

ICI Pakistan Limited
Unconsolidated Balance Sheet

As at June 30, 2017

		Amounts in PKR '000	
	Note	June 30, 2017	June 30, 2016
ASSETS			
Non-current assets			
Property, plant and equipment	3	19,613,523	17,040,334
Intangible assets	4	19,273	16,460
		<u>19,632,796</u>	<u>17,056,794</u>
Long-term investments	5	2,954,276	1,462,976
Long-term loans	6	370,465	356,330
Long-term deposits and prepayments	7	38,627	33,594
		<u>3,363,368</u>	<u>1,852,900</u>
		<u>22,996,164</u>	<u>18,909,694</u>
Current assets			
Stores, spares and consumables	8	942,636	811,963
Stock-in-trade	9	5,746,647	5,296,746
Trade debts	10	2,547,340	1,640,447
Loans and advances	11	444,191	391,342
Trade deposits and short-term prepayments	12	564,385	428,713
Other receivables	13	1,515,528	726,683
Taxation - net		1,257,222	2,236,155
Cash and bank balances	14	141,748	146,287
		<u>13,159,697</u>	<u>11,678,336</u>
Total assets		<u><u>36,155,861</u></u>	<u><u>30,588,030</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
1,500,000,000 (June 30, 2016: 1,500,000,000) ordinary shares of PKR 10 each		<u>15,000,000</u>	<u>15,000,000</u>
Issued, subscribed and paid-up capital	15	923,591	923,591
Capital reserves	16	309,643	309,643
Unappropriated profit		<u>14,950,666</u>	<u>13,183,294</u>
Total equity		<u>16,183,900</u>	<u>14,416,528</u>
Surplus on revaluation of property, plant and equipment	17	743,948	829,645
Non-current liabilities			
Provisions for non-management staff gratuity	18	102,289	90,867
Long-term loans	19	4,909,946	3,652,586
Deferred tax liability - net	20	1,231,011	1,430,789
		<u>6,243,246</u>	<u>5,174,242</u>
Current liabilities			
Trade and other payables	21	10,120,448	7,731,736
Accrued mark-up		102,155	77,663
Short-term borrowings and running finance	22	2,118,446	1,964,433
Current portion of long-term loans	19	643,718	393,783
		<u>12,984,767</u>	<u>10,167,615</u>
Total equity and liabilities		<u><u>36,155,861</u></u>	<u><u>30,588,030</u></u>
Contingencies and commitments	23		

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

Muhammad Sohail Tabba
Chairman / Director

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

ICI Pakistan Limited
Unconsolidated Profit and Loss Account

For the year ended June 30, 2017

Amounts in PKR '000

	Note	For the year ended June 30, 2017	For the year ended June 30, 2016
Turnover	25.1	47,548,639	42,689,368
Sales tax, commission and discounts	24	(6,184,944)	(5,734,931)
Net turnover		41,363,695	36,954,437
Cost of sales	25.2	(33,598,220)	(30,475,911)
Gross profit		7,765,475	6,478,526
Selling and distribution expenses	27	(2,607,114)	(2,118,142)
Administration and general expenses	28	(1,114,785)	(881,677)
Operating result		4,043,576	3,478,707
Other charges	29	(143,828)	(284,840)
Finance costs	30	(398,079)	(383,298)
		(541,907)	(668,138)
Other income	31	892,701	687,697
Profit before taxation		4,394,370	3,498,266
Taxation	32	(1,098,279)	(655,080)
Profit after taxation		3,296,091	2,843,186
Basic and diluted earnings per share (PKR)	33	35.69	30.78

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Muhammad Sohail Tabba
Chairman / Director

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

ICI Pakistan Limited
Unconsolidated Cash Flow Statement

For the year ended June 30, 2017

Amounts in PKR '000

	For the year ended June 30, 2017	For the year ended June 30, 2016
Cash flows from operating activities		
Cash generated from operations - note 34	5,569,176	4,788,015
Payments for :		
Staff retirement benefit plans - note 18.1.2	(66,528)	(65,511)
Non-management staff gratuity and eligible retired employees' medical scheme	(27,855)	(29,677)
Taxation	(289,286)	(709,498)
Interest	(360,652)	(303,223)
Net cash generated from operating activities	4,824,855	3,680,106
Cash flows from investing activities		
Capital expenditure	(4,239,054)	(4,518,496)
Proceeds from disposal of operating fixed assets	5,366	11,010
Interest received on bank deposits	1,470	795
Investment in subsidiaries / associate	(1,491,300)	(240,000)
Dividend received	793,000	608,375
Net cash used in investing activities	(4,930,518)	(4,138,316)
Cash flows from financing activities		
Long-term loans obtained	1,896,186	2,552,427
Long-term loans repaid	(388,891)	(955,556)
Dividends paid	(1,560,184)	(1,192,827)
Net cash (used in) / generated from financing activities	(52,889)	404,044
Net decrease in cash and cash equivalents	(158,552)	(54,166)
Cash and cash equivalents at the beginning of the year	(1,818,146)	(1,763,980)
Cash and cash equivalents at the end of the year	(1,976,698)	(1,818,146)
Cash and cash equivalents at the end of the year comprise of:		
Cash and bank balances - note 14	141,748	146,287
Short-term borrowings and running finance - note 22	(2,118,446)	(1,964,433)
	(1,976,698)	(1,818,146)

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

Muhammad Sohail Tabba
Chairman / Director

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

ICI Pakistan Limited
Unconsolidated Statement of Comprehensive Income

For the year ended June 30, 2017

Amounts in PKR '000

	For the year ended June 30, 2017	For the year ended June 30, 2016
Profit after taxation	3,296,091	2,843,186
Items to be reclassified to profit or loss in subsequent periods:		
Loss on hedge during the year	-	(2,285)
Income tax relating to hedging reserve	-	731
	-	(1,554)
Adjustments for amounts transferred to initial carrying amounts of hedged item - capital work-in-progress	-	1,554
	-	-
Items not to be reclassified to profit or loss in subsequent periods:		
Actuarial loss on defined benefit plans	(74,151)	(18,030)
Income tax effect	18,227	4,070
	(55,924)	(13,960)
Total comprehensive income for the year	3,240,167	2,829,226

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

Muhammad Sohail Tabba
Chairman / Director

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

ICI Pakistan Limited
Unconsolidated Statement of Changes in Equity

For the year ended June 30, 2017

Amounts in PKR '000

	Issued, subscribed and paid-up capital	Capital reserves	Unappropriated profit	Total
As at July 01, 2015	923,591	309,643	11,483,846	12,717,080
Final dividend for the year ended June 30, 2015 @ PKR 6.50 per share	-	-	(600,337)	(600,337)
Interim dividend for the year ended June 30, 2016 @ PKR 6.50 per share	-	-	(600,337)	(600,337)
	-	-	(1,200,674)	(1,200,674)
Profit for the year	-	-	2,843,186	2,843,186
Other comprehensive income for the year, net of tax	-	-	(13,960)	(13,960)
Total comprehensive income	-	-	2,829,226	2,829,226
Transfer from surplus on revaluation of property, plant and equipment - incremental depreciation for the year - net of deferred tax - note 17	-	-	70,896	70,896
	-	-	70,896	70,896
As at June 30, 2016	923,591	309,643	13,183,294	14,416,528
Final dividend for the year ended June 30, 2016 @ PKR 9.00 per share	-	-	(831,231)	(831,231)
Interim dividend for the year ended June 30, 2017 @ PKR 8.00 per share	-	-	(738,872)	(738,872)
	-	-	(1,570,103)	(1,570,103)
Profit for the year	-	-	3,296,091	3,296,091
Other comprehensive income for the year, net of tax	-	-	(55,924)	(55,924)
Total comprehensive income	-	-	3,240,167	3,240,167
Transfer from surplus on revaluation of property, plant and equipment - incremental depreciation for the year - net of deferred tax - note 17	-	-	97,308	97,308
	-	-	97,308	97,308
As at June 30, 2017	923,591	309,643	14,950,666	16,183,900

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

Muhammad Sohail Tabba
Chairman / Director

Asif Joona
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

ICI Pakistan Limited

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2017

1 Status and Nature of Business

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

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

2 Summary of Significant Accounting Policies

2.1 Statement of compliance

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no. 17 of 2017 dated July 20, 2017 communicated that the Commission has decided that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, these unconsolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

2.2 Basis of preparation

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

- a) Certain classes of property, plant and equipment (i.e. freehold land, buildings on freehold and leasehold land and plant and machinery) have been measured at revalued amounts; and
- b) Provision for management staff gratuity and non-management staff gratuity are stated at present value.

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

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

2.3 Property, plant and equipment and depreciation

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

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

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

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

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

2.4 Intangible assets and amortisation

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

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

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

2.5 Investments

Investments in subsidiary and associates are stated at cost less provision for impairment, if any .

Other investments that are stated at available for sale are measured at fair value plus directly attributable transaction costs. For investments traded in active market, fair value is determined by reference to quoted market price and the investments for which a quoted market price is not available, or the fair value cannot be reasonably calculated, are measured at cost, subject to impairment review at each balance sheet date.

2.6 Stores, spares and consumables

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

2.7 Stock-in-trade

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

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

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

2.8 Trade debts and other receivables

Trade debts and other receivables are recognised at original invoice amount less provision for doubtful debts and other receivables, if any. A provision for doubtful debts 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 41.6.1). Bad Debts are written off when identified.

2.9 Taxation

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

Current

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

Deferred

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

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

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

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

2.10 Cash and cash equivalents

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

2.11 Impairment

Financial assets

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

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

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

Non-financial assets

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

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

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

2.12 Surplus on revaluation of fixed assets

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

- a) depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and
- b) an amount equal to incremental depreciation for the year net of deferred taxation is transferred from "Surplus on revaluation of property, plant and equipment" account to accumulated profit / loss through Statement of Changes in Equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

2.13 Staff retirement benefits

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

Defined benefit plans

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

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

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

Defined contribution plans

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

Compensated absences

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

2.14 Operating leases / Ijarah contracts

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

2.15 Trade and other payables

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

2.16 Borrowings and their cost

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

2.17 Provisions

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

2.18 Financial liabilities

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

2.19 Foreign currency translation

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

2.20 Functional and presentation currency

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

2.21 Revenue recognition

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

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

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

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

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

Toll manufacturing income is recognised when services are rendered.

