eligible retired employees' medical scheme	(2,446)	(3,621)
Taxation	(75,967)	(58,689)
Net cash generated from / (used in) operating activities	<u>68,017</u>	<u>(250,105)</u>
<b>Cash Flows from Investing Activities</b>		
Payments for capital expenditure	(328,046)	(276,091)
Proceeds from disposal of property, plant and equipment	3,380	4,760
Profit / mark-up received	22,138	51,891
Loan to subsidiary company - net	(76,000)	(200,000)
Long-term investment	-	(130,000)
Net cash used in investing activities	<u>(378,528)</u>	<u>(549,440)</u>
<b>Cash Flow from Financing Activities</b>		
Interest / mark-up paid	(35,934)	(30,272)
Net cash used in financing activities	<u>(35,934)</u>	<u>(30,272)</u>
Net decrease in cash and cash equivalents	<u>(346,445)</u>	<u>(829,817)</u>
Cash and cash equivalents at 1 January	<u>1,971,081</u>	<u>3,615,056</u>
<b>Cash and cash equivalents at 31 March</b>	<u><u>1,624,636</u></u>	<u><u>2,785,239</u></u>
<b>Movement in Working Capital</b>		
<b>Decrease / (Increase) in current assets</b>		
Stores and spares	(9,456)	(15,197)
Stock-in-trade	358,370	(644,972)
Trade debts	(453,902)	(134,104)
Loans and advances	18,948	20,526
Trade deposits and short-term prepayments	75,107	(50,441)
Other receivables	189,982	(198,676)
	<u>179,049</u>	<u>(1,022,864)</u>
<b>Decrease in current liability</b>		
Trade and other payables	(694,661)	(12,493)
	<u>(515,612)</u>	<u>(1,035,357)</u>
<b>Cash and cash equivalents at 31 March comprise of:</b>		
Cash and bank balances	1,657,779	2,836,166
Running finances utilised under mark-up arrangements	(33,143)	(50,927)
	<u>1,624,636</u>	<u>2,785,239</u>

The annexed notes 1 to 16 form an integral part of the condensed interim unconsolidated financial information.


M J Jaffer  
Chairman / Director

Waqar A Malik  
Chief Executive

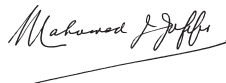
Feroz Rizvi  
Chief Financial Officer

## Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited) For the Quarter Ended 31 March 2009

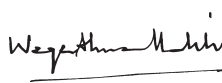
Amounts in Rs '000

	Issued, subscribed and paid-up share capital	Capital reserves	Unappropriated profit	Total
<b>Balance as on 1 January 2008</b>	<b>1,388,023</b>	<b>465,845</b>	<b>9,544,582</b>	<b>11,398,450</b>
<b>Changes in equity for 2008</b>				
Final dividend for the year ended 31 December 2007 @ Rs 3.50 per share	-	-	(485,808)	(485,808)
Total comprehensive income for the quarter ended 31 March 2008	-	-	440,986	440,986
<b>Balance as on 31 March 2008</b>	<b>1,388,023</b>	<b>465,845</b>	<b>9,499,760</b>	<b>11,353,628</b>
Interim dividend for the year 2008 @ Rs 2.50 per share	-	-	(347,006)	(347,006)
Total comprehensive income for the nine months ended 31 December 2008	-	-	1,677,258	1,677,258
<b>Balance as on 31 December 2008</b>	<b>1,388,023</b>	<b>465,845</b>	<b>10,830,012</b>	<b>12,683,880</b>
<b>Changes in equity for 2009</b>				
Final dividend for the year ended 31 December 2008 @ Rs 4.00 per share	-	-	(555,209)	(555,209)
Total comprehensive income for the quarter ended 31 March 2009	-	-	315,731	315,731
<b>Balance as on 31 March 2009</b>	<b>1,388,023</b>	<b>465,845</b>	<b>10,590,534</b>	<b>12,444,402</b>

The annexed notes 1 to 16 form an integral part of the condensed interim unconsolidated financial information.



M J Jaffer  
Chairman / Director



Waqar A Malik  
Chief Executive



Feroz Rizvi  
Chief Financial Officer

## Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the Quarter Ended 31 March 2009

Amounts in Rs '000

1. This condensed interim unconsolidated financial information has been presented in condensed form in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting and is being submitted to shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984. This condensed interim unconsolidated financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 31 December 2008.

1.1 The accounting policies and methods of computation adopted for the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of the financial statements for the preceding year ended 31 December 2008.