2.22 Financial expense and financial income

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

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

2.23 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved. However, if these are approved after the reporting period but before the financial statement are authorised for issue, disclosure is made in the financial statements.

2.24 Segment reporting

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

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

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

2.25 Derivative financial instruments

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

2.26 Off-setting

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

As at
June 30,
2017

As at
June 30,
2016

3 Property, plant and equipment

3.1 The following is a statement of property plant and equipment:

Operating fixed assets - note 3.2	15,240,784	15,878,014
Capital work-in-progress - note 3.7	4,372,739	1,162,320
	<u>19,613,523</u>	<u>17,040,334</u>

3.2 The following is a statement of operating fixed assets:

	Land		Lime beds on freehold land	Buildings		Plant and machinery	Railway sidings	Rolling stock and vehicles	Furniture and equipment	Total
	Freehold	Leasehold		On freehold land	On leasehold land					
	Note 3.3			Note 3.3		Note 3.3 and 3.4				
As at June 30, 2017										
Net carrying value basis										
Opening net book value (NBV)	519,718	-	215,405	704,657	1,929,826	12,294,021	-	15,458	198,929	15,878,014
Addition / transfer - note 3.2.1	10,244	-	-	7,308	156,690	1,309,963	-	12,976	82,552	1,579,733
Disposal (at NBV)	-	-	-	-	-	-	-	(455)	(39)	(494)
Depreciation charge - note 3.5	-	-	(16,600)	(52,425)	(161,123)	(1,910,836)	-	(4,275)	(71,210)	(2,216,469)
Closing Net book value	<u>529,962</u>	<u>-</u>	<u>198,805</u>	<u>659,540</u>	<u>1,925,393</u>	<u>11,693,148</u>	<u>-</u>	<u>23,704</u>	<u>210,232</u>	<u>15,240,784</u>
Gross carrying value basis										
Cost / revaluation	529,962	562,166	359,553	2,971,248	3,246,383	29,921,041	297	128,195	757,375	38,476,220
Accumulated depreciation	-	(562,166)	(160,748)	(2,311,708)	(1,320,990)	(18,227,893)	(297)	(104,491)	(547,143)	(23,235,436)
Net book value	<u>529,962</u>	<u>-</u>	<u>198,805</u>	<u>659,540</u>	<u>1,925,393</u>	<u>11,693,148</u>	<u>-</u>	<u>23,704</u>	<u>210,232</u>	<u>15,240,784</u>
Depreciation rate % per annum	-	2 to 4	5 to 25	5 to 25	3 to 33.33	3.33 to 50	3.33	10 to 33.33	10 to 50	
As at June 30, 2016										
Net carrying value basis										
Opening net book value	468,308	-	123,116	727,144	1,144,223	9,889,973	-	22,826	197,997	12,573,587
Addition / transfer - note 3.2.1	22,713	-	92,052	42,856	832,025	3,685,378	-	4,347	65,516	4,744,887
Revaluation	28,697	-	13,842	3,826	82,529	322,014	-	-	-	450,908
Disposal (at NBV)	-	-	(39)	-	(6,966)	(5,665)	-	(622)	(420)	(13,712)
Depreciation charge - note 3.5	-	-	(13,566)	(69,169)	(121,985)	(1,597,679)	-	(11,093)	(64,164)	(1,877,656)
Closing Net book value	<u>519,718</u>	<u>-</u>	<u>215,405</u>	<u>704,657</u>	<u>1,929,826</u>	<u>12,294,021</u>	<u>-</u>	<u>15,458</u>	<u>198,929</u>	<u>15,878,014</u>
Gross carrying value basis										
Cost / revaluation	519,718	562,166	359,553	2,963,939	3,088,418	28,630,882	297	127,629	708,058	36,960,660
Accumulated depreciation	-	(562,166)	(144,148)	(2,259,282)	(1,158,592)	(16,336,861)	(297)	(112,171)	(509,129)	(21,082,646)
Net book value	<u>519,718</u>	<u>-</u>	<u>215,405</u>	<u>704,657</u>	<u>1,929,826</u>	<u>12,294,021</u>	<u>-</u>	<u>15,458</u>	<u>198,929</u>	<u>15,878,014</u>
Depreciation rate % per annum	-	2 to 4	5 to 25	5 to 25	3 to 33.33	3.33 to 50	3.33	10 to 33.33	10 to 50	

As at
June 30,
2017

As at
June 30,
2016

3.2.1 Additions to plant and machinery include transfer from capital work-in-progress. It also includes borrowing cost for various projects determined using capitalization rate of nil (June 30, 2016: 6.00%) amounting to:

	-	132,085
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3.2.2 Operating fixed assets include the following major spare parts and stand by equipment:

Cost	416,188	399,471
Net book value	<u>137,762</u>	<u>160,745</u>

3.3 Subsequent to revaluations on October 1, 1959, September 30, 2000, December 15, 2006 and December 31, 2011 which had resulted in a surplus of PKR 14.207 million, PKR 1,569.869 million, PKR 667.967 and PKR 712.431 million respectively as at June 30, 2016 further revaluation was conducted resulting in revaluation surplus net of deferred tax liability of PKR 320.701 million. The valuation was conducted by an independent valuer. Valuations for plant and machinery and building were based on the estimated gross replacement cost, depreciated to reflect the residual service potential of the assets taking account of the age, condition and obsolescence. Land was valued on the basis of fair market value. The fair value of the assets subject to revaluation model fall under level 2 of fair value hierarchy (i.e. significant observable inputs).

3.4 Plant and machinery including equipment held with Searle Pakistan Limited (toll manufacturer) is as follows:

Cost	9,242	8,111
Net book value	<u>4,160</u>	<u>4,168</u>

Amounts in PKR '000

	For the year ended June 30, 2017	For the year ended June 30, 2016
3.5 The depreciation charge for the year has been allocated as follows:		
Cost of sales	2,154,696	1,820,918
Selling and distribution expenses	29,523	20,862
Administration and general expenses	32,250	35,876
	2,216,469	1,877,656
3.5.1 Depreciation charge is inclusive of the incremental depreciation due to revaluation.		
3.6 Had there been no revaluation, the net book value of specific classes of operating property, plant and equipment would have amounted to:		
	As at June 30, 2017	As at June 30, 2016
Net book value		
Freehold land	201,985	191,741
Buildings	2,371,183	2,420,733
Plant and machinery	10,952,699	11,553,572
	13,525,867	14,166,046
3.7 Capital work-in-progress comprises of:		
Civil works and buildings	715,276	443,249
Plant and machinery	2,920,418	528,556
Miscellaneous equipment	184,854	28,825
Advances to suppliers / contractors	294,290	70,571
Designing, consultancy and engineering fee	257,901	91,119
	4,372,739	1,162,320
3.7.1 This includes interest charged in respect of long-term loans obtained for various projects determined using capitalization rate of 5.57% (June 30, 2016: 5.48%) amounting to:	69,586	5,498
3.7.2 The following is the movement in capital work-in-progress during the year:		
Balance at the beginning of the year	1,162,320	1,662,776
Addition during the year	4,703,939	4,183,925
	5,866,259	5,846,701
Transferred to operating fixed assets during the year	(1,493,520)	(4,684,381)
Balance at the end of the year	4,372,739	1,162,320
3.8 Details of operating fixed asset disposal having net book value in excess of PKR 50,000 are as follows:		

As at June 30, 2017						
	Mode of sale	Cost	Accumulated depreciation	Net book value	Sale Proceeds	Particulars of buyers
Rolling Stock & Vehicles						
Loader - Cat 966 F-II	Scrap	2,733	2,277	456	45	Ghuri Scrap Dealer Mandi Bahaudin
As at June 30, 2016						
Plant and machinery						
65 Ktpa Plant, Sodium bicarbonate plant and commissioning cost	Scrap	27,813	23,967	3,846	644	Ghuri Scrap Dealer Mandi Bahaudin
Building on leasehold land						
Infrastructure refurbishment	Bidding	14,261	7,545	6,716	1,020	Awan Brothers Karimpura, Khewra and Ghuri Scrap Dealer Mandi Bahaudin
Furniture and Equipments						
HP server for PIII and IBM	Scrap	5,824	5,534	290	320	M/s Sh. Auyoub, Sheikhpura
Rolling Stock & Vehicles						
Fleet car	Auction	622	-	622	4,615	Syed Nadeem Raza Ali, Karachi

4 Intangible assets

Net carrying value basis

Opening net book value (NBV)
Addition / transfer
Amortisation charge - note 4.1
Closing net book value

As at June 30, 2017		
Software	Licenses	Total
6,530	9,930	16,460
4,795	5,204	9,999
(2,014)	(5,172)	(7,186)
<u>9,311</u>	<u>9,962</u>	<u>19,273</u>

Gross carrying amount

Cost
Accumulated amortisation
Net book value
Rate of amortisation % per annum

184,202	205,157	389,359
(174,891)	(195,195)	(370,086)
<u>9,311</u>	<u>9,962</u>	<u>19,273</u>
20	20 to 50	

Net carrying value basis

Opening net book value (NBV)
Addition / transfer
Amortisation charge - note 4.1
Closing net book value

As at June 30, 2016		
1,980	26,338	28,318
6,096	3,628	9,724
(1,546)	(20,036)	(21,582)
<u>6,530</u>	<u>9,930</u>	<u>16,460</u>

Gross carrying amount

Cost
Accumulated amortisation
Net book value
Rate of amortisation % per annum

179,407	200,674	380,081
(172,877)	(190,744)	(363,621)
<u>6,530</u>	<u>9,930</u>	<u>16,460</u>
20	20 to 50	

For the year ended
June 30, 2017

For the year ended
June 30, 2016

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

Cost of sales
Selling and distribution expenses
Administration and general expenses

1,266	4,491
463	2,632
<u>5,457</u>	<u>14,459</u>
<u>7,186</u>	<u>21,582</u>

As at
June 30,
2017

As at
June 30,
2016

5. Long-term investments

Unquoted - at cost

Subsidiaries

- ICI Pakistan PowerGen Limited (wholly owned)
7,100,000 ordinary shares (June 30, 2016: 7,100,000) of PKR 100 each - note 5.3
Provision for impairment loss - note 5.4

710,000	710,000
(209,524)	(209,524)
<u>500,476</u>	<u>500,476</u>

- Cirin Pharmaceuticals (Private) Limited (wholly owned)
112,000 ordinary shares of PKR 100 each and premium of PKR 8661.61 per share - note 5.1

981,300

-

- Nutrico Morinaga (Private) Limited
5,100,000 ordinary shares of PKR 100 each - note 5.2

510,000

-

Associate

- NutriCo Pakistan (Private) Limited 40% ownership
200,000 ordinary shares of PKR 1,000
each and premium of PKR 3,800 per share

960,000

960,000

Others - at cost

Equity security available-for-sale
-Arabian Sea Country Club Limited
'250,000 ordinary shares (June 30, 2016: 250,000) of PKR 10 each

2,500

2,500

2,954,276

1,462,976

		Amounts in PKR '000	
		As at June 30, 2017	As at June 30, 2016
5.1	During the year, the Company acquired 100% voting shares of Cirin Pharmaceuticals (Private) Limited ("Cirin"). Cirin is a private limited company incorporated in Pakistan, which is involved in manufacturing and sale of pharmaceutical products. As of the balance sheet date, the value of the Company's investment on the basis of net assets of Cirin as disclosed in its audited financial statements was:	150,893	-
5.2	On 6th March 2017, the Company entered into a joint venture with Morinaga Milk Industry Company Limited ("Morinaga") of Japan and Unibrands (Private) Limited ("Unibrands") to set up a plant for manufacturing infant/growing up formula. To initiate this project, a new Company has been incorporated which is a subsidiary of ICI Pakistan Limited in which 51% shareholding is held by ICI Pakistan Limited. As of the balance sheet date, the value of the Company's investment on the basis of net assets as disclosed in its audited financial statements was:	994,613	-
5.3	As of the balance sheet date, the value of the Company's investment on the basis of net assets of ICI Pakistan PowerGen Limited (the Subsidiary) as disclosed in its audited financial statements for the year ended June 30, 2017:	777,152	831,156
5.4	The Company has reassessed the recoverable amount of the subsidiaries as at the balance sheet date and based on its assessment no material adjustment is required to the carrying amount stated in the financial statement.		
6.	Long-term loans		
	Considered good		
	Due from executives and employees - note 6.1	<u>370,465</u>	<u>356,330</u>
6.1	Due from executives and employees		
		Motor Vehicle	House building
		Total	Total
	Due from executives - note 6.2, 6.3 and 6.4	279,759	66,045
	Receivable within one year	<u>(71,262)</u>	<u>(29,321)</u>
		<u>208,497</u>	<u>36,724</u>
	Due from employees - note 6.3	<u>148,666</u>	<u>177,367</u>
	Receivable within one year	<u>(23,422)</u>	<u>(34,260)</u>
		<u>125,244</u>	<u>143,107</u>
		<u>370,465</u>	<u>356,330</u>
	Outstanding for period:		
	- less than three years but over one year	297,612	274,688
	- more than three years	<u>72,853</u>	<u>81,642</u>
		<u>370,465</u>	<u>356,330</u>
6.2	Reconciliation of the carrying amount of loans to executives:		
	Balance at the beginning of the year	281,854	245,006
	Disbursements during the year	142,845	124,213
	Received during the year	<u>(78,895)</u>	<u>(87,365)</u>
	Balance at the end of the year	<u>345,804</u>	<u>281,854</u>
6.3	Loans for purchase of motor cars and house building are repayable between two to ten years. These loans are interest free and granted to the employees, including executives of the Company, in accordance with their terms of employment.		
6.4	The maximum aggregate amount of loans due from the executives at the end of any month during the year:	249,520	301,009
7.	Long-term deposits and prepayments		
	Deposits	30,057	28,209
	Prepayments	<u>8,570</u>	<u>5,385</u>
		<u>38,627</u>	<u>33,594</u>
8.	Stores, spares and consumables		
	Stores - note 8.1	157,336	99,618
	Spares - note 8.1	793,771	744,789
	Consumables	<u>113,814</u>	<u>115,074</u>
		<u>1,064,921</u>	<u>959,481</u>
	Provision for slow moving and obsolete stores and spares - note 8.2	<u>(122,285)</u>	<u>(147,518)</u>
		<u>942,636</u>	<u>811,963</u>
8.1	The above amounts include stores and spares in transit:	129,921	69,357
8.2	Movement of provision for slow moving and obsolete stores and spares is as follows:		
	Balance at the beginning of the year	147,518	168,547
	Charge for the year - note 28	-	4,060
	Write-off during the year	<u>(25,233)</u>	<u>(25,089)</u>
	Balance at the end of the year	<u>122,285</u>	<u>147,518</u>

Amounts in PKR '000		
	As at June 30, 2017	As at June 30, 2016
9. Stock-in-trade		
Raw and packing material includes in-transit PKR 862.180 million (June 30, 2016: PKR 814.638 million) - note 9.3	2,468,016	2,269,497
Work-in-process	75,244	140,179
Finished goods include in-transit PKR 6.318 million (June 30, 2016: PKR Nil)	3,268,224	3,019,011
	<u>5,811,484</u>	<u>5,428,687</u>
Provision for slow moving and obsolete stock-in-trade - note 9.1		
- Raw material	(3,765)	(11,381)
- Finished goods	(61,072)	(120,560)
	<u>(64,837)</u>	<u>(131,941)</u>
	<u>5,746,647</u>	<u>5,296,746</u>
9.1 Movement of provision for slow moving and obsolete stock-in-trade is as follows:		
Balance at the beginning of the year	131,941	127,067
Charge for the year - note 28	63,506	22,254
Write-off during the year	(130,610)	(17,380)
Balance at the end of the year	<u>64,837</u>	<u>131,941</u>
9.2 Stock amounting to PKR 734.965 million (June 30, 2016: PKR 338.822 million) is measured at net realisable value and reversal amounting to PKR 25.648 million (June 30, 2016: PKR 10.999 expense) has been realized in cost of sales.		
9.3 Raw and packing materials held with various toll manufacturers:		
Searle Pakistan Limited	111,841	183,246
Maple Pharmaceutical (Private) Limited	984	2,021
EPLA Laboratories (Private) Limited	7,770	-
Breeze Pharma (Private) Limited	10,140	25,133
Nova Med Pharmaceuticals	11,685	32,000
BioGenics	115	-
Other than above	10,287	-
	<u>152,822</u>	<u>242,400</u>
10. Trade debts		
Considered good		
- Secured	392,527	354,530
- Unsecured	2,663,286	1,579,697
	<u>3,055,813</u>	<u>1,934,227</u>
Considered doubtful	82,801	43,955
	<u>3,138,614</u>	<u>1,978,182</u>
Provision for:		
- Doubtful debts - note 41.4 and 41.6	(82,801)	(43,955)
- Discounts payable on sales	(508,473)	(293,780)
	<u>(591,274)</u>	<u>(337,735)</u>
	<u>2,547,340</u>	<u>1,640,447</u>
10.1 The above balances include amounts due from the following associated undertakings which are neither past due nor impaired:		
Secured		
ICI Pakistan PowerGen Limited	122	265
Unsecured		
Yunus Textile Mills Limited	1,847	179
Lucky Textile Mills Limited	1,861	948
Lucky Foods (Private) Limited	155	-
Lucky Knits (Private) Limited	528	472
Oil & Gas Development Company Limited	14	14
NutriCo Pakistan (Private) Limited	-	2,393
Feroze 1888 Mills Limited	-	331
	<u>4,527</u>	<u>4,602</u>

		Amounts in PKR '000	
		As at June 30, 2017	As at June 30, 2016
11. Loans and advances			
	Considered good		
	Loans due from:		
	Executives - note 11.1	100,583	82,097
	Employees	23,422	34,260
		<u>124,005</u>	<u>116,357</u>
	Advances to:		
	Executives	14,989	10,604
	Employees	3,055	411
	Contractors and suppliers - note 11.2	301,011	261,572
	Others	1,131	2,398
		<u>320,186</u>	<u>274,985</u>
		<u>444,191</u>	<u>391,342</u>
11.1	The maximum aggregate amount of loans due from the executives at the end of any month during the year:	48,882	68,691
11.2	The above balances include advances to related parties amounting to:		
	Pakistan Cables Limited	20,853	-
	Lucky Cement Limited	1,617	-
	Cirin Pharmaceutical (Private) Limited	7,600	-
		<u>30,070</u>	<u>-</u>
12. Trade deposits and short-term prepayments			
	Trade deposits	147,097	37,796
	Short-term prepayments	417,288	390,917
		<u>564,385</u>	<u>428,713</u>
13. Other receivables			
	Considered good		
	Duties, sales tax and octroi refunds due	943,727	474,309
	Commission and discounts receivable	42,834	28,046
	Due from associate	164,000	-
	Receivable from principal - note 13.1	209,114	184,950
	Others	155,853	39,378
		<u>1,515,528</u>	<u>726,683</u>
	Considered doubtful		
		5,055	1,622
		<u>1,520,583</u>	<u>728,305</u>
	Provision for doubtful receivables - note 13.2	(5,055)	(1,622)
		<u>1,515,528</u>	<u>726,683</u>
13.1	This includes receivable from a foreign vendor in relation to margin support guarantee:	128,527	118,528
13.2 Movement of provision for doubtful receivables			
	Balance at the beginning of the year	1,622	1,622
	Charge for the year / period	3,433	-
	Balance at the end of the year	<u>5,055</u>	<u>1,622</u>
14. Cash and bank balances			
	Cash at banks:		
	- Short-term deposits - note 14.1	124,350	135,878
	- Current accounts	12,592	4,696
		<u>4,806</u>	<u>5,713</u>
	Cash in hand	141,748	146,287
14.1	Represent security deposits from customers that are placed with various banks at pre-agreed rate maturing at various dates. These are interest based arrangements. The mark-up percentage on these deposits during the year was ranging from 5.50% to 6.50% (June 30, 2016: 6.00% to 7.00%) and these term deposits are readily encashable without any penalty.		