### 2. PROPERTY, PLANT AND EQUIPMENT

	31 March 2009	31 December 2008
Operating assets - at net book value	7,349,524	7,516,758
Capital work-in-progress - at cost		
Designing, consultancy and engineering fee	65,475	49,782
Civil works and buildings	311,357	274,207
Plant and machinery	1,486,584	1,300,228
Miscellaneous equipment	134,694	125,227
Advances to suppliers / contractors	71,681	87,567
	<b>2,069,791</b>	1,837,011
	<b>9,419,315</b>	9,353,769

2.1 Following is the cost of operating property, plant and equipment that have been added / disposed off during the quarter ended 31 March 2009:

	Additions/Transfers		Disposals	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008
Buildings on freehold land	150	556	-	-
Buildings on leasehold land	1,938	267	-	94
Plant and machinery	8,942	25,964	4,079	7,839
Vehicles	-	7,837	172	-
Furniture and equipment	13,125	1,444	509	4,246
	<b>24,155</b>	36,068	<b>4,760</b>	12,179

### 3. LONG-TERM INVESTMENTS

	31 March 2009	31 December 2008
<b>Unquoted</b>		
Subsidiary - ICI Pakistan PowerGen Limited (wholly owned) - note 3.1 7,100,000 ordinary shares (31 December 2008: 7,100,000) of Rs 100 each	710,000	710,000
<b>Others</b>		
Equity security available for sale - Arabian Sea Country Club Limited	2,500	2,500
	<b>712,500</b>	712,500

3.1 The value of the Company's investment on the basis of net assets of the Subsidiary as disclosed in the unaudited condensed interim financial information for the quarter ended 31 March 2009 amounted to Rs 248.063 million (31 December 2008: Rs 248.834 million).

## Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the Quarter Ended 31 March 2009

Amounts in Rs '000

	31 March 2009	31 December 2008
<b>4. LONG-TERM LOANS - considered good</b>		
Due from Subsidiary - Unsecured loan - note 4.1	272,000	296,000
Due from Directors, Executives and Employees - note 4.2	195,199	172,507
	<u>467,199</u>	<u>468,507</u>
Less: Current portions shown under current assets		
Due from Subsidiary - note 4.1	72,000	96,000
Due from Directors, Executives and Employees - note 4.2	41,207	41,902
	<u>113,207</u>	<u>137,902</u>
	<u>353,992</u>	<u>330,605</u>
<b>4.1</b> This represents loans given to ICI Pakistan PowerGen Limited (wholly owned subsidiary) of Rs 120 million and Rs 200 million carrying a markup at 3 months KIBOR + 1% and 3 months KIBOR + 2% respectively. These loans are repayable in five equal quarterly instalments and nine equal semi annual instalments commencing from 1 October 2008 and 1 October 2011 respectively.		
<b>4.2</b> These include loans to key management personnel for the purchase of motor cars and house building assistance and are repayable between two to ten years. These loans are interest free and granted to the employees of the Company in accordance with their terms of employment.		
<b>5. STOCK-IN-TRADE</b>		
Of the total carrying value of inventories Rs 228.8 million (31 December 2008: Rs 392.2 million) is measured at net realisable value. As at 31 March 2009 stock has been written down by Rs 6.5 million (31 December 2008: Rs 61.6 million) to arrive at its net realisable value.		
<b>6. LOANS AND ADVANCES</b>		
This includes standby running finance facility provided to ICI Pakistan PowerGen Limited (wholly owned subsidiary) of Rs 100 million (2008: Nil) at a markup rate of 6 months KIBOR + 3%.		
<b>7. SHORT-TERM FINANCING</b>		
Running finances utilised under mark-up arrangements - note 7.1	<u>33,143</u>	<u>-</u>
<b>7.1</b> The facilities for running finance available from various banks amounted to Rs 2,571 million (31 December 2008: Rs 2,571 million) and carry mark-up during the period ranging from 12.64 to 17.37 percent per annum (31 December 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.		
<b>7.2</b> The facilities for term finance available from various banks amount to Rs 550 million (31 December 2008: Rs 550 million). However no such facility was utilised as on 31 March 2009.		
<b>8. CONTINGENCIES AND COMMITMENTS</b>		
<b>8.1</b> Claims against the Company not acknowledged as debts are as follows:		
Local bodies	14,531	14,531
Sales Tax authorities	93,415	92,844
Others	88,959	87,844
	<u>196,905</u>	<u>195,219</u>
<b>8.2</b> Guarantees issued by the Company in respect of financial and operational obligations of Pakistan PTA Limited pursuant to the Scheme of Arrangement, against which Pakistan PTA Limited has issued counter guarantees to the Company.	<u>2,370,000</u>	<u>2,370,000</u>
<b>8.3</b> Guarantees issued by the Company to a bank in respect of financing obtained by Senior Executives, in accordance with the terms of employment.	<u>48,000</u>	<u>48,000</u>
<b>8.4</b> Guarantee issued by the Company to a bank on behalf of its subsidiary ICI Pakistan PowerGen Limited for availing funded facility.	<u>133,000</u>	<u>133,000</u>
<b>8.5</b> Commitments in respect of capital and other expenditure.	<u>431,352</u>	<u>594,881</u>

## Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the Quarter Ended 31 March 2009

Amounts in Rs '000

8.6 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 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.

8.7 Commitments for rentals under operating lease agreements in respect of vehicles are as follows:

Year	31 March 2009	31 December 2008
2009	46,055	59,480
2010	57,170	52,383
2011	36,045	27,418
2012	19,172	8,542
2013	2,592	-
	<u>161,034</u>	<u>147,823</u>
Payable not later than one year	60,348	59,480
Payable later than one year but not later than five years	100,686	88,343
	<u>161,034</u>	<u>147,823</u>

8.8 Outstanding foreign exchange contracts as at 31 March 2009 entered into by the Company to hedge the anticipated future transactions amounted to Rs. 36.666 million (31 December 2008: Rs 54.841 million).

For the 3 months ended 31 March 2009	For the 3 months ended 31 March 2008
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### 9. INTER-SEGMENT SALES AND PURCHASES

Inter-segment sales and purchases have been eliminated from the total 83,473 128,815

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

### 10. COST OF SALES

Opening stock of raw and packing materials	1,422,502	1,027,390
Purchases	3,549,991	4,521,237
	<u>4,972,493</u>	<u>5,548,627</u>
Closing stock of raw and packing materials	(1,397,782)	(1,598,896)
	<u>3,574,711</u>	<u>3,949,731</u>
Raw and packing materials consumption	1,156,604	989,568
Manufacturing costs		
	<u>4,731,315</u>	<u>4,939,299</u>
Opening stock of work-in-process	134,237	192,127
	<u>4,865,552</u>	<u>5,131,426</u>
Closing stock of work-in-process	(137,365)	(215,872)
	<u>4,728,187</u>	<u>4,915,554</u>
Cost of goods manufactured	1,395,217	1,091,819
Opening stock of finished goods	527,794	473,675
Finished goods purchased		
	<u>6,651,198</u>	<u>6,481,048</u>
Closing stock of finished goods	(1,058,439)	(1,141,540)
	<u>5,592,759</u>	<u>5,339,508</u>

### 11. TAXATION

Current - note 11.1	19,809	33,146
Deferred	143,733	194,151
	<u>163,542</u>	<u>227,297</u>

11.1 This represents tax on income chargeable under the Final Tax Regime (FTR).



## Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the Quarter Ended 31 March 2009

Amounts in Rs '000

### 12. 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 and staff retirement funds. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in this condensed interim unconsolidated financial information are as follows:

	For the 3 months ended 31 March 2009	For the 3 months ended 31 March 2008
<b>Subsidiary Company</b>		
Purchase of goods, materials and services	149,496	70,726
Provision of services and other receipts	495	495
Loan to subsidiary	-	200,000
Repayment of loan by subsidiary	24,000	-
Return on loan to subsidiary	12,659	3,713
Running Finance Facility availed by subsidiary - note 6	100,000	-
Investment	-	130,000
<b>Associated Companies</b>		
Purchase of goods, materials and services	1,859,981	2,064,412
Provision of services and other receipts	2,647	1,826
Sale of goods and materials	27,103	32,597
Contribution to staff retirement benefit plans	33,165	74,363
Dividends	420,917	368,302
Donations	300	500

#### 12.1 Transaction with key management personnel

Key management personnel received an amount of Rs 62.889 million ( 31 March 2008: Rs 63.228 million) out of which Rs 4.771 million ( 31 March 2008: Rs 4.421 million) relates to post employment benefits.

### 13. ESTIMATES

Judgments and estimates made by the management in the preparation of the condensed interim unconsolidated financial information were the same as those that were applied to the financial statements as at and for the year ended 31 December 2008.

### 14. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the financial statements as at and for the year ended 31 December 2008.

### 15. DATE OF AUTHORISATION

This condensed interim unconsolidated financial information was authorised for issue in the Board of Directors meeting held on 28 April 2009.

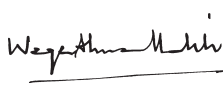
### 16. GENERAL

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

16.2 Certain figures have been reclassified in the condensed interim unconsolidated financial information for better presentation and disclosures in line with the annual financial statements.