Amounts in Rs '000

	As at June 30, 2017	As at June 30, 2016		As at June 30, 2017	As at June 30, 2016
15	Issued, subscribed and paid-up capital				
	(Numbers)				
	83,734,062	83,734,062	Ordinary shares of PKR 10 each fully paid in cash	837,341	837,341
	211,925	211,925	Ordinary shares of PKR 10 each issued as fully paid for consideration other than cash under scheme of arrangement for amalgamation (note 15.1)	2,119	2,119
	16,786	16,786	Ordinary shares of PKR 10 each issued as fully paid bonus shares	168	168
	8,396,277	8,396,277	Ordinary shares issued pursuant to the previous scheme as fully paid for consideration of investment in associate (note 15.2)	83,963	83,963
	92,359,050	92,359,050		923,591	923,591
15.1	The process for amalgamation of three companies namely Paintex Limited, ICI Pakistan Manufacturers Limited and Imperial Chemical Industries Limited resulted in a new company as ICI Pakistan Limited on April 01, 1987.				
15.2	With effect from October 01, 2000, the Pure Terephthalic Acid (PTA) business of the Company was demerged under a scheme of arrangement dated December 12, 2000 approved by the shareholders and sanctioned by the High Court of Sindh.				
15.3	As at June 30, 2017, Lucky Holdings Limited together with Gadoon Textile Mills Limited and Lucky Textile Mills Limited held 86.14% (June 30, 2016: 86.67%) shares, while institutions held 5.73% (June 30, 2016: 8.25%) and individuals and others held the balance of 8.13% (June 30, 2016: 5.08%).				
16	Capital reserves				
	Share premium - note 16.1			309,057	309,057
	Capital receipts - note 16.2			586	586
				309,643	309,643
16.1	Share premium includes the premium amounting to PKR 0.902 million received on shares issued for the Company's Polyester Plant installation in 1980 and share premium of PKR 464.357 million representing the difference between nominal value of PKR 10 per share of 12,618,391 ordinary shares issued by the Company and the market value of PKR 590.541 million of these shares corresponding to 25% holding acquired in Lotte Pakistan PTA Limited, an ex-associate, at the date of acquisition i.e. November 2, 2001 and the number of shares that have been issued were determined in accordance with the previous scheme in the ratio between market value of the shares of two companies based on the mean of the middle market quotation of the Karachi Stock Exchange now Pakistan Stock Exchange (Limited) over the ten trading days between October 22, 2001 to November 2, 2001.				
16.2	Capital receipts represent the amount received from various ICI plc group companies overseas for the purchase of property, plant and equipment. The remitting companies have no claim to their repayments.				
17.	Surplus on revaluation of property, plant and equipment				
	Balance at the beginning of the year			829,645	576,458
	Revaluation surplus - note 3.2 & 3.3			-	450,908
	Deferred tax liability recognised on surplus - note 20			-	(130,207)
				-	320,701
	Adjustment due to change in tax rate - note 20.1			11,611	3,382
	Transferred to unappropriated profit in respect of incremental depreciation during the year - net of deferred tax			(97,308)	(70,896)
	Balance at the end of the year			743,948	829,645

Amounts in PKR '000

	As at June 30, 2017	As at June 30, 2016
18 Provisions for non-management staff gratuity	102,289	90,867

18.1 Staff retirement benefits

	2017				2016			
	Funded			Unfunded	Funded			Unfunded
	Pension	Gratuity	Total		Pension	Gratuity	Total	
18.1.1 The amounts recognised in the profit and loss account against defined benefit schemes are as follows:								
Current service cost	13,653	42,796	56,449	2,782	16,554	38,673	55,227	3,389
Interest cost	74,207	47,820	122,027	6,710	85,424	52,368	137,792	7,661
Expected return on plan assets	(106,856)	(42,640)	(149,496)	-	(123,707)	(44,814)	(168,521)	-
Past service cost / (reversal)	-	-	-	-	-	1,427	1,427	(1,427)
Net (reversal) / charge for the year	(18,996)	47,976	28,980	9,492	(21,729)	47,654	25,925	9,623
Other comprehensive income:								
Loss / (gain) on obligation	142,055	22,379	164,434	9,903	54,496	28,629	83,125	1,579
(Gain) on plan assets	(60,949)	(39,238)	(100,187)	-	(43,712)	(22,962)	(66,674)	-
Net (gain) / loss	81,106	(16,859)	64,247	9,903	10,784	5,667	16,451	1,579

18.1.2 Movement in the net assets / (liability) recognised in the balance sheet are as follows:

Opening balance	421,273	(100,146)	321,127	(90,867)	410,328	(112,336)	297,992	(87,422)
Net reversal / (charge) - note 18.1.1	18,996	(47,976)	(28,980)	(9,492)	21,729	(47,654)	(25,925)	(9,623)
Other comprehensive (income) / loss	(81,106)	16,859	(64,247)	(9,903)	(10,784)	(5,667)	(16,451)	(1,579)
Contributions / payments during the year	-	66,528	66,528	7,973	-	65,511	65,511	7,757
Closing balance	359,163	(64,735)	294,428	(102,289)	421,273	(100,146)	321,127	(90,867)

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

Fair value of plan assets - note 18.1.5	1,472,114	624,614	2,096,728	-	1,453,265	555,929	2,009,194	-
Present value of defined benefit obligation - note 18.1.4	(1,112,951)	(689,349)	(1,802,300)	(102,289)	(1,031,992)	(656,075)	(1,688,067)	(90,867)
Net asset / (liability)	359,163	(64,735)	294,428	(102,289)	421,273	(100,146)	321,127	(90,867)

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

18.1.4 Movement in the present value of defined benefit obligation:

Opening balance	1,031,992	656,075	1,688,067	90,867	955,651	583,274	1,538,925	87,422
Current service cost	13,653	42,796	56,449	2,782	16,554	38,673	55,227	3,389
Interest cost	74,207	47,820	122,027	6,710	85,424	52,368	137,792	7,661
Benefits paid	(148,956)	(79,721)	(228,677)	(7,973)	(80,133)	(48,296)	(128,429)	(7,757)
Actuarial loss / (gain)	142,055	22,379	164,434	9,903	54,496	28,629	83,125	1,579
Past service cost / (reversal)	-	-	-	-	-	1,427	1,427	(1,427)
Closing balance	1,112,951	689,349	1,802,300	102,289	1,031,992	656,075	1,688,067	90,867

18.1.5 Movement in the fair value of plan assets:

Opening balance	1,453,265	555,929	2,009,194	-	1,365,979	470,938	1,836,917	-
Expected return	106,856	42,640	149,496	-	123,707	44,814	168,521	-
Contributions	-	66,528	66,528	-	-	65,511	65,511	-
Benefits paid	(148,956)	(79,721)	(228,677)	-	(80,133)	(48,296)	(128,429)	-
Actuarial gain	60,949	39,238	100,187	-	43,712	22,962	66,674	-
Closing balance - note 18.1.7	1,472,114	624,614	2,096,728	-	1,453,265	555,929	2,009,194	-

18.1.6 Historical information

	June 30				
	2017	2016	2015	2014	2013
Present value of defined benefit obligation	1,904,589	1,778,934	1,626,347	1,627,301	1,699,987
Fair value of plan assets	(2,096,728)	(2,009,194)	(1,836,917)	(1,654,153)	(1,655,974)
Net (asset) / liability	(192,139)	(230,260)	(210,570)	(26,852)	44,013

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

	2017	2016
Debt instruments	60.69%	72.37%
Equity at market value	32.49%	21.99%
Cash / Others	6.82%	5.63%

	Pension		Gratuity	
	As at June 30, 2017	As at June 30, 2016	Pension	Gratuity
Investment				
National savings deposits	41,041	18,655	256,738	17,051
Government bonds	872,860	339,892	852,610	327,732
Mutual funds - equity	72,440	46,150	60,873	38,750
Shares	476,763	204,528	274,215	167,694
Cash	9,010	15,389	8,829	11,590
Benefits due	-	-	-	(6,888)
Total	1,472,114	624,614	1,453,265	555,929

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

Actual return on plan assets during the year	351,691	239,346
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18.1.8 The principal actuarial assumptions at the reporting date were as follows:

	2017	2016
Discount rate	7.25%	7.75%
Future salary increases - Management	5.00%	5.75%
Future salary increases - Non-management	2.75%	3.25%
Future pension increases	2.25%	2.50%

		Amounts in PKR '000	
Assumption		1% Increase	1% Decrease
Discount rate		(88,708)	103,908
Salary increase		70,404	(64,047)
Pension increase		35,914	(32,424)

18.1.10 During the year, the Company contributed in the fund as follows:

	As at June 30, 2017 (Unaudited)	As at June 30, 2016 (Audited)
Provident fund	88,469	78,419
Defined contribution superannuation fund	76,528	67,207

18.2 **Provident fund**

Size of the fund (net assets)	1,250,408	1,169,750
Cost of investments made (actual investments made)	1,125,222	1,046,679
Percentage of investments made (cost of investments)	90%	89%
Fair value of investments	1,152,476	1,090,817

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

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

On fair value

Pakistan Investment Bonds
Regular Income Certificates
Mutual Funds
Shares

As at June 30, 2017 (Unaudited)		As at June 30, 2016 (Audited)	
Investments	% of investment as size of the fund	Investments	% of investment as size of the fund
640,456	56%	559,264	51%
21,713	2%	19,767	2%
57,398	5%	147,454	14%
432,909	38%	364,332	33%
1,152,476	100%	1,090,817	100%

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

	As at June 30, 2017	As at June 30, 2016
19 Long-term loans	4,909,946	3,652,586
Loans from banking companies / financial institutions:		
Interest based arrangement - note 19.1		
Long-term finance facility		
United Bank Limited (UBL)	1,353,444	1,282,342
Faysal Bank Limited (FBL)	74,717	74,717
MCB Bank Limited	532,170	217,086
Other long-term loan		
Allied Bank Limited (ABL)	83,333	416,668
United Bank Limited (UBL)	2,000,000	2,000,000
Habib Bank Limited (HBL)	510,000	-
Shariah compliant		
Islamic term finance		
Habib Bank Limited (HBL)	1,000,000	-
Meezan Bank Limited (MBL)	-	55,556
Current portion shown under current liabilities	5,553,664	4,046,369
	(643,718)	(393,783)
	4,909,946	3,652,586

19.1 Terms and conditions of these borrowings are as follows:

Lenders	Mark-up / Profit rate	Limit	Loan duration	Grace Period
FBL	SBP rate + 45bps	250,000	10 Years	2 Yrs
UBL	SBP rate + 50bps	1,500,000	10 Years	2 Yrs
MCB	SBP rate + 30 bps	1,500,000	10 Years	2 Yrs
HBL	6MK + 5bps	2,500,000	7 Years	2 Yrs
ABL	3MK + 25bps	1,000,000	4 Years	1 Yr
UBL	3MK + 25bps	2,000,000	5 Years	2 Yrs

These loans are secured against the fixed assets of Polyester and Soda Ash Business amounting to PKR 2,500 million and PKR 7,000 million respectively. Mark-up is payable on quarterly basis.