M J Jaffer  
Chairman / Director



Waqar A Malik  
Chief Executive



Feroz Rizvi  
Chief Financial Officer

**Condensed Interim Consolidated Financial Information**

# **ICI Pakistan Limited and its Subsidiary Company**



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ICI Pakistan Limited is now part  
of the AkzoNobel Group



**AkzoNobel**  
Tomorrow's Answers Today

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## Report of the Directors For the Quarter Ended 31 March 2009

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

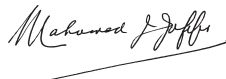
The Directors Report, giving a commentary on the performance of ICI Pakistan Limited for the three months ended 31 March 2009 has been presented separately.

The crude oil prices remained stable during the quarter resulting in relatively stable domestic HFO prices.

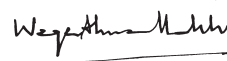
Electricity sales volume for the quarter was lower than the same period last year due to lower demand from the Polyester plant on account of higher electricity efficiency. Though volumes were lower, revision in electricity tariff enabled the Company in achieving operating result of Rs 18.1 million for the quarter compared to a loss of Rs 70.5 million in Q1 2008.

### Future Outlook

Furnace oil prices are expected to remain stable in 2009.



M J Jaffer  
Chairman



Waqar A Malik  
Chief Executive

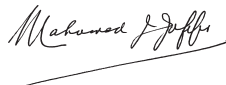
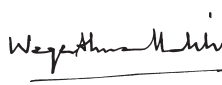
Date: April 28, 2009  
Karachi

## Condensed Interim Consolidated Balance Sheet (Unaudited) As at 31 March 2009

Amounts in Rs '000

	Note	31 March 2009	31 December 2008
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	10,113,323	10,069,384
Intangible Asset		-	7,700
		<b>10,113,323</b>	<b>10,077,084</b>
Long-term investment	3	2,500	2,500
Long-term loans	4	154,637	131,314
Long-term deposits and prepayments		33,409	30,684
		<b>190,546</b>	<b>164,498</b>
		<b>10,303,869</b>	<b>10,241,582</b>
<b>Current assets</b>			
Stores and spares		605,507	581,473
Stock-in-trade	5	2,603,174	2,965,699
Trade debts		1,482,966	1,029,062
Loans and advances		79,477	98,370
Trade deposits and short-term prepayments		333,358	406,019
Other receivables		597,150	789,959
Taxation recoverable		475,106	418,776
Cash and bank balances		1,684,077	1,971,755
		<b>7,860,815</b>	<b>8,261,113</b>
<b>Total Assets</b>		<b>18,164,684</b>	<b>18,502,695</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorised capital 1,500,000,000 (31 December 2008: 1,500,000,000) ordinary shares of Rs 10 each		15,000,000	15,000,000
Issued, subscribed and paid-up capital 138,802,300 (31 December 2008: 138,802,300) ordinary shares of Rs 10 each		1,388,023	1,388,023
Capital reserves		465,845	465,845
Unappropriated profit		10,113,133	10,352,819
<b>Total Equity</b>		<b>11,967,001</b>	<b>12,206,687</b>
<b>Surplus on Revaluation of Property, Plant and Equipment</b>		<b>969,092</b>	<b>977,323</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provisions for non-management staff gratuity and eligible retired employees' medical scheme		153,627	142,489
Deferred tax liability - net		741,383	597,650
		<b>895,010</b>	<b>740,139</b>
<b>Current liabilities</b>			
Short-term financing	6	191,745	227,939
Trade and other payables		4,141,836	4,350,607
		<b>4,333,581</b>	<b>4,578,546</b>
<b>Contingencies and Commitments</b>	7		
<b>Total Equity and Liabilities</b>		<b>18,164,684</b>	<b>18,502,695</b>

The annexed notes 1 to 15 form an integral part of the condensed interim consolidated financial information.