Amounts in PKR '000

	As at June 30, 2017				As at June 30, 2016			
	Opening	(Reversal)	Recognized in surplus on revaluation	Closing	Opening	(Reversal) / Charge	Recognized in surplus on revaluation	Closing
20 Deferred tax liability - net								
Deductible temporary differences								
Provisions for retirement benefits, doubtful debts and others	(239,276)	(34,442)	-	(273,718)	(230,018)	(9,258)	-	(239,276)
Retirement fund provisions	(19,491)	(18,227)	-	(37,718)	(15,421)	(4,070)	-	(19,491)
Taxable temporary differences								
Property, plant and equipment - note 20.1	1,689,556	(147,109)	-	1,542,447	1,426,606	132,743	130,207	1,689,556
	<u>1,430,789</u>	<u>(199,778)</u>	<u>-</u>	<u>1,231,011</u>	<u>1,181,167</u>	<u>119,415</u>	<u>130,207</u>	<u>1,430,789</u>
							As at June 30, 2017	As at June 30, 2016
20.1							11,611	3,382
Charge during the year includes amount adjusted in surplus on revaluation of property, plant and equipment on account of change in tax rate of:								
21 Trade and other payables								
Trade creditors - note 21.1							2,158,246	1,747,144
Bills payable							3,301,165	2,556,974
Accrued expenses							2,500,967	1,846,717
Technical service fee / royalty - note 21.2							21,640	19,778
Workers' profit participation fund - note 21.3							237,441	188,002
Workers' welfare fund							51,684	169,625
Distributors' security deposits - payable on termination of distributorship - note 21.4							101,657	101,113
Contractors' earnest / retention money							10,572	10,245
Running account with customers - note 21.5							399,743	301,656
Unclaimed dividends							80,568	70,648
Payable for capital expenditure							1,108,733	547,635
Accrual for compensated absences - note 21.6							31,249	31,249
Others							118,359	140,950
							<u>10,120,448</u>	<u>7,731,736</u>
21.1							404,087	454,082
This amount includes payable to ICI Pakistan PowerGen Limited, a related party on account of purchase of electricity:								
21.2							21,640	18,993
This amount includes royalty payable to Lucky Holdings Limited, the Holding Company.								
21.3 Workers' profit participation fund								
Balance at the beginning of the year							188,002	148,200
Allocation for the year - note 29							231,406	184,314
							<u>419,408</u>	<u>332,514</u>
Interest on funds utilised in the Company's businesses at 48.25% (June 30, 2016: 86.25%) per annum - note 30							2,346	3,692
Payment to the fund							(184,313)	(148,204)
Balance at the end of the year							<u>237,441</u>	<u>188,002</u>
21.4								
Interest on security deposits from certain distributors is payable at ranging from 5.50% to 6.50% (June 30, 2016: 6% to 7%) per annum as specified in the respective agreements.								
21.5								
Included herein are amounts due to the following associated undertakings:								
Fashion Textile Mills (Pvt.) Limited							362	-
Yunus Textile Mills Limited							-	106
Lucky Cement Limited							-	1,039
							<u>362</u>	<u>1,145</u>
21.6								
This figure is based on actuarial valuation and estimation.								
22 Short-term borrowings and running finance							2,118,446	1,964,433
Short-term borrowings and running finance facility from various banks aggregated to Rs. 7,281 million (June 30, 2016: Rs. 7,281 million) and carry mark-up during the year ranging from relevant KIBOR negative 0.05% to positive 0.5% per annum with an average mark-up rate of relevant KIBOR + 0.12% on utilized limits (June 30, 2016: relevant KIBOR + 0.10% to 1.00% per annum with an average mark-up rate of relevant KIBOR + 0.22% on utilized limits). These facilities are secured by hypothecation charge over the present and future stock-in-trade and book debts of the Company.								
22.1 Export refinance							50,000	388,741
The Company has export refinance facility of upto Rs. 1200 million available from Faysal Bank Limited as at June 30, 2017 out of which Rs. 50 million was utilized (2016: Rs. 388.741 million). The above export refinance facility is secured by first pari passu hypothecation charge. The export refinance facility carries mark-up at State Bank of Pakistan (SBP) rate (currently 2%) + 0.25% per annum (June 30, 2016: SBP rate 3.5% + 0.25% per annum).								
22.2 Money Market							550,000	300,000
During the year the Company had obtained a money market loan of PKR 300 million from Standard Chartered Bank Limited for a term of 3 month at plain KIBOR, and of PKR 250 million from Natioanl Bank of Pakistan for a term of 3 month at relevant KIBOR minus 5 bps.								
22.3 Short-term running finance - secured							1,518,446	1,275,692

23 Contingencies and Commitments**23.1** Claims against the Company not acknowledged as debts are as follows:

Local bodies	1,400	1,100
Others	15,302	28,529
	16,702	29,629

23.1.1 Collectorate of customs - classification issue in PCT heading

"Customs raised a demand for PKR 51.5 million relating to classification issue of Titanium Di-Oxide during prior years. During the current year, Company received a positive outcome for its case filed with Customs Appellate Tribunal and the case was decided in Company's favor.

Collectorate of customs raised demand of PKR 17.4 million till 2015-16 against the Company on the ground that Company is classifying its imported product Wannate 8019 in wrong PCT Heading. During the current year also, consignments were withheld by Customs Appraisal due to classification issue. For clearance of these consignments, Company paid PKR 15.8 million as Security Deposit for getting Provisional clearance till the final decision of Classification Committee and Appellate forums, which is still awaited.

For one other product Wannate PM 2010/ 8221, consignments were again withheld by Customs Intelligence on Classification issue. Company paid PKR 94 million as Security Deposit for Provisional Clearance of these consignments till final decision. Classification committee through a Public notice dated 12th June, 2017 gave its view on classification of the product against the Company. Customs after the issuance of this Public Notice raised further demand relating to period prior to issuance of Public Notice, amounting to PKR 65 million. Company being dissatisfied with the verdict filed a Suit in Sindh High Court on certain grounds including that applicability of public notice cannot be done retrospectively. The court has granted a stay in favor of the Company till the next date of hearing. The Company is confident that it has a strong grounds to defend the case and is hopeful of positive outcome."

23.2 Tax related contingencies are disclosed in note 44 to these unconsolidated financial statements for income and sales tax contingencies.**23.3** Commitments in respect of capital expenditure including various projects of the Soda Ash business: 1,848,267 2,193,478**23.4** Commitments for rentals under operating lease / Ijarah contracts in respect of vehicles are as follows:

Year		
2016-17	-	64,050
2017-18	72,921	44,247
2018-19	60,110	28,227
2019-20	39,393	6,550
2020-21	18,186	-
	190,610	143,074
Payable not later than one year	72,921	64,050
Payable later than one year but not later than five years	117,689	79,024
	190,610	143,074

24 Operating segment results

Amounts in PKR '000

	Polyester		Soda Ash		Life Sciences		Chemicals		Company	
	For the year ended June 30, 2017	For the year ended June 30, 2016	For the year ended June 30, 2017	For the year ended June 30, 2016	For the year ended June 30, 2017	For the year ended June 30, 2016	For the year ended June 30, 2017	For the year ended June 30, 2016	For the year ended June 30, 2017	For the year ended June 30, 2016
Sales										
Afghanistan	-	-	59,967	34,502	-	-	1,247	8,711	61,214	43,213
India	-	-	584,537	704,327	-	-	-	-	584,537	704,327
United Kingdom	-	-	-	-	-	-	-	2,192	-	2,192
Inter-segment	-	-	644,504	738,829	-	-	1,247	10,903	645,751	749,732
Local	-	-	-	-	-	-	7,214	4,610	7,214	4,610
	14,647,604	14,235,639	13,159,554	12,653,113	13,536,431	10,265,352	5,504,214	4,739,851	46,847,803	41,893,955
Commission / toll income	-	-	-	-	-	-	55,085	45,681	55,085	45,681
Turnover	14,647,604	14,235,639	13,804,058	13,391,942	13,536,431	10,265,352	5,567,760	4,801,045	47,555,853	42,693,978
Sales tax	-	(414,677)	(1,897,987)	(1,848,888)	(135,821)	(141,338)	(622,360)	(540,998)	(2,656,168)	(2,945,901)
Commission and discounts	(259,549)	(393,753)	(865,387)	(702,375)	(2,247,843)	(1,413,689)	(155,997)	(279,213)	(3,528,776)	(2,789,030)
Net turnover	14,388,055	13,427,209	11,040,684	10,840,679	11,152,767	8,710,325	4,789,403	3,980,834	41,370,909	36,959,047
Cost of sales - note 26	(14,251,410)	(13,765,271)	(7,727,970)	(7,432,444)	(7,891,599)	(6,195,958)	(3,734,455)	(3,086,848)	(33,605,434)	(30,480,521)
Gross profit	136,645	(338,062)	3,312,714	3,408,235	3,261,168	2,514,367	1,054,948	893,986	7,765,475	6,478,526
Selling and distribution expenses - note 27	(242,348)	(243,280)	(296,027)	(310,371)	(1,729,708)	(1,266,174)	(339,031)	(298,317)	(2,607,114)	(2,118,142)
Administration and general expenses - note - 28	(332,202)	(274,325)	(287,018)	(241,827)	(348,276)	(232,148)	(147,289)	(133,377)	(1,114,785)	(881,677)
Operating result	(437,905)	(855,667)	2,729,669	2,856,037	1,183,184	1,016,045	568,628	462,292	4,043,576	3,478,707
24.1 Segment assets - note 24.5 and 25.3	9,682,810	8,085,224	20,853,429	16,782,250	7,787,519	7,011,907	4,082,046	3,152,394	31,944,363	26,888,899
24.2 Unallocated assets									4,211,498	3,699,131
									36,155,861	30,588,030
24.3 Segment liabilities - note 24.5 and 25.4	13,710,932	12,368,868	3,925,255	2,034,908	3,068,721	2,187,208	1,129,713	734,635	11,373,180	9,182,744
24.4 Unallocated liabilities									7,854,833	6,159,113
									19,228,013	15,341,857
24.5 Inter unit current account balances of respective businesses have been eliminated from the total.										
24.6 Depreciation and amortization - note 3.5 and 4.1	791,828	819,631	1,357,068	1,016,718	35,940	29,723	38,819	33,166	2,223,655	1,899,238
24.7 Capital expenditure	253,982	222,744	4,376,082	3,937,224	81,314	47,953	88,773	46,234	4,800,151	4,254,155
24.8 Inter-segment pricing										
Transactions among the business segments are recorded at arm's length prices using admissible valuation methods.										
24.9 There were no major customer of the Company which formed part of 10% or more of the Company's revenue.										
									For the year ended June 30, 2017	For the year ended June 30, 2016
25. Reconciliations of reportable segment turnover, cost of sales, assets and liabilities										
25.1 Turnover										
Total turnover for reportable segments - note 24									47,555,853	42,693,978
Elimination of inter-segment turnover - note 24									(7,214)	(4,610)
Total turnover									47,548,639	42,689,368
25.2 Cost of sales										
Total cost of sales for reportable segments - note 26									33,605,434	30,480,521
Elimination of inter-segment purchases - note 26									(7,214)	(4,610)
Total cost of sales									33,598,220	30,475,911
25.3 Assets										
Total assets for reportable segments									31,944,363	26,888,899
Taxation recoverable									1,257,222	2,236,155
Long-term investments - note 5									2,954,276	1,462,976
Total assets									36,155,861	30,588,030
25.4 Liabilities										
Total liabilities for reportable segments									11,373,180	9,182,744
Short-term borrowing and running finance - note 22									2,118,446	1,964,433
Long-term loan - note 19									5,553,664	4,046,369
Accrued mark-up									102,155	77,663
Unclaimed dividends - note 21									80,568	70,648
Total liabilities									19,228,013	15,341,857

		Amounts in PKR '000	
		For the year ended June 30, 2017	For the year ended June 30, 2016
29. Other charges			
	Auditors' remuneration - note 29.1	5,430	4,932
	Donations - note 29.2	20,000	20,000
	Workers' profit participation fund - note 21.3	231,406	184,314
	Workers' welfare fund	56,696	71,393
	Workers' welfare fund - Reversal - note 29.3	(174,638)	-
	Loss on disposal of operating fixed assets	-	2,701
	Others	4,934	1,500
		<u>143,828</u>	<u>284,840</u>
29.1 Auditors' remuneration			
	Statutory audit fee	3,031	2,756
	Half yearly review and other certifications	1,264	1,271
	Out of pocket expenses	1,135	905
		<u>5,430</u>	<u>4,932</u>
29.2	Represents provision in respect of donation to ICI Pakistan Foundation (Head office, Karachi). Mr. Asif Joona, Director of the Group, Mr. Suhail Aslam Khan, Mr. Arshaduddin Ahmed, Ms. Saima Kamila Khan and Ms. Fathema Zuberi, Executives of the Company are amongst the Trustees of the Foundation.		
29.3	Through the Finance Acts of 2006 and 2008, certain amendments were brought in the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) including the levy of WWF which had been originally calculated at the rate of 2% of the total (taxable) income of the industrial establishment in a particular year, was amended to charge on higher of total (taxable) income or profit before tax as per account. During the year, the Honorable Supreme Court of Pakistan through its judgement dated 10 October 2016, in Civil Appeals No. 1049 to 1055/2011 decided that amendments in WWF Ordinance made through Finance Acts were unconstitutional. Accordingly, the Company has reversed the excess provision calculated on the basis of profit before tax as per accounts.		
30. Finance costs			
	Mark-up	308,508	260,200
	Interest on workers' profit participation fund - note 21.3	2,346	3,692
	Discounting charges on receivables	70,388	55,748
	Exchange losses	12,935	59,070
	Guarantee fee and others	3,902	4,588
		<u>398,079</u>	<u>383,298</u>
31. Other income			
	Income from financial assets		
	Income from related party		
	Service fee from related party - note 31.1	1,980	1,980
	Income from other financial assets		
	Profit on short-term and call deposits - note 31.2	198	2,067
		<u>2,178</u>	<u>4,047</u>
	Income from non-financial assets		
	Scrap sales	82,084	60,309
	Sales from scrap raw materials	1,164	12,754
	Gain on disposal of property plant & equipment	4,872	-
	Provisions and accruals no longer required written back	5,679	369
	Dividend from associate	668,000	458,375
	Dividend from subsidiary	125,000	150,000
	Sundries	3,724	1,843
		<u>892,701</u>	<u>687,697</u>

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

31.2 These are interest-based arrangements.

	For the year ended June 30, 2017	For the year ended June 30, 2016
32. Taxation		
Current	1,268,219	528,213
Deferred	(169,940)	126,867
Net tax charged - note 32.1	<u>1,098,279</u>	<u>655,080</u>
32.1 Tax reconciliation		
Profit before taxation	<u>4,394,370</u>	<u>3,498,266</u>
Tax @ 31% (June 30, 2016: 32%)	1,362,254	1,119,445
Effect of credit under section 65B	(130,996)	(355,500)
Effect of change in tax rate on beginning deferred tax liability	(36,694)	(41,612)
Effect of lower rate of dividend income	(162,330)	(137,383)
Others	66,045	70,130
Net tax charged	<u>1,098,279</u>	<u>655,080</u>
Average effective tax rate	<u>24.99%</u>	<u>18.73%</u>
33. Basic and diluted earnings per share (EPS)		
33.1 Continuing operations		
Profit after taxation for the year	<u>3,296,091</u>	<u>2,843,186</u>
	Number of shares	
Weighted average number of ordinary shares outstanding during the year	<u>92,359,050</u>	<u>92,359,050</u>
	PKR	
Basic and diluted earnings per share (EPS)	<u>35.69</u>	<u>30.78</u>

Amounts in PKR '000

	For the year ended June 30, 2017	For the year ended June 30, 2016
34 Cash flows from operating activities		
Profit before taxation	4,394,370	3,498,266
Adjustments for:		
Depreciation and amortisation - note 3.5 and 4.1	2,223,655	1,899,238
Loss / (gain) on disposal of operating fixed assets - note 29 and 31	(4,872)	2,701
Provision for staff retirement benefit plan - note 18.1.1	28,980	25,925
Provision for non-management staff gratuity and eligible retired employees' medical scheme	29,175	32,450
Interest on short-term bank deposits	(198)	(2,067)
Dividend from subsidiary - note 31	(125,000)	(150,000)
Dividend from associate - note 31	(668,000)	(458,375)
Interest expense	385,144	324,229
Provision for doubtful debts - note 41.6	38,846	10,190
Provision for slow moving and obsolete stock-in-trade - note 9.1	63,506	22,254
Provision for slow moving and obsolete stores and spares - note 8.2	-	4,060
Provisions and accruals no longer required written back - note 31	(5,679)	(369)
	<u>6,359,927</u>	<u>5,208,502</u>
Movement in:		
Working capital - note 34.1	(771,585)	(385,950)
Long-term loans	(14,133)	(31,720)
Long-term deposits and prepayments	(5,033)	(2,817)
	<u>5,569,176</u>	<u>4,788,015</u>
34.1 Movement in working capital (Increase) / decrease in current assets		
Stores, spares and consumables	(130,673)	(162,441)
Stock-in-trade	(513,407)	(397,236)
Trade debts	(945,739)	(219,270)
Loans and advances	(47,170)	(67,276)
Trade deposits and short-term prepayments	(162,371)	6,554
Other receivables	(790,117)	184,299
	<u>(2,589,477)</u>	<u>(655,370)</u>
Increase in current liabilities		
Trade and other payables	1,817,892	269,420
	<u>(771,585)</u>	<u>(385,950)</u>

35 Remuneration of chief executive, directors and executives

The amounts charged in the financial statements for the remuneration, including all benefits, to the chief executive, directors and executives of the Company were as follows:

	Chief Executive		Directors		Executives		Total	
	For the year ended June 30, 2017	For the year ended June 30, 2016	For the year ended June 30, 2017	For the year ended June 30, 2016	For the year ended June 30, 2017	For the year ended June 30, 2016	For the year ended June 30, 2017	For the year ended June 30, 2016
Managerial remuneration	52,137	49,844	34,104	32,117	920,399	807,571	1,006,640	889,532
Retirement benefits	8,610	8,197	6,059	5,712	198,946	177,700	213,615	191,609
Group insurance	55	45	55	45	6,847	5,605	6,957	5,695
Rent and house maintenance	1,636	1,096	-	-	269,310	235,874	270,946	236,970
Utilities	1,033	844	-	-	68,106	59,640	69,139	60,484
Medical expenses	210	85	62	335	33,442	48,165	33,714	48,585
	<u>63,681</u>	<u>60,111</u>	<u>40,280</u>	<u>38,209</u>	<u>1,497,050</u>	<u>1,334,555</u>	<u>1,601,011</u>	<u>1,432,875</u>
Number of persons as at the balance sheet date	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>631</u>	<u>574</u>	<u>633</u>	<u>576</u>

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

	For the year ended June 30, 2017	For the year ended June 30, 2016
35.2 Remuneration paid to Chairman during the year:	-	-
35.3 During the year fee paid to non-executive directors for attending board and other meetings, which is not part of remuneration amounts to:	3,313	2,813
	<u>As at and for the year ended June 30, 2017</u>	<u>As at and for the year ended June 30, 2016</u>
35.4 Total number of employees as at the balance sheet date	1,386	1,325
Average number of employees during the year	<u>1,375</u>	<u>1,303</u>