M J Jaffer  
Chairman / Director

Waqar A Malik  
Chief Executive

Feroz Rizvi  
Chief Financial Officer

**Condensed Interim Consolidated  
Profit and Loss Account (Unaudited)  
For the Quarter Ended 31 March 2009**

	Polyester		Soda Ash		Paints	
	For the 3 months ended 31 March 2009	For the 3 months ended 31 March 2008	For the 3 months ended 31 March 2009	For the 3 months ended 31 March 2008	For the 3 months ended 31 March 2009	For the 3 months ended 31 March 2008
<b>Turnover - note 8</b>	<b>3,045,481</b>	3,060,305	<b>1,463,295</b>	1,286,076	<b>1,659,983</b>	1,539,963
Sales tax	-	-	<b>247,189</b>	203,838	<b>212,210</b>	188,742
Excise Duty	-	-	<b>12,041</b>	10,436	<b>12,968</b>	12,284
Commission and discounts to distributors and customers	<b>19,939</b>	20,150	<b>5,136</b>	18,969	<b>309,940</b>	163,453
	<b>19,939</b>	20,150	<b>264,366</b>	233,243	<b>535,118</b>	364,479
Net sales, commission and toll income	<b>3,025,542</b>	3,040,155	<b>1,198,929</b>	1,052,833	<b>1,124,865</b>	1,175,484
Cost of sales - note 8 and 9	<b>2,849,777</b>	2,764,068	<b>960,726</b>	849,776	<b>779,575</b>	826,463
<b>Gross profit</b>	<b>175,765</b>	276,087	<b>238,203</b>	203,057	<b>345,290</b>	349,021
Selling and distribution expenses	<b>10,765</b>	16,954	<b>13,207</b>	29,016	<b>220,280</b>	111,279
Administration and general expenses	<b>49,365</b>	30,555	<b>45,545</b>	56,403	<b>70,388</b>	75,018
<b>Operating result</b>	<b>115,635</b>	228,578	<b>179,451</b>	117,638	<b>54,622</b>	162,724
Financial charges						
Workers' profit participation fund						
Workers' welfare fund						
Other operating charges						
Other operating income						
<b>Profit before taxation</b>						
Taxation - note 10						
<b>Profit after taxation</b>						

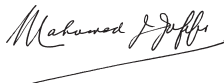
**Earnings per share - Basic and Diluted**

The annexed notes 1 to 15 form an integral part of the condensed interim consolidated financial information.

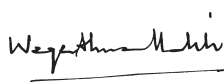
**Condensed Interim Consolidated  
Profit and Loss Account (Unaudited)  
For the Quarter Ended 31 March 2009**

Amounts in Rs '000

Life Sciences		Chemicals		Others- PowerGen		Group	
For the 3 months ended 31 March 2009	For the 3 months ended 31 March 2008	For the 3 months ended 31 March 2009	For the 3 months ended 31 March 2008	For the 3 months ended 31 March 2009	For the 3 months ended 31 March 2008	For the 3 months ended 31 March 2009	For the 3 months ended 31 March 2008
965,459	954,628	697,002	695,670	149,496	70,726	7,747,747	7,407,827
-	-	64,678	59,775	20,620	9,224	544,697	461,579
-	-	1,694	1,645	-	-	26,703	24,365
117,637	115,708	48,514	27,393	-	-	501,166	345,673
117,637	115,708	114,886	88,813	20,620	9,224	1,072,566	831,617
847,822	838,920	582,116	606,857	128,876	61,502	6,675,181	6,576,210
608,747	520,921	477,407	507,095	110,557	131,149	5,553,385	5,399,496
239,075	317,999	104,709	99,762	18,319	(69,647)	1,121,796	1,176,714
100,004	102,973	28,355	25,032	-	-	372,611	285,254
30,143	33,271	27,948	25,353	188	827	223,517	221,367
108,928	181,755	48,406	49,377	18,131	(70,474)	525,668	670,093
						40,946	100,339
						24,969	34,046
						9,625	13,132
						7,548	9,995
						83,088	157,512
						28,254	56,581
						470,834	569,162
						163,542	227,605
						307,292	341,557
						(Rupees)	
						2.21	2.46



M J Jaffer  
Chairman / Director



Waqar A Malik  
Chief Executive



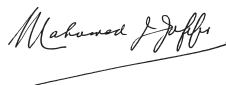
Feroz Rizvi  
Chief Financial Officer

**Condensed Interim Consolidated  
Statement of Comprehensive Income (Unaudited)  
For the Quarter Ended 31 March 2009**

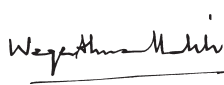
Amounts in Rs '000

	For the 3 months ended 31 March 2009	For the 3 months ended 31 March 2008
<b>Profit for the period</b>	<b>307,292</b>	341,557
<b>Other comprehensive income:</b>		
Transfer from surplus on revaluation of property, plant and equipment	11,770	32,338
Deferred tax credited to profit and loss account	(3,539)	(3,983)
	<b>8,231</b>	28,355
<b>Total comprehensive income for the quarter</b>	<b>315,523</b>	369,912

The annexed notes 1 to 15 form an integral part of the condensed interim consolidated financial information.



M J Jaffer  
Chairman / Director



Waqar A Malik  
Chief Executive



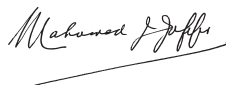
Feroz Rizvi  
Chief Financial Officer

## Condensed Interim Consolidated Cash Flow Statement (Unaudited) For the Quarter Ended 31 March 2009

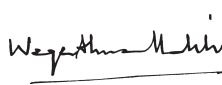
Amounts in Rs '000

	31 March 2009	31 March 2008
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	470,834	569,162
Adjustments for:		
Depreciation and amortisation	220,541	225,802
Gain on disposal of property, plant and equipment	(2,936)	(3,386)
Provision for non-management staff gratuity and eligible retired employees' medical scheme	13,584	5,740
Mark-up on bank deposits	(8,091)	(36,285)
Interest / mark-up expense	34,534	39,106
	<u>728,466</u>	<u>800,139</u>
Movement in:		
Working capital	(515,077)	(1,041,909)
Long-term loans	(23,323)	(8,989)
Long-term deposits and prepayments	(2,725)	1,490
Cash generated from / (used in) operations	<u>187,341</u>	<u>(249,269)</u>
Payments for:		
Non-management staff gratuity and eligible retired employees' medical scheme	(2,446)	(3,620)
Taxation	(76,139)	(58,688)
Net cash generated from / (used in) operating activities	<u>108,756</u>	<u>(311,577)</u>
<b>Cash Flows from Investing Activities</b>		
Payments for capital expenditure	(329,330)	(617,634)
Proceeds from disposal of property, plant and equipment	3,380	4,760
Profit / mark-up received	8,091	45,060
Net cash used in investing activities	<u>(317,859)</u>	<u>(567,814)</u>
<b>Cash Flow from Financing Activities</b>		
Interest / mark-up paid	(42,381)	(30,730)
Net cash used in financing activities	<u>(42,381)</u>	<u>(30,730)</u>
Net decrease in cash and cash equivalents	<u>(251,484)</u>	<u>(910,121)</u>
Cash and cash equivalents at 1 January	<u>1,743,816</u>	<u>3,702,100</u>
<b>Cash and cash equivalents at 31 March</b>	<u><u>1,492,332</u></u>	<u><u>2,791,979</u></u>
<b>Movement in Working Capital</b>		
<b>Decrease / (Increase) in current assets</b>		
Stores and spares	(24,034)	(14,675)
Stock-in-trade	362,525	(638,432)
Trade debts	(453,904)	(134,093)
Loans and advances	18,893	20,286
Trade deposits and short-term prepayments	72,661	(53,199)
Other receivables	192,809	(203,412)
	<u>168,950</u>	<u>(1,023,525)</u>
<b>Decrease in current liability</b>		
Trade and other payables	(684,027)	(18,384)
	<u>(515,077)</u>	<u>(1,041,909)</u>
<b>Cash and cash equivalents at 31 March comprise of:</b>		
Cash and bank balances	1,684,077	2,871,674
Running finances utilised under mark-up arrangements	(191,745)	(79,695)
	<u><u>1,492,332</u></u>	<u><u>2,791,979</u></u>

The annexed notes 1 to 15 form an integral part of the condensed interim consolidated financial information.



M J Jaffer  
Chairman / Director



Waqar A Malik  
Chief Executive



Feroz Rizvi  
Chief Financial Officer




## Condensed Interim Consolidated Statement of Changes in Equity (Unaudited) For the Quarter Ended 31 March 2009

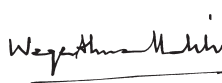
Amounts in Rs '000

	Issued, subscribed and paid-up share capital	Capital reserves	Unappropriated profit	Total
<b>Balance as on 1 January 2008</b>	<b>1,388,023</b>	<b>465,845</b>	<b>9,230,229</b>	<b>11,084,097</b>
<b>Changes in equity for 2008</b>				
Final dividend for the year ended 31 December 2007 @ Rs 3.50 per share	-	-	(485,808)	(485,808)
Total comprehensive income for the quarter ended 31 March 2008	-	-	369,912	369,912
<b>Balance as on 31 March 2008</b>	<b>1,388,023</b>	<b>465,845</b>	<b>9,114,333</b>	<b>10,968,201</b>
Interim dividend for the year 2008 @ Rs 2.50 per share	-	-	(347,006)	(347,006)
Total comprehensive income for the nine months ended 31 December 2008	-	-	1,585,492	1,585,492
<b>Balance as on 31 December 2008</b>	<b>1,388,023</b>	<b>465,845</b>	<b>10,352,819</b>	<b>12,206,687</b>
<b>Changes in equity for 2009</b>				
Final dividend for the year ended 31 December 2008 @ Rs 4.00 per share	-	-	(555,209)	(555,209)
Total comprehensive income for the quarter ended 31 March 2009	-	-	315,523	315,523
<b>Balance as on 31 March 2009</b>	<b>1,388,023</b>	<b>465,845</b>	<b>10,113,133</b>	<b>11,967,001</b>

The annexed notes 1 to 15 form an integral part of the condensed interim consolidated financial information.



M J Jaffer  
Chairman / Director



Waqar A Malik  
Chief Executive



Feroz Rizvi  
Chief Financial Officer

## Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the Quarter Ended 31 March 2009

Amounts in Rs '000

1. The condensed interim consolidated financial information comprises the consolidated balance sheet of ICI Pakistan Limited and its subsidiary company, ICI Pakistan PowerGen Limited, as at 31 March 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.

1.1 This condensed interim consolidated financial information has been prepared in condensed form in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting and is being submitted to shareholders in accordance with the requirements of section 245 of Companies Ordinance, 1984. This condensed interim consolidated financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 31 December 2008.

1.2 The accounting policies and methods of computation adopted for the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the financial statements for the preceding year ended 31 December 2008.

### 2. PROPERTY, PLANT AND EQUIPMENT

	31 March 2009	31 December 2008
Operating assets - at net book value	8,025,033	8,214,163
Capital work-in-progress - at cost		
Designing, consultancy and engineering fee	65,475	49,782
Civil works and buildings	311,801	274,650
Plant and machinery	1,503,825	1,317,181
Miscellaneous equipment	134,694	125,227
Advances to suppliers / contractors	72,495	88,381
	<u>2,088,290</u>	<u>1,855,221</u>
	<u>10,113,323</u>	<u>10,069,384</u>

2.1 Following is the cost of operating property, plant and equipment that have been added / disposed off during the quarter ended 31 March 2009:

	Additions/Transfers		Disposals	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008
Buildings on freehold land	150	556	-	-
Buildings on leasehold land	1,938	267	-	94
Plant and machinery	8,942	25,964	4,079	7,839
Vehicles	-	7,837	172	-
Furniture and equipment	13,125	1,444	509	4,246
	<u>24,155</u>	<u>36,068</u>	<u>4,760</u>	<u>12,179</u>

### 3. LONG-TERM INVESTMENT

	31 March 2009	31 December 2008
<i>Unquoted</i>		
Equity security available for sale - Arabian Sea Country Club Limited	<u>2,500</u>	<u>2,500</u>

### 4. LONG-TERM LOANS - considered good

	31 March 2009	31 December 2008
Due from Directors, Executives and Employees - note 4.1	196,095	173,467
Less: Current portion shown under current assets		
Due from Directors, Executives and Employees - note 4.1	41,458	42,153
	<u>154,637</u>	<u>131,314</u>

4.1 These include loans to key management personnel for the purchase of motor cars and house building assistance and are repayable between two to ten years. These loans are interest free and granted to the employees of the Group in accordance with their terms of employment.

## Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the Quarter Ended 31 March 2009

Amounts in Rs '000

**5. STOCK-IN-TRADE**

Of the total carrying value of inventories Rs 228.8 million (31 December 2008: Rs 392.2 million) is measured at net realisable value. As at 31 March 2009 stock has been written down by Rs 6.5 million (31 December 2008: Rs 61.6 million) to arrive at its net realisable value.

**6. SHORT-TERM FINANCING**

	31 March 2009	31 December 2008
Running finances utilised under mark-up arrangements - note 6.1	<u>191,745</u>	<u>227,939</u>
<b>6.1</b> The facilities for running finance available from various banks amounted to Rs 2,871 million (31 December 2008: Rs 2,831 million) and carry mark-up during the period ranging from 12.64 to 17.37 percent per annum (31 December 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.		
<b>6.2</b> The facilities for term finance available from various banks amount to Rs 550 million (31 December 2008: Rs 550 million). However no such facility was utilised as on 31 March 2009.		

**7. CONTINGENCIES AND COMMITMENTS**

**7.1** Claims against the Group not acknowledged as debts are as follows:

Local bodies	32,242	32,242
Sales Tax authorities	93,415	92,844
Others	88,959	87,844
	<u>214,616</u>	<u>212,930</u>

**7.2** 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 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.

<b>7.3</b> Guarantees issued by the Company to a bank in respect of financial and operational obligations of Pakistan PTA Limited pursuant to the Scheme of Arrangement, against which Pakistan PTA Limited has issued counter guarantees to the Company	<u>2,370,000</u>	<u>2,370,000</u>
<b>7.4</b> Guarantees issued by the Company to a bank in respect of financing obtained by Senior Executives, in accordance with the terms of employment.	<u>48,000</u>	<u>48,000</u>
<b>7.5</b> Guarantee issued by the Company to a bank on behalf of its subsidiary ICI Pakistan PowerGen Limited for availing funded facility.	<u>133,000</u>	<u>133,000</u>
<b>7.6</b> Commitments in respect of capital and other expenditure	<u>432,974</u>	<u>597,271</u>

**7.7** Commitments for rentals under operating lease agreements in respect of vehicles are as follows:

Year	31 March 2009	31 December 2008
2009	46,349	59,773
2010	57,561	52,774
2011	36,436	27,809
2012	19,563	8,933
2013	2,689	98
	<u>162,598</u>	<u>149,387</u>
Payable not later than one year	60,739	59,773
Payable later than one year but not later than five years	101,859	89,614
	<u>162,598</u>	<u>149,387</u>

**7.8** Outstanding foreign exchange contracts as at 31 March 2009 entered into by the Group to hedge the anticipated future transactions amounted to Rs 36.666 million (31 December 2008: Rs 54.841 million).

## Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the Quarter Ended 31 March 2009

Amounts in Rs '000

### 8. INTER-SEGMENT SALES AND PURCHASES

Inter-segment sales and purchases have been eliminated from the total. **232,969** 199,541

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

### 9. COST OF SALES

	For the 3 months ended 31 March 2009	For the 3 months ended 31 March 2008
Opening stock of raw and packing materials	1,436,245	1,044,429
Purchases	3,586,787	4,604,241
	<b>5,023,032</b>	5,648,670
Closing stock of raw and packing materials	(1,407,370)	(1,609,395)
Raw and packing materials consumption	<b>3,615,662</b>	4,039,275
Manufacturing costs	1,076,279	960,012
	<b>4,691,941</b>	4,999,287
Opening stock of work-in-process	134,237	192,128
	<b>4,826,178</b>	5,191,415
Closing stock of work-in-process	(137,365)	(215,872)
Cost of goods manufactured	<b>4,688,813</b>	4,975,543
Opening stock of finished goods	1,395,217	1,091,819
Finished goods purchased	527,794	473,674
	<b>6,611,824</b>	6,541,036
Closing stock of finished goods	(1,058,439)	(1,141,540)
	<b>5,553,385</b>	5,399,496

### 10. TAXATION

Current - note 10.1	19,809	33,454
Deferred	143,733	194,151
	<b>163,542</b>	227,605

10.1 This represents tax on income chargeable under the Final Tax Regime (FTR).

### 11. 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 and staff retirement funds. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in this condensed interim consolidated financial information are as follows:

#### Associated Companies

Purchase of goods, materials and services	1,859,981	2,064,412
Provision of services and other receipts	2,647	1,826
Sale of goods and materials	27,103	32,597
Contribution to staff retirement benefit plans	33,165	74,363
Dividends	420,917	368,302
Donations	300	500

#### 11.1 Transaction with key management personnel

Key management personnel received an amount of Rs 62.889 million ( 31 March 2008: Rs 63.228 million) out of which Rs 4.771 million ( 31 March 2008: Rs 4.421 million) relates to post employment benefits.

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**Notes to the Condensed Interim Consolidated  
Financial Information (Unaudited)  
For the Quarter Ended 31 March 2009**

**12. ESTIMATES**

Judgments and estimates made by the management in the preparation of the condensed interim consolidated financial information were the same as those that were applied to the financial statements as at end for the year ended 31 December 2008.

**13. FINANCIAL RISK MANAGEMENT**

The Group's financial risk management objective and policies are consistent with that disclosed in the financial statements as at and for the year ended 31 December 2008.

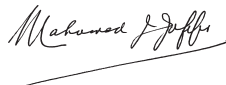
**14. DATE OF AUTHORISATION**

This condensed interim consolidated financial information was authorised for issue in the Board of Directors meeting held on 28 April 2009.

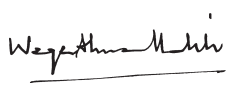
**15. GENERAL**

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

**15.2** Certain figures have been reclassified in the condensed interim consolidated financial information for better presentation and disclosures in line with the annual financial statements.



M J Jaffer  
Chairman / Director



Waqar A Malik  
Chief Executive



Feroz Rizvi  
Chief Financial Officer

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