36. Transactions with related parties

The related parties comprise the holding company (Lucky Holdings Limited), the ultimate parent company (Lucky Cement Limited) and related group companies, local associated company, subsidiary company, directors of the Company, companies where directors also hold directorship, key employees (note 35) and staff retirement funds (note 18). Details of transactions with related parties other than those which have been specifically disclosed elsewhere in these unconsolidated financial statements are as follows:

Relationship with the company	Nature of transaction		
Holding Company	Dividend	1,170,969	896,952
	Royalty	254,251	242,679
Subsidiary Companies:			
<i>PowerGen(Pvt.) Ltd.</i>	Purchase of electricity	527,052	456,720
	Sale of goods and material	221	13,825
	Dividend income	125,000	150,000
<i>Cirin Pharmaceutical (Pvt.) Ltd.</i>	Investment in subsidiary	981,300	-
<i>Nutrigo Morinaga (Pvt.) Ltd.</i>	Investment in subsidiary	501,000	-
Associated companies	Purchase of goods, materials and services	118,276	101,833
	Sale of goods and materials	1,424,859	1,477,802
	Dividend received from associate	668,000	458,375
	Reimbursement of expenses	88,272	61,760
	Dividend paid to associates	187,988	143,755
	Donations paid	20,000	-
Key management personnel	Remuneration paid	195,068	182,620
	Post employment benefits	31,159	30,850

37. Plant capacity and annual production

- in metric tonnes except Nutraceuticals which is in packs:

	For the year ended June 30, 2017		For the year ended June 30, 2016	
	Annual Name Plate Capacity	Production	Annual Name Plate Capacity	Production
Polyester	122,250	121,929	122,250	118,859
Soda Ash	350,000	342,416	350,000	337,869
Chemicals - note 37.2	-	14,210	-	12,950
Sodium Bicarbonate	40,000	31,660	40,000	29,330
Nutraceuticals - note 37.2 and 37.3	-	3,018,534	-	836,332

37.1 Out of total production of 342,416 metric tonnes soda ash, 28,495 metric tonnes was transferred for production of 31,660 tonnes of Sodium Bicarbonate.

37.2 The capacity of Chemicals and Nutraceuticals is indeterminable because these are multi-product with multiple dosage and multiple pack size plants.

37.3 Last year includes six month production after commissioning of Nutra plant.

38. Fair value of financial assets and liabilities

The carrying amounts of the financial assets and financial liabilities as at the balance sheet date approximate their fair values.

39. Financial risk management

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

39.1 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.

40. Market risk

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

40.1 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. The Company mitigates its risk against the exposure by focusing on short-term investment and maintaining adequate bank balances. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments were:

	Carrying Amount	
	As at June 30, 2017	As at June 30, 2016
Fixed rate instruments		
Financial assets - note 14	124,350	135,878
Financial liabilities - note 19 and 21	(1,529,818)	(1,675,258)
	<u>(1,405,468)</u>	<u>(1,539,380)</u>
Variable rate instruments		
Financial liabilities - note 19 and 22	(4,691,779)	(4,436,656)
	<u>(4,691,779)</u>	<u>(4,436,656)</u>

Sensitivity analysis for fixed rate instruments

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

Sensitivity analysis for variable rate instruments

If KIBOR had been 1% higher / lower with all other variables held constant, the impact on the profit before tax for the year would have been PKR 46.910 million (June 30, 2016: PKR 44.367 million).

40.2 Foreign currency risk

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

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

	CNY	EURO	USD	GBP	JPY
As at June 30, 2017					
Other receivables	-	990	33,346	-	-
Cash and bank balances	-	-	-	-	-
	-	990	33,346	-	-
Trade and other payables	(606,417)	(158,390)	(2,152,362)	(10,096)	(549)
Gross balance sheet exposure	(606,417)	(157,400)	(2,119,016)	(10,096)	(549)
As at June 30, 2016					
Other receivables	3,583	406	18,944	49	-
Cash and bank balances	-	-	-	-	-
	3,583	406	18,944	49	-
Trade and other payables	-	(140,419)	(1,801,105)	(5,978)	-
Gross balance sheet exposure	3,583	(140,013)	(1,782,161)	(5,929)	-

Significant exchange rates applied during the year were as follows:

	Average rate		Spot rate	
	For the year ended June 30, 2017	For the year ended June 30, 2016	As at June 30, 2017	As at June 30, 2016
Rupees per				
EURO	PKR 114.22	PKR 115.73	PKR 119.63	116.80
USD	104.81	104.35	104.85	104.83
GBP	132.93	155.15	136.24	141.43
CNY	15.39	16.22	15.47	15.78
JPY	0.96	0.89	0.94	1.02

Sensitivity analysis

Every 1% increase or decrease in exchange rate with all other variables held constant will decrease or increase profit before tax for the year by PKR 28.935 million (June 30, 2016: PKR 19.245 million). The following table demonstrates the sensitivity to the change in exchange rates. As at June 30, 2016, if Pak Rupee (PKR) had weakened / strengthened by 1% against other currencies, with all other variables held constant, the effect on the Company profit before tax at June 30, 2017 and June 30, 2016 would be as follows:

	Increase / decrease in exchange rates	Effect on Profit before tax (CNY)	Effect on Profit before tax (EURO)	Effect on Profit before tax (USD)	Effect on Profit before tax (GBP)	Effect on Profit before tax (JPY)
2017						
Pak Rupee	+1%	6,064	1,574	21,190	101	5
Pak Rupee	-1%	(6,064)	(1,574)	(21,190)	(101)	(5)
2016						
Pak Rupee	+1%	(36)	1,400	17,822	59	-
Pak Rupee	-1%	36	(1,400)	(17,822)	(59)	-

41. Credit risk

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

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

	As at June 30, 2017	As at June 30, 2016
41.1 Financial assets		
Long-term investments - note 5	2,453,800	962,500
Long-term loans - note 6	370,465	356,330
Long-term deposits - note 7	30,057	28,209
Trade debts - note 10	2,547,340	1,640,447
Loans and advances - note 11	444,191	391,342
Trade deposits - note 12	147,097	37,796
Other receivables - note 13	571,801	252,374
Bank balances - note 14	136,942	140,574
	6,701,693	3,809,572

41.2 The Company has placed its funds with banks which are rated A1+ by PACRA and A-1+ by JCR-VIS

41.3 Financial assets

- Secured	905,041	838,232
- Unsecured	5,796,652	2,971,340
	<u>6,701,693</u>	<u>3,809,572</u>

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

Not past due	2,534,770	1,855,857
Past due but not impaired:		
Not more than three months	462,100	160,408
Past due and impaired:		
More than three months and not more than six months	36,274	8,805
More than six months and not more than nine months	778	734
More than nine months and not more than one year	20,101	22,545
More than one year	20,309	27,395
	539,562	219,887
Provision for:		
- Doubtful debts - note 10	(82,801)	(43,955)
- Doubtful loans and advances - note 11	-	-
	<u>(82,801)</u>	<u>(43,955)</u>
	<u>2,991,531</u>	<u>2,031,789</u>

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

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

Wholesale customers	73,749	10,962
Retail customers	465,799	172,969
End-user customers	14	35,956
	539,562	219,887
Provision for:		
- Doubtful debts - note 10	(82,801)	(43,955)
- Doubtful loans and advances - note 11	-	-
- Doubtful debts - note 10	(82,801)	(43,955)
	<u>456,761</u>	<u>175,932</u>

41.6 Movement of provision for doubtful debts, loans and advances

	Trade debts	Loans and advances	Total	Total
Balance at the beginning of the year	43,955	-	43,955	40,987
Additional provision - note 28	38,846	-	38,846	10,190
Written off during the year	-	-	-	(7,222)
Balance at the end of the year	<u>82,801</u>	<u>-</u>	<u>82,801</u>	<u>43,955</u>

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

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

41.7 Concentration risk

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

	As at June 30, 2017	As at June 30, 2016
Textile and Chemicals	871,525	475,256
Glass	31,056	63,940
Paper and Board	10,348	32,157
Pharmaceuticals	341,033	235,235
Paints	47,785	36,855
Banks	141,748	146,287
Loans, advances and others	1,772,585	1,232,301
	<u>3,216,080</u>	<u>2,222,031</u>
Provision for:		
- Doubtful debts - note 10	(82,801)	(43,955)
	<u>3,133,279</u>	<u>2,178,076</u>

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

42. Liquidity risk

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

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

	Carrying amount	Contractual cash flows	Less than one year
As at June 30, 2017			
Financial liabilities			
Trade creditors - note 21	2,158,246	(2,158,246)	(2,158,246)
Bills payable - note 21	3,301,165	(3,301,165)	(3,301,165)
Accrued mark-up	102,155	(102,155)	(102,155)
Accrued expenses - note 21	2,500,967	(2,500,967)	(2,500,967)
Technical service fee / royalty - note 21	21,640	(21,640)	(21,640)
Distributors' security deposits - payable on termination of distributorship - note 21	101,657	(108,773)	(108,773)
Contractors' earnest / retention money - note 21	10,572	(10,572)	(10,572)
Unclaimed dividends - note 21	80,568	(80,568)	(80,568)
Payable for capital expenditure - note 21	1,108,733	(1,108,733)	(1,108,733)
Others - note 21	118,359	(118,359)	(118,359)
Long-term loans - note 19	5,553,664	(5,553,664)	(643,718)
Short-term borrowings - note 22	2,118,446	(2,118,446)	(2,118,446)
	<u>17,176,172</u>	<u>(17,183,288)</u>	<u>(12,273,342)</u>

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

	As at June 30, 2016		
Financial liabilities			
Trade creditors - note 21	1,747,144	(1,747,144)	(1,747,144)
Bills payable - note 21	2,556,974	(2,556,974)	(2,556,974)
Accrued mark-up	77,663	(77,663)	(77,663)
Accrued expenses - note 21	1,846,717	(1,846,717)	(1,846,717)
Technical service fee / royalty - note 21	19,778	(19,778)	(19,778)
Distributors' security deposits - payable on termination of distributorship - note 21 & 21.5	101,113	(108,191)	(108,191)
Contractors' earnest / retention money - note 21	10,245	(10,245)	(10,245)
Unclaimed dividends - note 21	70,648	(70,648)	(70,648)
Payable for capital expenditure - note 21	547,635	(547,635)	(547,635)
Others - note 21	140,950	(140,950)	(140,950)
Long-term loan	4,046,369	(4,046,369)	(393,783)
Short-term borrowings - note 22	1,964,433	(1,964,433)	(1,964,433)
	<u>13,129,669</u>	<u>(13,136,747)</u>	<u>(9,484,161)</u>

43. Capital risk management

Amounts in PKR '000

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

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. The Company also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, less cash and bank balances. Capital signifies equity as shown in the balance sheet plus net debt. The gearing ratio as at June 30, 2017 and June 30, 2016 is as follows:

	As at June 30, 2017	As at June 30, 2016
Long-term loans - note 19	5,553,664	4,046,369
Short-term borrowings and running finance - note 22	2,118,446	1,964,433
Total debt	7,672,110	6,010,802
Cash and bank balances - note 14	(141,748)	(146,287)
Net debt	7,530,362	5,864,515
Share capital	923,591	923,591
Capital reserves	309,643	309,643
Unappropriated profit	14,950,666	13,183,294
Equity	16,183,900	14,416,528
Capital	23,714,262	20,281,043
Gearing ratio	31.75%	28.92%

44. Accounting estimates and judgements

Income and sales tax

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

In the case of assessment year 1998-99, the Appellate Tribunal Inland Revenue (The Tribunal) on September 19, 2008 had set aside the assessments made by FBR. The re-assessment was finalized by the department on June 29, 2010 in which the issues pertaining to date of commissioning of PTA's plant & the tax depreciation claimed thereon, restriction of cost of capitalization of PTA plant and addition to income in respect of trial production stocks were decided against the Company. The Company had filed an appeal against the said order before the CIR (Appeals) which was decided on November 24, 2015 in which the issue of date of commissioning of PTA's plant & the tax depreciation claimed thereon and the issue of addition to income in respect of trial production stocks were decided in Company's favour however the issue of restriction of cost of capitalization of PTA plant was decided against the Company. The Company and FBR have filed the appeals on respective matters decided against them in Tribunal the hearing of which is yet to be conducted.

In the case of assessment year 2002-2003, on receipt of notice under section 62 of the Income Tax Ordinance, 1979, the Company had filed a writ petition in the Supreme Court, after it being dismissed by the Sindh High Court on maintainability, challenging FBR's notice which stated that the effective date of PTA's demerger was August 6, 2001 (falling in assessment year 2002-03) rather than the effective date given in the Scheme of Arrangement as October 1, 2000 (which falls in assessment year 2001-02). The notice had raised certain issues relating to vesting of PTA assets by the Company. On March 18, 2015, the Supreme Court has passed an interim order stating that this case has nexus with the case of assessment year 2001-02 and hearing will take place once the High Court decides the case in assessment year 2001-02. The High Court decided the same in favor of the Company and stated that the assessment for AY 2001-2002 is time barred. The department filed an appeal in the Supreme Court against the order of the High Court. On March 13, 2017, the Supreme Court dismissed the appeal of the department pertaining to assessment year 2001-2002 and upheld the directions of the High Court and adjudged the case as being barred by limitation and thereby restoring the position in the original order whereby unabsorbed depreciation was allowed. Further, the Supreme Court gave directions to the company vide its order dated March 14, 2017 to file its reply to the notice dated May 26, 2005 with respect to AY 2002-2003. Thereafter the Company submitted its response to the department in consultation with its external counsel. On May 15, 2017 the DCIR passed its assessment order disallowing depreciation relating to PTA assets, Capital Gain on Transfer of PTA Plant, Capital Gain on exchange of Shares, Financial charges on loans Subordinate to Pakistan PTA, Excess Perquisites, discounts, Interest paid to ICI Japan, Provisions and Write Offs. An appeal with the CIR has been filed by the company against the said order. This appeal is still pending. Further, the Company filed an appeal in the Sindh High Court against the said order which has granted stay against the said order.

Depreciation relating to PTA assets pertaining to AY 2001-02 was absorbed against tax payable in AY 2002-03 to 2010. As a result of order dated May 15, 2017 for the AY 2002-2003 whereby a certain portion of the said depreciation was disallowed, ACIR on June 15, 2017 issued orders for the Tax Years 2003, 2004, 2005, 2006, 2007, 2008, 2009 and 2010 whereby the spillover impact of the disallowed depreciation was taken. This resulted in tax payable by the company for the Tax Years 2008, 2009 and 2010. An appeal with the CIR has been filed by the company against the said order. This appeal is still pending. Further, the Company filed an appeal in the Sindh High Court against the said order which has granted stay against the said order.

In the case of Tax Years 2003, 2004, 2005, 2006, 2007, 2008, 2009 and 2010, FBR had made disallowances on the matters related to provisions charged under various heads, financial charges, gain on disposal of fixed assets, exchange loss, proration of expenses against capital gains and interest free loans offered to employees. The CIR (Appeals) has allowed all the issues in Tax Years 2003 to 2010 in Company's favor (except 2 issues in tax year 2003 and 2010) against which appeals have been filed by FBR in the Tribunal. Out of the 2 issues which were not decided in Company's favor, one relates to disallowance of financial charges in tax year 2003 which has now been decided in company's favor in the order dated June 15, 2017, whereby with respect to issue pertaining to tax year 2010, we have filed an appeal in the Tribunal against CIR (Appeals)'s decision.

The Additional Commissioner Inland Revenue (ACIR) through its order dated June 07, 2012 disallowed tax loss on disposal of fixed assets on the grounds that the same were sold through negotiations and not through auction as required by law. ICI filed an appeal against the said order with the Commissioner Inland Revenue (CIR), who decided the appeal in company's favor. Consequently the ACIR being dissatisfied with the CIR order filed an appeal with the ATIR. ATIR through his order dated December 01, 2016 decided the matter against ICI. ICI had filed an appeal in the High Court against the said order, the hearing of which is yet to be conducted.

Availing the exemption as per clause 103 A, Part 1, 2nd Schedule of Income Tax Ordinance 2001 on inter-corporate dividend paid to Group Company entitled to Group Relief under section 59 B of the Income Tax Ordinance 2001, ICI disbursed the dividend without tax deduction to Lucky Holdings for dividends announced on 27th August, 2015 and on 19th February, 2016. However, Federal Board of Revenue not being satisfied, through an Order dated 2nd September, 2016, has called for the deposit of tax on such dividends along with penalties and additional tax. The Company filed an appeal against the said order in the High Court which has granted a stay against the said order. The Company is confident that there is no merit in this claim of FBR

In course of conducting a sales tax audit for the period July 2012 to June 2013, DCIR of FBR raised certain issues with respect to exemption and zero-rating / reduced rate benefit available to the Company on its sales. On September 12, 2014 the Company received an order in which demand of PKR 952 million was raised. An appeal was filed with CIR(A) which was decided against the Company however directions were given to DCIR to amend the original order if the returns are revised by the Company subject to approval of FBR itself. The application for revision of return filed by the Company is pending with FBR. The Company being aggrieved has filed a suit in the Sindh High Court for relief in which the Court has granted ad-interim relief till the next date of hearing which is yet to take place. The Company is confident that there is no merit in this claim of FBR regarding revenue loss and hence, considering no probability that the case would be decided against the Company, no provision in respect of this has been made in these financial statements.

Pension and Gratuity

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

Property, plant and equipment

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

45. Standards, amendments and interpretations adopted during the year

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

45.1 New standards

The Company has adopted the following revised standards and amendments of IFRSs which became effective for the current year:

IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements: Investment Entities: Applying the Consolidation Exception (Amendment)
 IFRS 11 - Joint Arrangements: Accounting for Acquisition of Interest in Joint Operation (Amendment)
 IFRS 1 - Presentation of Financial Statements: Disclosure Initiative (Amendment)
 IAS 16 - Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Method of Depreciation and Amortization (Amendment)
 IAS 16 - Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)
 IAS27 - Separate Financial Statements: Equity Method in Separate Financial Statements (Amendment)

Annual improvements to IFRSs 2012-2014 Cycle

IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal
 IFRS 7 - Financial Instruments: Disclosures - Servicing contracts
 IFRS 7 - Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements
 IAS 19 - Employee Benefits - Discount rate: regional market issue
 IAS 34 - Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above revised standards, amendments and improvements does not have any material effect on these financial statements.

Standards, amendments and improvements to approved accounting standards that are not yet effective

The following revised standards, amendments and improvements with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 2 – Classification and Measurement of Share Based Payment Transactions (Amendment)	January 01, 2018
IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Yet not finalised
IAS 7 - Financial Instruments: Disclosures - Disclosure Initiative (Amendment)	01 January 2017
IAS 12 – Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	January 01, 2017
IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance	January 01, 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	January 01, 2018
IFRIC 23 - Uncertainty over Income tax treatment	January 01, 2019

The Company expects that the adoption of the above standards and amendments will not have any material impact on the Company's financial statements in the period of initial application.

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

Standard or Interpretation	IASB effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2018
IFRS 15 – Revenue from Contracts with Customers	January 01, 2018
IFRS 16 – Leases	January 01, 2019
IFRS 17 - Insurance Contracts	January 01, 2021
The Group expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.	

46 Post balance sheet events - dividends

The Directors in their meeting held on July 28, 2017 have recommended a final dividend of PKR 10 per share (June 30, 2016: PKR 9.00 per share) in respect of year ended June 30, 2017. This dividend is in addition to interim dividend paid of PKR 8.00 per share during the current year. The unconsolidated financial statements for the year ended June 30, 2017 do not include the effect of the final dividend which will be accounted for in the year in which it is approved.

47 Date of authorisation

These financial statements were authorised for issue in the Board of Directors meeting held on July 28, 2017.

48. General

48.1 Corresponding figures have also been rearranged and reclassified, wherever necessary, for better presentation. However, there has been no material reclassification to report.

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

Muhammad Sohail Tabba
Chairman / Director

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer