



ICI Pakistan Limited is now part of the AkzoNobel Group

# Climate of change

**ICI Pakistan Limited**  
**Report for the Quarter &**  
**Six Months Ended June 30, 2009**



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**Contents****ICI Pakistan Limited**

Company Information	1
Report of the Directors	2
Independent Report on Review of Condensed Interim Unconsolidated Financial Information to the members of ICI Pakistan Limited	6
Condensed Interim Unconsolidated Balance Sheet	7
Condensed Interim Unconsolidated Profit and Loss Account	8
Condensed Interim Unconsolidated Statement of Comprehensive Income	10
Condensed Interim Unconsolidated Cash Flow Statement	11
Condensed Interim Unconsolidated Statement of Changes in Equity	12
Notes to the Condensed Interim Unconsolidated Financial Information	13

**Condensed Interim Consolidated  
Financial Information**

Report of the Directors for ICI Pakistan Group	20
Condensed Interim Consolidated Balance Sheet	21
Condensed Interim Consolidated Profit and Loss Account	22
Condensed Interim Consolidated Statement of Comprehensive Income	24
Condensed Interim Consolidated Cash Flow Statement	25
Condensed Interim Consolidated Statement of Changes in Equity	26
Notes to the Condensed Interim Consolidated Financial Information	27

## Company Information

### Board of Directors

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

### Audit & Remuneration Sub Committees of the Board

#### Audit Sub Committee

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

#### Remuneration Sub Committee

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

### Chief Financial Officer

Feroz Rizvi

### Company Secretary

Nasir Jamal

### Executive Management Team

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

### Bankers

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

### Auditors

#### Internal Auditors

Ford Rhodes Sidat Hyder & Co.,  
Chartered Accountants

#### External Auditors

KPMG Taseer Hadi & Co.,  
Chartered Accountants

### Registered Office

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

### Shares Registrar

M/s. FAMCO Associates (Pvt) Ltd  
(Formerly Ferguson Associates (Pvt) Ltd)  
1st Floor, State Life Building 1-A  
I. I. Chundrigar Road, Karachi  
Tel : (021) 2427012, 2426597, 2425487  
Fax : (021) 2426752

\* names in alphabetical order

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## **Report of the Directors For the Quarter & Half Year Ended June 30, 2009**

The Directors are pleased to present their report together with the un-audited financial statements of the Company for the first six months ended June 30, 2009.

There was no lost time injury to any employee and supervised contractor during the first half 2009. Regrettably, there was a fatality to an independent contractor who happened to be near the bomb blast site in Lahore on May 27, 2009. This incident also resulted in a medical injury to a supervised contractor. Full compliance was achieved with the environmental and health standards as well as regulations during the first half 2009.

Continued power shortage, security unrest and economic slowdown affected industrial production in the country, which contracted by around 8% in FY09. This, and a considerably subdued activity in the construction and housing sectors, affected sales volumes in our Soda Ash, Paints and Chemicals Businesses. However, volumes in our Polyester Business held up due to shut down of a competitor's plant. In the Life Sciences Business volumes were up in all segments except seeds (sunflower). Unit margins for the first half were better than the corresponding period last year across all Businesses except Life Sciences.

As explained in note 13 of the accounts, the Company, as part of its administrative control procedure implemented a number of senior management changes. Subsequently, in April 2009 it was observed that isolated management practices and dealings in the Decorative segment of the Paints Business seemed to be at variance with the Company's approved policies and procedures. This information was communicated to the Board of ICI Pakistan who instituted a detailed review by the Company's internal auditors, Ford Rhodes Sidat Hyder and Co.; Chartered Accountants. These practices were mainly related to obligations and commitments made in the market, which were not properly recorded. The financial impact of these practices mainly relates to 2008 and such practices have now been brought in conformity with the Company's policies and procedures.

While the detailed review by Ford Rhodes Sidat Hyder & Co.; Chartered Accountants is currently in progress, the Board of Directors have decided to make a full provision in respect of these obligations and commitments. The provisions have been accounted for in accordance with the IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

The Company's profit before and after taxation for the second quarter was up by 25% and 32% respectively compared with the restated figures of the corresponding period last year. For the first half profit before and after tax was also higher by 12% and 16% respectively compared with the restated figures of the same period last year. On Group basis (including the results of the wholly owned subsidiary, ICI Pakistan PowerGen Limited) profit after tax for the first half was 40% higher compared with the restated figures of the corresponding period last year.

### **INTERIM DIVIDEND**

The Board has approved an interim dividend in respect of the financial year ending December 31, 2009 at the rate of 35% i.e., Rs 3.50/- per share of Rs 10/- each on the issued and paid up share capital of Rs 1,388,023,000.

### **BOARD CHANGES**

Mr Derek Walter Welch was appointed as a Director of ICI Pakistan Limited in place of Mr Muhammad Zahir who took an early retirement on medical grounds. Mr Welch's appointment was effective from June 3, 2009 for the remainder of the term to expire on April 28, 2011.

### **FINANCIAL PERFORMANCE**

Summary of financial results for the second quarter and first half 2009 is given below:

## Report of the Directors For the Quarter & Half Year Ended June 30, 2009

ICI Pakistan Limited						
	Amounts in Rs Million					
	Q2 '09	Q2 '08*	Increase/ (Decrease)	H1 '09	H1 '08*	Increase/ (Decrease)
Net Sales Income	7,162.9	7,432.0	(4)%	13,885.7	13,976.2	0%
Gross Profit	1,556.7	1,479.6	5%	2,686.8	2,687.1	0%
Operating Result	934.5	889.6	5%	1,499.5	1,554.7	(4)%
Profit Before Tax	998.7	797.4	25%	1,524.2	1,361.6	12%
Profit After Tax	682.8	516.6	32%	1,025.5	881.3	16%
Earning Per Share (Rs)	4.92	3.72	32%	7.39	6.35	16%

\* 2008 restated figures

Group Basis (includes ICI Pakistan PowerGen Limited)						
	Amounts in Rs Million					
	Q2 '09	Q2 '08*	Increase/ (Decrease)	H1 '09	H1 '08*	Increase/ (Decrease)
Net Sales Income	7,137.9	7,422.2	(4)%	13,840.1	13,957.2	0%
Gross Profit	1,583.5	1,422.1	11%	2,732.3	2,560.3	7%
Operating Result	961.2	830.2	16%	1,544.9	1,425.3	8%
Profit Before Tax	1,006.3	726.2	39%	1,531.1	1,216.0	26%
Profit After Tax	690.4	445.7	55%	1,032.4	735.7	40%
Earning Per Share (Rs)	4.97	3.21	55%	7.44	5.30	40%

\* 2008 restated figures

### Polyester Staple Fibre (PSF)

	Q2 2009	Improvement/ (Decline)*	H1 2009	Improvement/ (Decline)*
Operating Result - Rs Million	414.8	103%	530.4	22%
Sales Volume - Tonnes	31,797	0%	64,039	3%
Production Volume - Tonnes	31,745	2%	62,274	(2)%

\*Compared with the same period last year

During the quarter, prices of crude oil and its derivatives including PTA and MEG softened compared with the same period last year.

Domestic PSF market in the outgoing quarter contracted by 20% compared with corresponding period last year on account of falling exports, migration to cotton and closure of downstream mills driven by liquidity crunch and severe power outages.

Despite difficult market conditions, the Business managed to maintain its sales volume against the second quarter last year and increased it by 3% compared with the first half 2008 primarily due to closure of production facilities at one of the major competitors.

Despite increase in the energy cost and reduction in PSF prices to maintain the regional parity, operating result of the Business for the second quarter and first half 2009 was up by 103% and 22% respectively compared with the corresponding periods last year on account of better unit margins led by raw material and energy efficiencies.

### Soda Ash

	Q2 2009	Improvement/ (Decline)*	H1 2009	Improvement/ (Decline)*
Operating Result - Rs Million	311.3	(19)%	490.7	(3)%
Sales Volume - Tonnes				
Soda Ash & Sodium Bicarbonate	67,035	(6)%	123,835	(6)%
Production Volume - Tonnes				
Soda Ash & Sodium Bicarbonate	66,627	(6)%	122,893	(7)%

\*Compared with the same period last year

The global soda ash market continued to remain in an oversupply situation with weak downstream demand from major consuming segments under the prevailing global economic slowdown.

## Report of the Directors For the Quarter & Half Year Ended June 30, 2009

This led to intense competition and price war among major international manufacturers, who in an attempt to liquidate inventories are focusing on export opportunities.

The domestic soda ash market remained depressed due to security unrest and energy shortages, which continued to affect the downstream industrial demand. Consequently, the expanded plant was operated at a reduced level of 65% - 75% during the quarter. Sales volume for the second quarter and first half was lower than the comparable periods last year both by 6%.

Unit margins in our Business for the second quarter were lower than the same period last year though for the first half were higher by 3% compared with the corresponding period last year.

With lower volumes, operating result for the second quarter and first half was 19% and 3% lower compared with the corresponding periods last year.

### Paints

	Q2 2009	Improvement/ (Decline)*	H1 2009	Improvement/ (Decline)*
<b>Operating Result - Rs Million</b>	75.3	(48)%	187.9	(20)%
<b>Sales Volume - Kilolitres</b>	7,961	(35)%	17,437	(21)%
<b>Production Volume - Kilolitres</b>	8,005	(35)%	17,825	(19)%

*\*Compared with the same period last year*

Sharp slowdown in construction, housing, industrial and automotive sectors as well as security issues severely impacted demand and consumers' spend behaviour. Consequently, sales volumes in the Decorative segment were lower than the second quarter and first half last year. Volumes in the Industrial segment remained affected on account of decline in car and motorcycle production whereas slowdown and liquidity issues primarily at the Sales Service & Spares (SSS) dealers continued to adversely affect volume growth in the Refinish segment. As a result, overall sales volume for the second quarter and first half 2009 was lower by 35% and 21% respectively compared with the corresponding periods last year.

As mentioned earlier, the profit & loss account for the six months to June 2008 has been restated to account for certain obligations & commitments in the Decorative segment pertaining to that period not correctly reflected in the figures reported earlier.

Unit margins were higher compared with the second quarter last year however, the margin growth was not sufficient to offset the impact of lower volumes. As a result, gross profit for the second quarter was down by 20% on a comparable basis. Lower gross profit coupled with higher spend on advertising, channel modernization to set new standards for customer service and sustain demand generating activities, resulted in an operating result of Rs 75.3 million for the second quarter which was 48% lower than the corresponding period last year. For the first six months operating result was down by 20% on a comparable basis.

### Life Sciences

	Q2 2009	Improvement/ (Decline)*	H1 2009	Improvement/ (Decline)*
<b>Operating Result - Rs Million</b>	66.7	(0) %	175.7	(29)%
<b>Turnover - Rs Million</b>	825.8	24%	1,791.3	11%

*\*Compared with the same period last year*

All the segments posted double-digit growth in sales volumes compared with the second quarter 2008. For the first half Pharmaceutical and Animal Health segments posted a growth whereas, Seeds segment (sunflower) volumes declined by 27% as farmers opted for wheat due to higher support price offered by the Government of Pakistan. In addition, the decline in the international edible oil prices also constrained our ability to increase selling prices of sunflower seed.

Operating result for the second quarter at Rs 66.7 million was at par with the same period last year. However, for the first half at Rs 175.7 million it was lower than the corresponding period last year by 29% as unit margins declined due to depreciation of the Pak rupee, which increased the cost of sales with no corresponding increase available in selling prices.

## Report of the Directors For the Quarter & Half Year Ended June 30, 2009

### Chemicals

	Q2 2009	Improvement/ (Decline)*	H1 2009	Improvement/ (Decline)*
<b>Operating Result - Rs Million</b>	66.4	(23)%	114.8	(15)%
<b>Sales Volume - Tonnes</b>	4,764	(35)%	8,694	(27)%
<b>Production Volume - Tonnes **</b>	2,576	(22)%	4,408	(25)%

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

The Business faced a difficult time due to lower sales volumes, as demand remained weak in the automotive and appliances sectors, which adversely affected volumes of the Polyurethane segment.

Unit margins improved on account of appropriate increase in selling prices. However, this was not sufficient to offset the impact of lower volumes. Resultantly, operating result for the second quarter and first half was below the comparable periods last year by 23% and 15% respectively.

### PROFITABILITY & FINANCE

As explained earlier and comprehensively mentioned under note 13 of the accounts, six months to June 2008 results have been restated.

Weak demand on account of economic slowdown, power outages and security unrest impacted demand leading to lower sales volume. Though volumes were down but higher unit margins in the Polyester, Paints and Chemicals Businesses as well as lower selling and administration expenses led to 5% growth in operating result for the second quarter compared with the same period last year. For the first six months operating result was down by 4%.

Profit before and after tax for the second quarter was 25% and 32% higher than the corresponding period last year. For the first half it was higher by 12% and 16% respectively compared with the corresponding period last year.

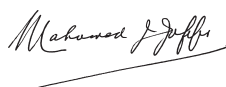
Earning per share for the second quarter and first half was up by 32% and 16% respectively over the corresponding periods last year.

As reported in the previous years, the tax department had re-opened the Company's assessment for the year 2001-2002 on the issue of de-merger of PTA. This was challenged by the Company in the Sindh High Court, which upheld its earlier decision that assessments finalized before June 30, 2002 cannot be re-opened retrospectively. The department filed an appeal in the Supreme Court against that decision. Whilst our case is pending, the Supreme Court in similar appeals has upheld the High Court's decision.

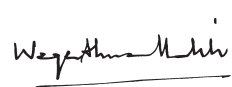
### FUTURE OUTLOOK

The declining trend in the benchmark lending rate and the prospect of a positive outlook on inflation is expected to partially revive the economic activity in the country. Your Company in this difficult business environment will continue to focus on reducing costs and improving efficiencies.

The improving macro economic indicators show a positive outlook for GDP growth rate in the medium term. However in the immediate short term, Q3 2009 outlook continues to be difficult due to weak demand, high inflation, severe energy shortages and security issues.



M J Jaffer  
Chairman



Waqar A Malik  
Chief Executive

Date: August 27, 2009  
Karachi



## **Auditors' Report to Members on Review of Interim Financial Information**

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of ICI Pakistan Limited ("the Company") as at 30 June 2009 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the six months period then ended (interim financial information). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

We draw attention to note 13 to the financial statements that describes the provision made by the Company for obligations and other commitments made in the market, which were not properly recorded.

The figures for the quarter ended 30 June 2009 in the condensed interim profit and loss account have not been reviewed and we do not express a conclusion on them.

Date: 27 August 2009  
Karachi

*KPMG Taseer Hadi & Co.*  
KPMG Taseer Hadi & Co.  
Chartered Accountants  
Syed Iftikhar Anjum

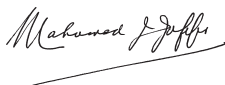
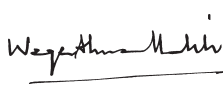


## Condensed Interim Unconsolidated Balance Sheet (Unaudited) As at June 30, 2009

Amounts in Rs '000

Note	30 June 2009	31 December 2008 (Restated)	31 December 2007 (Restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	9,363,334	9,353,769
Intangible asset		-	7,700
		<u>9,363,334</u>	<u>9,361,469</u>
Long-term investments	3	712,500	712,500
Long-term loans	4	313,811	330,605
Long-term deposits and prepayments		37,639	30,684
Deferred tax asset - net		-	-
		<u>1,063,950</u>	<u>1,073,789</u>
		<u>10,427,284</u>	<u>10,435,258</u>
<b>Current assets</b>			
Stores and spares		557,074	538,540
Stock-in-trade	5	2,724,271	2,951,956
Trade debts		1,449,733	806,612
Loans and advances	6	230,606	193,254
Trade deposits and short-term prepayments		337,707	404,662
Other receivables		538,023	749,388
Taxation recoverable		499,703	419,934
Cash and bank balances		2,573,590	1,971,081
		<u>8,910,707</u>	<u>8,035,427</u>
		<u>19,337,991</u>	<u>18,470,685</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorised capital 1,500,000,000 (31 December 2008: 1,500,000,000) ordinary shares of Rs 10 each		15,000,000	15,000,000
Issued, subscribed and paid-up capital 138,802,300 (31 December 2008: 138,802,300) ordinary shares of Rs 10 each		1,388,023	1,388,023
Capital reserves		465,845	465,845
Unappropriated profit		11,079,955	10,594,258
<b>Total Equity</b>		<u>12,933,823</u>	<u>12,448,126</u>
<b>Surplus on Revaluation of Property, Plant and Equipment</b>		947,417	962,795
			1,012,167
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provisions for non-management staff gratuity and eligible retired employees' medical scheme		164,369	142,250
Deferred tax liability - net		930,981	470,704
		<u>1,095,350</u>	<u>612,954</u>
<b>Current liabilities</b>			
Short-term financing	7	38,091	-
Trade and other payables		4,323,310	4,446,810
		<u>4,361,401</u>	<u>4,446,810</u>
<b>Contingencies and Commitments</b>	8		6,263,805
<b>Total Equity and Liabilities</b>		<u>19,337,991</u>	<u>18,470,685</u>

The annexed notes from 1 to 18 form an integral part of the condensed interim unconsolidated financial information.


M J Jaffer  
Chairman / Director

Waqar A Malik  
Chief Executive

Feroz Rizvi  
Chief Financial Officer

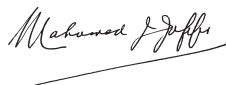
## Condensed Interim Unconsolidated Profit and Loss Account (Unaudited) For the Six Months Period Ended June 30, 2009

	Polyester				Soda Ash				Paints			
	For the 3 months ended 30 June 2009	For the 6 months ended 30 June 2009	For the 3 months ended 30 June 2008	For the 6 months ended 30 June 2008	For the 3 months ended 30 June 2009	For the 6 months ended 30 June 2009	For the 3 months ended 30 June 2008	For the 6 months ended 30 June 2008	For the 3 months ended 30 June 2009	For the 6 months ended 30 June 2009	For the 3 months ended 30 June 2008 (Restated)	For the 6 months ended 30 June 2008 (Restated)
<b>Turnover - note 9</b>	<b>3,353,453</b>	<b>6,398,934</b>	<b>3,429,458</b>	<b>6,489,763</b>	<b>1,672,744</b>	<b>3,136,039</b>	<b>1,602,805</b>	<b>2,888,881</b>	<b>1,519,540</b>	<b>3,179,523</b>	<b>1,950,619</b>	<b>3,490,582</b>
Sales tax	-	-	-	-	270,093	517,282	256,231	460,069	200,059	412,269	240,296	429,038
Excise duty	-	-	-	-	13,154	25,195	13,143	23,579	12,258	25,226	15,661	27,945
Commission and discounts to distributors and customers	1,402	21,341	29,534	49,684	13,594	18,730	31,477	50,446	238,014	520,954	316,203	520,906
Net sales, commission and toll income	<b>3,352,051</b>	<b>6,377,593</b>	<b>3,399,924</b>	<b>6,440,079</b>	<b>1,375,903</b>	<b>2,574,832</b>	<b>1,301,954</b>	<b>2,354,787</b>	<b>1,069,209</b>	<b>2,221,074</b>	<b>1,378,459</b>	<b>2,512,693</b>
Cost of sales - note 9 and 10	<b>2,884,789</b>	<b>5,734,566</b>	<b>3,149,011</b>	<b>5,913,079</b>	<b>974,713</b>	<b>1,935,439</b>	<b>843,839</b>	<b>1,693,615</b>	<b>727,283</b>	<b>1,506,858</b>	<b>950,443</b>	<b>1,776,906</b>
<b>Gross profit</b>	<b>467,262</b>	<b>643,027</b>	<b>250,913</b>	<b>527,000</b>	<b>401,190</b>	<b>639,393</b>	<b>458,115</b>	<b>661,172</b>	<b>341,926</b>	<b>714,216</b>	<b>428,016</b>	<b>735,787</b>
Selling and distribution expenses	15,362	26,127	14,939	31,893	35,484	48,691	19,178	48,194	179,394	368,674	155,384	284,788
Administration and general expenses	37,121	86,486	31,482	62,037	54,417	99,962	53,245	109,648	87,240	157,628	126,641	217,284
<b>Operating result</b>	<b>414,779</b>	<b>530,414</b>	<b>204,492</b>	<b>433,070</b>	<b>311,289</b>	<b>490,740</b>	<b>385,692</b>	<b>503,330</b>	<b>75,292</b>	<b>187,914</b>	<b>145,991</b>	<b>233,715</b>
Financial charges												
Workers' profit participation fund												
Workers' welfare fund												
Other operating charges												
Other operating income												
<b>Profit before taxation</b>												
Taxation - note 11												
<b>Profit after taxation</b>												
<b>Earning per share - Basic and Diluted</b>												

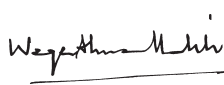
The annexed notes from 1 to 18 form an integral part of the condensed interim unconsolidated financial information.

## Condensed Interim Unconsolidated Profit and Loss Account (Unaudited) For the Six Months Period Ended June 30, 2009

Life Sciences				Chemicals				Company							
For the 3 months ended 30 June 2009	For the 6 months ended 30 June 2009	For the 3 months ended 30 June 2008	For the 6 months ended 30 June 2008	For the 3 months ended 30 June 2009	For the 6 months ended 30 June 2009	For the 3 months ended 30 June 2008	For the 6 months ended 30 June 2008	For the 3 months ended 30 June 2009	For the 6 months ended 30 June 2009	For the 3 months ended 30 June 2008 (Restated)	For the 6 months ended 30 June 2008 (Restated)				
825,825	1,791,284	663,471	1,618,099	845,423	1,542,425	1,033,906	1,729,576	8,132,807	15,880,554	8,527,819	15,935,647				
-	-	-	-	82,311	146,989	79,011	138,786	552,463	1,076,540	575,538	1,027,893				
-	-	-	-	2,282	3,976	1,993	3,638	27,694	54,397	30,797	55,162				
78,475	196,112	70,678	186,386	58,310	106,824	41,610	69,003	389,795	863,961	489,502	876,425				
78,475	196,112	70,678	186,386	142,903	257,789	122,614	211,427	969,952	1,994,898	1,095,837	1,959,480				
747,350	1,595,172	592,793	1,431,713	702,520	1,284,636	911,292	1,518,149	7,162,855	13,885,656	7,431,982	13,976,167				
534,482	1,143,229	404,221	925,142	569,057	1,046,464	757,301	1,261,661	5,606,146	11,198,905	5,952,375	11,289,149				
212,868	451,943	188,572	506,571	133,463	238,172	153,991	256,488	1,556,709	2,686,751	1,479,607	2,687,018				
100,195	200,199	98,019	200,992	34,964	63,319	34,645	62,412	365,399	707,010	322,165	628,279				
45,939	76,082	23,506	56,777	32,101	60,049	32,928	58,281	256,818	480,207	267,802	504,027				
66,734	175,662	67,047	248,802	66,398	114,804	86,418	135,795	934,492	1,499,534	889,640	1,554,712				
42,764	77,183	82,073	182,406	52,570	80,439	41,879	71,663	20,322	31,107	16,187	27,614				
8,643	16,191	8,041	17,731	124,299	204,920	148,180	299,414	188,496	229,619	55,959	106,294				
998,689	1,524,233	797,419	1,361,592	315,878	498,705	280,769	480,317	682,811	1,025,528	516,650	881,275				
(Rupees)				(Rupees)											
4.92				7.39				3.72				6.35			



M J Jaffer  
Chairman / Director



Waqar A Malik  
Chief Executive



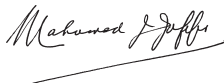
Feroz Rizvi  
Chief Financial Officer

**Condensed Interim Unconsolidated  
Statement of Comprehensive Income (Unaudited)  
For the Six Months Period Ended June 30, 2009**

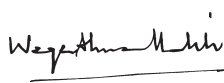
Amounts in Rs '000

	For the 3 months ended 30 June 2009	For the 6 months ended 30 June 2009	For the 3 months ended 30 June 2008 (Restated)	For the 6 months ended 30 June 2008 (Restated)
<b>Profit for the period</b>	<b>682,811</b>	<b>1,025,528</b>	516,650	881,275
<b>Other comprehensive income</b>	-	-	-	-
<b>Total Comprehensive income for the period</b>	<b>682,811</b>	<b>1,025,528</b>	516,650	881,275

The annexed notes from 1 to 18 form an integral part of the condensed interim unconsolidated financial information.



M J Jaffer  
Chairman / Director



Waqar A Malik  
Chief Executive



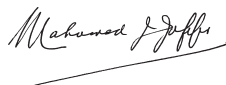
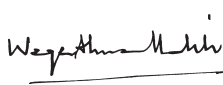
Feroz Rizvi  
Chief Financial Officer

## Condensed Interim Unconsolidated Cash Flow Statement (Unaudited) For the Six Months Period Ended June 30, 2009

Amounts in Rs '000

	30 June 2009	30 June 2008 (Restated)
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	1,524,233	1,361,592
Adjustments for:		
Depreciation and amortisation	421,058	405,516
Gain on disposal of property, plant and equipment	(4,309)	(6,270)
Provision for non-management staff gratuity and eligible retired employees' medical scheme	27,169	12,093
Mark-up on bank deposits and loan to subsidiary	(59,565)	(71,388)
Interest / mark-up expense	46,745	62,667
	<u>1,955,331</u>	<u>1,764,210</u>
Movement in:		
Working capital	(180,369)	(2,172,164)
Long-term loans	16,794	(5,704)
Long-term deposits and prepayments	(6,955)	3,041
Cash generated from / (used in) operations	<u>1,784,801</u>	<u>(410,617)</u>
Payments for :		
Non-management staff gratuity and eligible retired employees' medical scheme	(5,050)	(6,176)
Taxation	(118,197)	(82,951)
Net cash generated from / (used in) operating activities	<u>1,661,554</u>	<u>(499,744)</u>
<b>Cash Flows from Investing Activities</b>		
Payments for capital expenditure	(505,033)	(557,622)
Proceeds from disposal of property, plant and equipment	9,018	8,320
Profit / mark-up received	61,593	74,227
Loan / running finance facility to subsidiary company - net	(52,000)	(200,000)
Long term investments	-	(130,000)
Net cash used in investing activities	<u>(486,422)</u>	<u>(805,075)</u>
<b>Cash Flows from Financing Activities</b>		
Interest / mark-up	(55,505)	(22,844)
Dividend paid	(555,209)	(485,809)
Net cash used in financing activities	<u>(610,714)</u>	<u>(508,653)</u>
Net increase / (decrease) in cash and cash equivalents	<u>564,418</u>	<u>(1,813,472)</u>
Cash and cash equivalents at 1 January	<u>1,971,081</u>	<u>3,615,056</u>
<b>Cash and cash equivalents at 30 June</b>	<u><u>2,535,499</u></u>	<u><u>1,801,584</u></u>
<b>Movement in Working Capital</b>		
<b>(Increase) / decrease in current assets</b>		
Stores and spares	(18,534)	(41,947)
Stock-in-trade	227,685	(617,335)
Trade debts	(643,121)	(547,862)
Loans and advances	14,648	(23,634)
Trade deposits and short-term prepayments	66,955	(88,488)
Other receivables	209,337	(27,697)
	<u>(143,030)</u>	<u>(1,346,963)</u>
<b>(Decrease) in current liability</b>		
Trade and other payables	(37,339)	(825,201)
	<u>(180,369)</u>	<u>(2,172,164)</u>
<b>Cash and cash equivalents at 30 June comprise of:</b>		
Cash and bank balances	2,573,590	1,994,229
Running finances utilised under mark-up arrangements	(38,091)	(192,645)
	<u>2,535,499</u>	<u>1,801,584</u>

The annexed notes from 1 to 18 form an integral part of the condensed interim unconsolidated financial information.


M J Jaffer  
Chairman / Director

Waqar A Malik  
Chief Executive

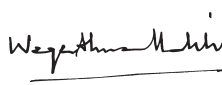
Feroz Rizvi  
Chief Financial Officer

## Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited) For the Six Months Period Ended June 30, 2009

Amounts in Rs '000

	Issued, subscribed and paid-up share capital	Capital reserves	Unappropriated profit	Total
<b>Balance as on 1 January 2008 as previously reported</b>	<b>1,388,023</b>	<b>465,845</b>	<b>9,544,582</b>	<b>11,398,450</b>
Effect of restatement as referred in note 13.3	-	-	(29,620)	(29,620)
<b>Balance as on 1 January 2008 as restated</b>	<b>1,388,023</b>	<b>465,845</b>	<b>9,514,962</b>	<b>11,368,830</b>
<b>Changes in equity for 2008</b>				
Final dividend for the year ended 31 December 2007 @ Rs 3.50 per share	-	-	(485,808)	(485,808)
Total comprehensive income for the six months ended 30 June 2008	-	-	881,275	881,275
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred taxation	-	-	33,126	33,126
	-	-	914,401	914,401
<b>Balance as on 30 June 2008 as restated</b>	<b>1,388,023</b>	<b>465,845</b>	<b>9,943,555</b>	<b>11,797,423</b>
Interim dividend for the year 2008 @ Rs 2.50 per share	-	-	(347,006)	(347,006)
Total comprehensive income for the six months ended 31 December 2008	-	-	981,463	981,463
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred taxation	-	-	16,246	16,246
	-	-	997,709	997,709
<b>Balance as on 31 December 2008 as restated</b>	<b>1,388,023</b>	<b>465,845</b>	<b>10,594,258</b>	<b>12,448,126</b>
<b>Changes in equity for 2009</b>				
Final dividend for the year ended 31 December 2008 @ Rs 4.00 per share	-	-	(555,209)	(555,209)
Total comprehensive income for the six months ended 30 June 2009	-	-	1,025,528	1,025,528
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred taxation	-	-	15,378	15,378
	-	-	1,040,906	1,040,906
<b>Balance as on 30 June 2009</b>	<b>1,388,023</b>	<b>465,845</b>	<b>11,079,955</b>	<b>12,933,823</b>

The annexed notes from 1 to 18 form an integral part of the condensed interim unconsolidated financial information.


M J Jaffer  
Chairman / Director

Waqar A Malik  
Chief Executive

Feroz Rizvi  
Chief Financial Officer

## Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the Six Months Period Ended June 30, 2009

Amounts in Rs '000

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

1.1 The accounting policies and methods of computation adopted for the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of the financial statements for the preceding year ended 31 December 2008, except amendments in International Accounting Standard 1 (Revised) "Presentation of financial statements", IFRS 8 "Operating Segments", IFRIC 13 "Customer Loyalty Programmes" which became effective for financial periods beginning on or after 1 January 2009. The adoption of standards has not materially affected the computation of the result except certain increased disclosures including the statement of other comprehensive income which has been reflected in the Company's financial statements.

1.2 The Company has restated certain prior period information in accordance with the requirements of IAS -8 "Accounting policies, changes in accounting estimates and errors". The resulting adjustments have been shown in note 13.

### 2. PROPERTY, PLANT AND EQUIPMENT

	30 June 2009	31 December 2008
Operating assets - at net book value	9,020,096	7,516,758
Capital work-in-progress - at cost		
Designing, consultancy and engineering fee	6	49,782
Civil works and buildings	35,020	274,207
Plant and machinery	181,011	1,300,228
Miscellaneous equipment	46,831	125,227
Advances to suppliers / contractors	80,370	87,567
	<u>343,238</u>	<u>1,837,011</u>
	<u>9,363,334</u>	<u>9,353,769</u>

2.1 Following is the cost of operating property, plant and equipment that have been added / disposed off during the six months ended 30 June 2009:

	Additions/Transfers		Disposals	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
Buildings on freehold land	13,804	9,989	-	-
Buildings on leasehold land	308,290	830	5,386	94
Plant and machinery	1,576,519	74,983	22,636	7,839
Vehicles	-	13,053	2,665	695
Furniture and equipment	22,792	20,882	4,079	10,669
	<u>1,921,405</u>	<u>119,737</u>	<u>34,766</u>	<u>19,297</u>

### 3. LONG-TERM INVESTMENTS

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

3.1 The value of the Company's investment on the basis of net assets of the Subsidiary as disclosed in the unaudited condensed interim financial information for the period ended 30 June 2009 amounted to Rs 255.683 million (31 December 2008: Rs 248.834 million).



## Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the Six Months Period Ended June 30, 2009

Amounts in Rs '000

	30 June 2009	31 December 2008
<b>4. LONG-TERM LOANS - considered good</b>		
Due from Subsidiary - Unsecured loan - note 4.1	248,000	296,000
Due from Directors, Executives and Employees - note 4.2	159,070	172,507
	<u>407,070</u>	<u>468,507</u>
Less: Current portions shown under current assets		
Due from Subsidiary - note 4.1	48,000	96,000
Due from Directors, Executives and Employees - note 4.2	45,259	41,902
	<u>93,259</u>	<u>137,902</u>
	<u><u>313,811</u></u>	<u><u>330,605</u></u>
<b>4.1</b> This represents loans given to ICI Pakistan PowerGen Limited (wholly owned subsidiary) of Rs 120 million and Rs 200 million carrying a markup at 3 months KIBOR + 1% and 3 months KIBOR + 2% respectively. These loans are repayable in five equal quarterly instalments and nine equal semi annual instalments commencing from 1 October 2008 and 1 October 2011 respectively.		
<b>4.2</b> These include loans to key management personnel for the purchase of motor cars and house building assistance and are repayable between two to ten years. These loans are interest free and granted to the employees of the Company in accordance with their terms of employment.		
<b>5. STOCK-IN-TRADE</b>		
Of the total carrying value of inventories Rs 6.394 million (31 December 2008: Rs 392.2 million) is measured at net realisable value. As at 30 June 2009 stock has been written down by Rs 1.62 million (31 December 2008: Rs 61.6 million) to arrive at its net realisable value.		
<b>6. LOANS AND ADVANCES</b>		
This includes standby running finance facility provided to ICI Pakistan PowerGen Limited (wholly owned subsidiary) of Rs 100 million (2008: Nil) repayable on demand at a markup rate of 6 months KIBOR + 3%.		
<b>7. SHORT-TERM FINANCING</b>		
Running finances utilised under mark-up arrangements - note 7.1	<u>38,091</u>	<u>-</u>
<b>7.1</b> The facilities for running finance available from various banks amounted to Rs 2,691 million (31 December 2008: Rs 2,571 million) and carry mark-up during the period ranging from 12.64 to 17.37 percent per annum (31 December 2008: 15.22 to 17.59 percent per annum). The facilities are secured by hypothecation charge over the present and future stock-in-trade and book debts of the Company and first pari passu charge over plant and machinery of Polyester Business of the Company.		
<b>7.2</b> The facilities for term finance available from various banks amount to Rs 550 million (31 December 2008: Rs 550 million). However no such facility was utilised as on 30 June 2009.		
<b>8. CONTINGENCIES AND COMMITMENTS</b>		
<b>8.1</b> Claims against the Company not acknowledged as debts are as follows:		
Local bodies	14,531	14,531
Sales Tax authorities	93,415	92,844
Others	89,641	87,844
	<u>197,587</u>	<u>195,219</u>
<b>8.2</b> Guarantees issued by the Company in respect of financial and operational obligations of Pakistan PTA Limited pursuant to the Scheme of Arrangement, against which Pakistan PTA Limited has issued counter guarantees to the Company.	<u>2,280,000</u>	<u>2,370,000</u>
<b>8.3</b> Guarantees issued by the Company to a bank in respect of financing obtained by Senior Executives, in accordance with the terms of employment.	<u>35,000</u>	<u>48,000</u>
<b>8.4</b> Guarantee issued by the Company to a bank on behalf of its subsidiary ICI Pakistan PowerGen Limited for availing funded facility.	<u>133,000</u>	<u>133,000</u>
<b>8.5</b> Commitments in respect of capital and other expenditure.	<u>1,248,753</u>	<u>620,881</u>

## Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the Six Months Period Ended June 30, 2009

Amounts in Rs '000

8.6 A notice has been issued by the Environmental Protection Authority (EPA) against the Paints factory located at Ferozpur road, Lahore. Pursuant to this an order has been passed by the EPA for violation of certain provisions of the act. The Company has filed an appeal against the order in the Environmental Tribunal in Lahore and is of the opinion that the order is not justified.

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

Year	30 June 2009	31 December 2008
2009	32,345	59,480
2010	62,056	52,383
2011	43,002	27,418
2012	26,800	8,542
2013	7,380	-
	<b>171,583</b>	<b>147,823</b>
Payable not later than one year	64,363	59,480
Payable later than one year but not later than five years	107,220	88,343
	<b>171,583</b>	<b>147,823</b>

8.8 Outstanding foreign exchange contracts as at 30 June 2009 entered into by the Company to hedge the anticipated future transactions amounted to Rs nil (31 December 2008: Rs 54.841 million).

30 June 2009		30 June 2008	
For the 3 months ended	For the 6 months ended	For the 3 months ended	For the 6 months ended

### 9. INTER-SEGMENT SALES AND PURCHASES

Inter-segment sales and purchases have been eliminated from the total.

<b>84,178</b>	<b>167,651</b>	152,440	281,254
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Transactions among the business segments are recorded at arm's length prices using admissible valuation methods.

### 10. COST OF SALES

Opening stock of raw and packing materials	1,397,782	1,422,502	1,598,896	1,027,390
Purchases	3,987,744	7,537,735	4,456,480	8,977,717
	<b>5,385,526</b>	<b>8,960,237</b>	6,055,376	10,005,107
Closing stock of raw and packing materials	(1,417,781)	(1,417,781)	(1,616,449)	(1,616,449)
Raw and packing materials consumption	3,967,745	7,542,456	4,438,927	8,388,658
Manufacturing costs	1,127,689	2,284,293	857,455	1,844,289
	<b>5,095,434</b>	<b>9,826,749</b>	5,296,382	10,232,947
Opening stock of work-in-process	137,365	134,237	215,872	192,127
	<b>5,232,799</b>	<b>9,960,986</b>	5,512,254	10,425,074
Closing stock of work-in-process	(109,299)	(109,299)	(135,914)	(135,914)
Cost of goods manufactured	5,123,500	9,851,687	5,376,340	10,289,160
Opening stock of finished goods	1,058,439	1,395,217	1,141,540	1,091,819
Finished goods purchased	621,398	1,149,192	610,803	1,084,478
	<b>6,803,337</b>	<b>12,396,096</b>	7,128,683	12,465,457
Closing stock of finished goods	(1,197,191)	(1,197,191)	(1,176,308)	(1,176,308)
	<b>5,606,146</b>	<b>11,198,905</b>	5,952,375	11,289,149

**Notes to the Condensed Interim Unconsolidated  
Financial Information (Unaudited)  
For the Six Months Period Ended June 30, 2009**

Amounts in Rs '000

	30 June 2009		30 June 2008	
	For the 3 months ended	For the 6 months ended	For the 3 months ended (Restated)	For the 6 months ended (Restated)
<b>11. TAXATION</b>				
Current	18,619	38,428	26,950	60,096
Deferred	297,259	460,277	253,819	420,221
	<u>315,878</u>	<u>498,705</u>	<u>280,769</u>	<u>480,317</u>

**12. TRANSACTIONS WITH RELATED PARTIES**

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

***Subsidiary Company***

Purchase of goods, materials and services	180,586	330,082	74,731	145,457
Provision of services and other receipts	495	990	495	990
Loan to subsidiary	-	-	-	200,000
Repayment of loan by subsidiary	24,000	48,000	-	-
Return on loan and on running finance facility	12,355	25,015	9,176	12,889
Running Finance Facility availed by subsidiary - note 6	-	100,000	-	-
Investment	-	-	-	130,000

***Associated Companies***

Purchase of goods, materials and services	2,075,866	3,935,847	2,237,153	4,301,565
Provision of services and other receipts	1,876	4,523	1,768	3,594
Sale of goods and materials	31,818	58,921	37,506	70,103
Contribution to staff retirement benefit plans	55,251	88,416	45,994	120,357
Dividends	-	420,917	-	368,302
Donations	5,500	5,800	-	500

**12.1 Transaction with key management personnel**

Key management personnel received an amount of Rs 122.726 million ( 30 June 2008: Rs 95.632 million) out of which Rs 14.359 million ( 30 June 2008: Rs 9.52 million) relates to post employment benefits.

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

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

## Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the Six Months Period Ended June 30, 2009

Amounts in Rs '000

13.1 The effect of retrospective restatement on profit and loss account for the six months ended June 2009 and June 2008 is tabulated below:

	30 June 2009		30 June 2008	
	For the 3 months ended	For the 6 months ended	For the 3 months ended	For the 6 months ended
(Increase) / decrease in commission and discounts	-	27,000	(41,250)	(82,500)
(Increase) / decrease in selling and distribution expenses	-	31,000	(18,125)	(36,250)
(Increase) in administration and general expenses	-	-	(15,625)	(31,250)
Increase / (decrease) in operating results	-	58,000	(75,000)	(150,000)
(Decrease) in other operating income	-	-	(10,250)	(20,500)
(Increase) / decrease WPPF charge	-	(2,900)	4,263	8,525
(Increase) / decrease WWF charge	-	(1,160)	1,705	3,410
	-	53,940	(79,282)	(158,565)
(Increase) / decrease in income tax expense	-	(19,285)	27,749	55,498
Increase / (decrease) in profit after tax	-	34,655	(51,533)	(103,067)
		(Rupees)		(Rupees)
Increase / (decrease) in basic and diluted earnings per share	-	0.25	(0.37)	(0.74)

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

	31 December 2008	31 December 2007
Decrease in trade debts	197,000	32,000
Increase in deferred tax asset	126,946	15,950
Increase in trade and other payables	165,700	13,570
Decrease in unappropriated profit	235,754	29,620

13.3 Effect on unappropriated profit as at 31 December :

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

## Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited) For the Six Months Period Ended June 30, 2009

Amounts in Rs '000

31 December  
2008**13.4 Effect on Profit and Loss for the year ended 31 December 2008 :**

Increase in commission and discounts	165,000
Increase in administration and general expenses	62,500
Increase in selling and distribution expenses	72,500
Decrease in operating results	300,000
Decrease in other operating income	41,000
Decrease in WPPF and WWF charge	23,870
Decrease in profit before tax	317,130
Decrease in income tax expense	110,996
Decrease in unappropriated profit	206,134
Decrease in basic and diluted earnings per share	1.49

**14. ESTIMATES**

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

**15. FINANCIAL RISK MANAGEMENT**

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

**16. DIVIDEND**

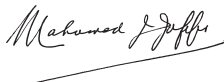
The Directors in their meeting held on 27 August 2009 have declared an interim dividend of Rs 3.50 per share in respect of six months period ended 30 June 2009. The condensed interim unconsolidated financial information for six months period ended 30 June 2009 does not include the effect of the above interim cash dividend which will be accounted for in the period in which it is declared.

**17. DATE OF AUTHORISATION**

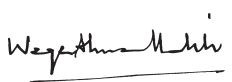
The condensed interim unconsolidated financial information was authorised for issue in the Board of Directors meeting held on 27 August 2009.

**18. GENERAL**

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



M J Jaffer  
Chairman / Director



Waqar A Malik  
Chief Executive



Feroz Rizvi  
Chief Financial Officer

**Condensed Interim Consolidated Financial Information**

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



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ICI Pakistan Limited is now part  
of the AkzoNobel Group



**AkzoNobel**  
Tomorrow's Answers Today

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## Report of the Directors For the Quarter & Half Year Ended June 30, 2009

The Directors are pleased to present their report together with the un-audited Group results of ICI Pakistan Limited for the first six months ended June 30, 2009. The ICI Pakistan Group comprises of ICI Pakistan Limited and ICI Pakistan PowerGen Limited, a wholly owned subsidiary.

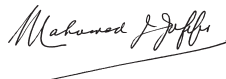
The Directors Report, giving a commentary on the performance of ICI Pakistan Limited for the first six months ended June 30, 2009 has been presented separately.

During the quarter, crude oil prices escalated steadily and increased by an average of 40% over closing price of first quarter. On a comparable basis, furnace oil prices on an average at Rs 24,910/tonne in the first half 2009 was below first half 2008 level of Rs 36,290.

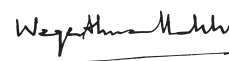
Electricity sales volume for the second quarter was at par with the same period last year and was 4% lower compared with the first half last year. This was due to lower demand from the Polyester plant of ICI Pakistan Ltd on account of higher electricity efficiency. Revision in electricity tariff enabled the Company in achieving operating result for the second quarter and first half at Rs 26.2 million and Rs 44.4 million compared with loss of Rs 59.9 million and Rs 130.4 million respectively in comparable periods last year.

### Future Outlook

Furnace oil prices are expected to remain firm in second half 2009 and are currently at Rs 37,150/tonne.



M J Jaffer  
Chairman



Waqar A Malik  
Chief Executive

Date: August 27, 2009  
Karachi

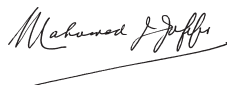
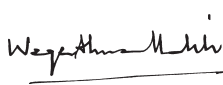


## Condensed Interim Consolidated Balance Sheet (Unaudited) As at June 30, 2009

Amounts in Rs '000

Note	30 June 2009	31 December 2008 (Restated)	31 December 2007 (Restated)	
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	2	10,035,119	10,069,384	8,775,214
Intangible asset		-	7,700	39,737
		<b>10,035,119</b>	<b>10,077,084</b>	<b>8,814,951</b>
Long-term investments	3	2,500	2,500	2,500
Long-term loans	4	114,506	131,314	109,768
Long-term deposits and prepayments		37,639	30,684	37,357
Deferred tax asset - net		-	-	370,406
		<b>154,645</b>	<b>164,498</b>	<b>520,031</b>
		<b>10,189,764</b>	<b>10,241,582</b>	<b>9,334,982</b>
<b>Current assets</b>				
Stores and spares		613,832	581,473	647,784
Stock-in-trade	5	2,736,002	2,965,699	2,328,375
Trade debts		1,475,197	832,062	1,017,082
Loans and advances		83,920	98,370	114,640
Trade deposits and short-term prepayments		340,633	406,019	342,559
Other receivables		579,637	789,959	712,263
Taxation recoverable		498,717	418,776	335,875
Cash and bank balances		2,605,811	1,971,755	3,702,100
		<b>8,933,749</b>	<b>8,064,113</b>	<b>9,200,678</b>
<b>Total Assets</b>		<b>19,123,513</b>	<b>18,305,695</b>	<b>18,535,660</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Share Capital and Reserves</b>				
Authorised capital 1,500,000,000 (31 December 2008: 1,500,000,000) ordinary shares of Rs 10 each		15,000,000	15,000,000	15,000,000
Issued, subscribed and paid-up capital 138,802,300 (31 December 2008: 138,802,300) ordinary shares of Rs 10 each		1,388,023	1,388,023	1,388,023
Capital reserves		465,845	465,845	465,845
Unappropriated profit		10,610,737	10,117,065	9,200,609
<b>Total Equity</b>		<b>12,464,605</b>	<b>11,970,933</b>	<b>11,054,477</b>
<b>Surplus on Revaluation of Property, Plant and Equipment</b>		<b>960,820</b>	<b>977,323</b>	<b>1,034,851</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Provisions for non-management staff gratuity and eligible retired employees' medical scheme		164,608	142,489	119,809
Deferred tax liability - net		930,981	470,704	-
		<b>1,095,589</b>	<b>613,193</b>	<b>119,809</b>
<b>Current liabilities</b>				
Short-term financing	6	196,703	227,939	-
Trade and other payables		4,405,796	4,516,307	6,326,523
		<b>4,602,499</b>	<b>4,744,246</b>	<b>6,326,523</b>
<b>Contingencies and Commitments</b>	7			
<b>Total Equity and Liabilities</b>		<b>19,123,513</b>	<b>18,305,695</b>	<b>18,535,660</b>

The annexed notes 1 to 17 form an integral part of the condensed interim consolidated financial information.


M J Jaffer  
Chairman / Director

Waqar A Malik  
Chief Executive

Feroz Rizvi  
Chief Financial Officer

## Condensed Interim Consolidated Profit and Loss Account (Unaudited) For the Six Months Period Ended June 30, 2009

Polyester				Soda Ash				Paints			
For the 3 months ended 30 June 2009	For the 6 months ended 30 June 2009	For the 3 months ended 30 June 2008	For the 6 months ended 30 June 2008	For the 3 months ended 30 June 2009	For the 6 months ended 30 June 2009	For the 3 months ended 30 June 2008	For the 6 months ended 30 June 2008	For the 3 months ended 30 June 2009	For the 6 months ended 30 June 2009	For the 3 months ended 30 June 2008 (Restated)	For the 6 months ended 30 June 2008 (Restated)

<b>Turnover - note 8</b>	3,353,453	6,398,934	3,429,458	6,489,763	1,672,744	3,136,039	1,602,805	2,888,881	1,519,540	3,179,523	1,950,619	3,490,582
Sales tax	-	-	-	-	270,093	517,282	256,231	460,069	200,059	412,269	240,296	429,038
Excise duty	-	-	-	-	13,154	25,195	13,143	23,579	12,258	25,226	15,661	27,945
Commission and discounts to distributors and customers	1,402	21,341	29,534	49,684	13,594	18,730	31,477	50,446	238,014	520,954	316,203	520,906
	1,402	21,341	29,534	49,684	296,841	561,207	300,851	534,094	450,331	958,449	572,160	977,889
Net sales, commission and toll income	3,352,051	6,377,593	3,399,924	6,440,079	1,375,903	2,574,832	1,301,954	2,354,787	1,069,209	2,221,074	1,378,459	2,512,693
Cost of sales - note 8 and 9	2,884,789	5,734,566	3,149,011	5,913,079	974,713	1,935,439	843,839	1,693,615	727,283	1,506,858	950,443	1,776,906
<b>Gross profit</b>	467,262	643,027	250,913	527,000	401,190	639,393	458,115	661,172	341,926	714,216	428,016	735,787
Selling and distribution expenses	15,362	26,127	14,939	31,893	35,484	48,691	19,178	48,194	179,394	368,674	155,384	284,788
Administration and general expenses	37,121	86,486	31,482	62,037	54,417	99,962	53,245	109,648	87,240	157,628	126,641	217,284
<b>Operating result</b>	414,779	530,414	204,492	433,070	311,289	490,740	385,692	503,330	75,292	187,914	145,991	233,715

Financial charges

Workers' profit participation fund

Workers' welfare fund

Other operating charges

Other operating income

**Profit before taxation**

Taxation - note 10

**Profit after taxation**

Earning per share - Basic and Diluted


The annexed notes 1 to 17 form an integral part of the condensed interim consolidated financial information.

**Condensed Interim Consolidated  
Profit and Loss Account (Unaudited)  
For the Six Months Period Ended June 30, 2009**

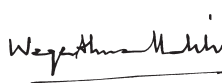
Life Sciences				Chemicals				PowerGen				Group			
For the 3 months ended 30 June 2009	For the 6 months ended 30 June 2009	For the 3 months ended 30 June 2008	For the 6 months ended 30 June 2008	For the 3 months ended 30 June 2009	For the 6 months ended 30 June 2009	For the 3 months ended 30 June 2008	For the 6 months ended 30 June 2008	For the 3 months ended 30 June 2009	For the 6 months ended 30 June 2009	For the 3 months ended 30 June 2008	For the 6 months ended 30 June 2008	For the 3 months ended 30 June 2009	For the 6 months ended 30 June 2009	For the 3 months ended 30 June 2008	For the 6 months ended 30 June 2008

825,825	1,791,284	663,471	1,618,099	845,423	1,542,425	1,033,906	1,729,576	180,586	330,082	74,731	145,457	8,132,807	15,880,554	8,527,820	15,935,647
-	-	-	-	82,311	146,989	79,011	138,786	24,909	45,529	9,749	18,973	577,372	1,122,069	585,287	1,046,866
-	-	-	-	2,282	3,976	1,993	3,638	-	-	-	-	27,694	54,397	30,797	55,162
78,475	196,112	70,678	186,386	58,310	106,824	41,610	69,003	-	-	-	-	389,795	863,961	489,502	876,425
78,475	196,112	70,678	186,386	142,903	257,789	122,614	211,427	24,909	45,529	9,749	18,973	994,861	2,040,427	1,105,586	1,978,453
747,350	1,595,172	592,793	1,431,713	702,520	1,284,636	911,292	1,518,149	155,677	284,553	64,982	126,484	7,137,946	13,840,127	7,422,234	13,957,194
534,482	1,143,229	404,221	925,142	569,057	1,046,464	757,301	1,261,661	129,302	239,859	122,943	254,092	5,554,427	11,107,812	6,000,155	11,396,916
212,868	451,943	188,572	506,571	133,463	238,172	153,991	256,488	26,375	44,694	(57,961)	(127,608)	1,583,519	2,732,315	1,422,079	2,560,278
100,195	200,199	98,019	200,992	34,964	63,319	34,645	62,412	-	-	-	-	365,399	707,010	322,165	628,279
45,939	76,082	23,506	56,777	32,101	60,049	32,928	58,281	142	330	1,979	2,806	256,900	480,417	269,721	506,713
66,734	175,662	67,047	248,802	66,398	114,804	86,418	135,795	26,233	44,364	(59,940)	(130,414)	961,220	1,544,888	830,193	1,425,286

48,738	89,684	84,328	184,667
52,570	80,439	41,879	71,663
20,322	31,107	16,187	27,614
8,793	16,341	8,040	18,036
130,423	217,571	150,434	301,980
175,512	203,766	46,400	92,731
1,006,309	1,531,083	726,159	1,216,037
315,878	498,705	280,461	480,317
690,431	1,032,378	445,698	735,720
(Rupees)	(Rupees)		
4.97	7.44	3.21	5.30



M J Jaffer  
Chairman / Director



Waqar A Malik  
Chief Executive



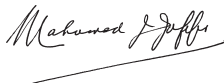
Feroz Rizvi  
Chief Financial Officer

**Condensed Interim Consolidated  
Statement of Comprehensive Income (Unaudited)  
For the Six Months Period Ended June 30, 2009**

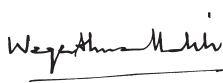
Amounts in Rs '000

	For the 3 months ended 30 June 2009	For the 6 months ended 30 June 2009	For the 3 months ended 30 June 2008 (Restated)	For the 6 months ended 30 June 2008 (Restated)
<b>Profit for the period</b>	690,431	1,032,378	445,698	735,720
<b>Other comprehensive income</b>	-	-	-	-
<b>Total Comprehensive income for the period</b>	<u>690,431</u>	<u>1,032,378</u>	<u>445,698</u>	<u>735,720</u>

The annexed notes 1 to 17 form an integral part of the condensed interim consolidated financial information.



M J Jaffer  
Chairman / Director



Waqar A Malik  
Chief Executive




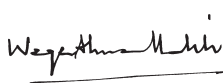
Feroz Rizvi  
Chief Financial Officer

## Condensed Interim Consolidated Cash Flow Statement (Unaudited) For the Six Months Period Ended June 30, 2009

Amounts in Rs '000

	30 June 2009	30 June 2008 (Restated)
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	1,531,083	1,216,037
Adjustments for:		
Depreciation and amortisation	464,834	435,159
Gain on disposal of property, plant and equipment	(4,309)	(6,270)
Provision for non-management staff gratuity and eligible retired employees' medical scheme	27,169	12,093
Mark-up on bank deposits and loan to subsidiary	(34,550)	(58,622)
Interest / mark-up expense	59,246	64,928
	<u>2,043,473</u>	<u>1,663,325</u>
Movement in:		
Working capital	(175,896)	(2,157,227)
Long-term loans	16,808	(29,595)
Long-term deposits and prepayments	(6,955)	3,041
Cash generated from / (used in) operations	<u>1,877,430</u>	<u>(520,456)</u>
Payments for :		
Non-management staff gratuity and eligible retired employees' medical scheme	(5,050)	(6,176)
Taxation	(118,369)	(82,951)
Net cash generated from / (used in) operating activities	<u>1,754,011</u>	<u>(609,583)</u>
<b>Cash Flows from Investing Activities</b>		
Payments for capital expenditure	(506,369)	(997,624)
Proceeds from disposal of property, plant and equipment	9,018	8,321
Profit / mark-up received	34,550	67,397
Net cash used in investing activities	<u>(462,801)</u>	<u>(921,906)</u>
<b>Cash Flows from Financing Activities</b>		
Interest / mark-up	(70,709)	(23,664)
Dividend paid	(555,209)	(485,809)
Net cash used in financing activities	<u>(625,918)</u>	<u>(509,473)</u>
Net increase / (decrease) in cash and cash equivalents	665,292	(2,040,962)
Cash and cash equivalents at 1 January	<u>1,743,816</u>	<u>3,702,100</u>
<b>Cash and cash equivalents at 30 June</b>	<u><u>2,409,108</u></u>	<u><u>1,661,138</u></u>
<b>Movement in Working Capital (Increase) / Decrease in current assets</b>		
Stores and spares	(32,359)	(40,503)
Stock-in-trade	229,697	(607,416)
Trade debts	(643,135)	(547,828)
Loans and advances	14,450	248
Trade deposits and short-term prepayments	65,386	(92,302)
Other receivables	210,322	(43,837)
	<u>(155,639)</u>	<u>(1,331,638)</u>
<b>(Decrease) in current liability</b>		
Trade and other payables	(20,257)	(825,589)
	<u>(175,896)</u>	<u>(2,157,227)</u>
<b>Cash and cash equivalents at 30 June comprise of:</b>		
Cash and bank balances	2,605,811	1,994,229
Running finances utilised under mark-up arrangements	(196,703)	(333,091)
	<u><u>2,409,108</u></u>	<u><u>1,661,138</u></u>

The annexed notes 1 to 17 form an integral part of the condensed interim consolidated financial information.


M J Jaffer  
Chairman / Director

Waqar A Malik  
Chief Executive

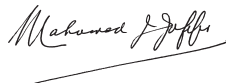
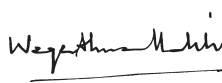
Feroz Rizvi  
Chief Financial Officer

## Condensed Interim Consolidated Statement of Changes in Equity (Unaudited) For the Six Months Period Ended June 30, 2009

Amounts in Rs '000

	Issued, subscribed and paid-up share capital	Capital reserves	Unappropriated profit	Total
<b>Balance as on 1 January 2008 as previously reported</b>	<b>1,388,023</b>	<b>465,845</b>	<b>9,230,229</b>	<b>11,084,097</b>
Effect of restatement	-	-	(29,620)	(29,620)
<b>Balance as on 1 January 2008 as restated</b>	<b>1,388,023</b>	<b>465,845</b>	<b>9,200,609</b>	<b>11,054,477</b>
<b>Changes in equity for 2008</b>				
Final dividend for the year ended 31 December 2007 @ Rs 3.50 per share	-	-	(485,808)	(485,808)
Total comprehensive income for the six months ended 30 June 2008	-	-	735,720	735,720
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred taxation	-	-	39,380	39,380
	-	-	775,100	775,100
<b>Balance as on 30 June 2008 as restated</b>	<b>1,388,023</b>	<b>465,845</b>	<b>9,489,901</b>	<b>11,343,769</b>
Interim dividend for the year 2008 @ Rs 2.50 per share	-	-	(347,006)	(347,006)
Total comprehensive income for the six months ended 31 December 2008	-	-	956,022	956,022
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred taxation	-	-	18,148	18,148
	-	-	974,170	974,170
<b>Balance as on 31 December 2008 as restated</b>	<b>1,388,023</b>	<b>465,845</b>	<b>10,117,065</b>	<b>11,970,933</b>
<b>Changes in equity for 2009</b>				
Final dividend for the year ended 31 December 2008 @ Rs 4.00 per share	-	-	(555,209)	(555,209)
Total comprehensive income for the six months ended 30 June 2009	-	-	1,032,378	1,032,378
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred taxation	-	-	16,503	16,503
	-	-	1,048,881	1,048,881
<b>Balance as on 30 June 2009</b>	<b>1,388,023</b>	<b>465,845</b>	<b>10,610,737</b>	<b>12,464,605</b>

The annexed notes 1 to 17 form an integral part of the condensed interim consolidated financial information.


M J Jaffer  
Chairman / Director

Waqar A Malik  
Chief Executive

Feroz Rizvi  
Chief Financial Officer

## Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the Six Months Period Ended June 30, 2009

Amounts in Rs '000

1. The condensed interim consolidated financial information comprises the consolidated balance sheet of ICI Pakistan Limited and its subsidiary company, ICI Pakistan PowerGen Limited, as at 30 June 2009 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof.

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

1.2 The accounting policies and methods of computation adopted for the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the financial statements for the preceding year ended 31 December 2008, except amendments in International Accounting Standard 1 (Revised) "Presentation of financial statements", IFRS 8 "Operating Segments", IFRIC 13 "Customer Loyalty Programmes" which became effective for financial periods beginning on or after 1 January 2009. The adoption of standards has not materially affected the computation of the result except certain increased disclosures including the statement of other comprehensive income which has been reflected in the Group's financial statements.

1.3 The Group has restated certain prior period information in accordance with the requirements of IAS -8 "Accounting policies, changes in accounting estimates and errors". The resulting adjustments have been shown in note 12.

### 2. PROPERTY, PLANT AND EQUIPMENT

	30 June 2009	31 December 2008
Operating assets - at net book value	9,673,725	8,214,163
Capital work-in-progress - at cost		
Designing, consultancy and engineering fee	6	49,782
Civil works and buildings	35,467	274,650
Plant and machinery	197,906	1,317,181
Miscellaneous equipment	46,831	125,227
Advances to suppliers / contractors	81,184	88,381
	<b>361,394</b>	<b>1,855,221</b>
	<b>10,035,119</b>	<b>10,069,384</b>

2.1 Following is the cost of operating property, plant and equipment that have been added / disposed off during the six months ended 30 June 2009:

	Additions/Transfers		Disposals	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
Buildings on freehold land	13,804	9,989	-	-
Buildings on leasehold land	308,290	830	5,386	94
Plant and machinery	1,576,519	74,983	22,636	7,839
Vehicles	-	13,053	2,665	695
Furniture and equipment	22,792	20,882	4,079	10,669
	<b>1,921,405</b>	<b>119,737</b>	<b>34,766</b>	<b>19,297</b>

### 3. LONG-TERM INVESTMENT

	30 June 2009	31 December 2008
<b>Unquoted</b>		
Equity security available for sale - Arabian Sea Country Club Limited	2,500	2,500

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

	30 June 2009	31 December 2008
Due from Directors, Executives and Employees - note 4.1	160,043	173,467
Less: Current portion shown under current assets		
Due from Directors, Executives and Employees - note 4.1	45,537	42,153
	<b>114,506</b>	<b>131,314</b>

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



## Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the Six Months Period Ended June 30, 2009

Amounts in Rs '000

**5. STOCK-IN-TRADE**

Of the total carrying value of inventories Rs 6.394 million (31 December 2008: Rs 392.2 million) is measured at net realisable value. As at 30 June 2009 stock has been written down by Rs 1.62 million (31 December 2008: Rs 61.6 million) to arrive at its net realisable value.

**6. SHORT-TERM FINANCING**

	30 June 2009	31 December 2008
Running finances utilised under mark-up arrangements - note 6.1	<u>196,703</u>	<u>227,939</u>
<b>6.1</b> The facilities for running finance available from various banks amounted to Rs 2,991 million (31 December 2008: Rs 2,831 million) and carry mark-up during the period ranging from 12.64 to 17.37 percent per annum (31 December 2008: 15.22 to 17.59 percent per annum). The facilities are secured by hypothecation charge over the present and future stock-in-trade and book debts of the Group and first pari passu charge over plant and machinery of Polyester Business of the Group.		
<b>6.2</b> The facilities for term finance available from various banks amount to Rs 550 million (31 December 2008: Rs 550 million). However no such facility was utilised as on 30 June 2009.		

**7. CONTINGENCIES AND COMMITMENTS**

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

Local bodies	32,242	32,242
Sales Tax authorities	93,415	92,844
Others	89,641	87,844
	<u>215,298</u>	<u>212,930</u>

**7.2** A notice has been issued by the Environmental Protection Authority (EPA) against the Paints factory located at Ferozpur road, Lahore. Pursuant to this an order has been passed by the EPA for violation of certain provisions of the act. The Company has filed an appeal against the order in the Environmental Tribunal in Lahore and is of the opinion that the order is not justified.

**7.3** Guarantees issued by the Company in respect of financial and operational obligations of Pakistan PTA Limited pursuant to the Scheme of Arrangement, against which Pakistan PTA Limited has issued counter guarantees to the Company.

<u>2,280,000</u>	<u>2,370,000</u>
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**7.4** Guarantees issued by the Company in respect of financing obtained by Senior Executives, in accordance with the terms of employment.

<u>35,000</u>	<u>48,000</u>
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**7.5** Commitments in respect of capital and other expenditure.

<u>1,248,753</u>	<u>623,271</u>
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**7.6** Guarantee issued by the Company to a bank on behalf of its subsidiary ICI Pakistan PowerGen Limited for availing funded facility.

<u>133,000</u>	<u>133,000</u>
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**Year**

2009	32,540	59,773
2010	62,447	52,774
2011	43,393	27,809
2012	27,191	8,933
2013	7,477	98
	<u>173,048</u>	<u>149,387</u>
Payable not later than one year	64,753	59,773
Payable later than one year but not later than five years	108,295	89,614
	<u>173,048</u>	<u>149,387</u>

**7.8** Outstanding foreign exchange contracts as at 30 June 2009 entered into by the Group to hedge the anticipated future transactions amounted to Rs nil million (31 December 2008: Rs 54.841 million).

**Notes to the Condensed Interim Consolidated  
Financial Information (Unaudited)  
For the Six Months Period Ended June 30, 2009**

Amounts in Rs '000

30 June 2009		30 June 2008	
For the 3 months ended	For the 6 months ended	For the 3 months ended	For the 6 months ended

**8. INTER-SEGMENT SALES AND PURCHASES**

Inter-segment sales and purchases have been eliminated from the total.	<b>264,764</b>	<b>497,733</b>	227,170	426,711
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Transactions among the business segments are recorded at arm's length prices using admissible valuation methods.

**9. COST OF SALES**

Opening stock of raw and packing materials	<b>1,407,370</b>	<b>1,436,245</b>	1,609,395	1,044,429
Purchases	<b>3,994,365</b>	<b>7,581,152</b>	4,518,220	9,122,461
	<b>5,401,735</b>	<b>9,017,397</b>	6,127,615	10,166,890
Closing stock of raw and packing materials	<b>(1,429,512)</b>	<b>(1,429,512)</b>	(1,623,570)	(1,623,570)
Raw and packing materials consumption	<b>3,972,223</b>	<b>7,587,885</b>	4,504,045	8,543,320
Manufacturing costs	<b>1,071,492</b>	<b>2,147,771</b>	840,115	1,797,393
	<b>5,043,715</b>	<b>9,735,656</b>	5,344,160	10,340,713
Opening stock of work-in-process	<b>137,365</b>	<b>134,237</b>	215,872	192,127
	<b>5,181,080</b>	<b>9,869,893</b>	5,560,032	10,532,840
Closing stock of work-in-process	<b>(109,299)</b>	<b>(109,299)</b>	(135,913)	(135,913)
Cost of goods manufactured	<b>5,071,781</b>	<b>9,760,594</b>	5,424,119	10,396,927
Opening stock of finished goods	<b>1,058,439</b>	<b>1,395,217</b>	1,141,540	1,091,819
Finished goods purchased	<b>621,398</b>	<b>1,149,192</b>	610,804	1,084,478
	<b>6,751,618</b>	<b>12,305,003</b>	7,176,463	12,573,224
Closing stock of finished goods	<b>(1,197,191)</b>	<b>(1,197,191)</b>	(1,176,308)	(1,176,308)
	<b>5,554,427</b>	<b>11,107,812</b>	6,000,155	11,396,916

30 June 2009		30 June 2008	
For the 3 months ended	For the 6 months ended	For the 3 months ended (Restated)	For the 6 months ended (Restated)

**10. TAXATION**

Current	<b>18,619</b>	<b>38,428</b>	26,642	60,096
Deferred	<b>297,259</b>	<b>460,277</b>	253,819	420,221
	<b>315,878</b>	<b>498,705</b>	280,461	480,317

## Notes to the Condensed Interim Consolidated Financial Information (Unaudited) For the Quarter Ended 30 June 2009

Amounts in Rs '000

### 11. TRANSACTIONS WITH RELATED PARTIES

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

	30 June 2009		30 June 2008	
	For the 3 months ended	For the 6 months ended	For the 3 months ended	For the 6 months ended
<b>Associated Companies</b>				
Purchase of goods, materials and services	2,075,866	3,935,847	2,237,153	4,302,565
Provision of services and other receipts	1,876	4,523	1,768	3,594
Sale of goods and materials	31,818	58,921	37,506	70,103
Contribution to staff retirement benefit plans	55,251	88,416	45,994	120,357
Dividends	-	420,917	-	368,302
Donations	5,500	5,800	-	500

#### 11.1 Transaction with key management personnel

Key management personnel received an amount of Rs 122.726 million ( 30 June 2008: Rs 95.632 million) out of which Rs 14.359 million ( 30 June 2008: Rs 9.52 million) relates to post employment benefits.

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

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

- 12.1 The effect of retrospective restatement on profit and loss account for the six months ended June 2009 and June 2008 is tabulated below:

(Increase)/ decrease in commission and discounts	-	27,000	(41,250)	(82,500)
(Increase) / decrease in selling and distribution expenses	-	31,000	(18,125)	(36,250)
(Increase) in administration and general expenses	-	-	(15,625)	(31,250)
Increase / (decrease) in operating results	-	58,000	(75,000)	(150,000)
(Decrease) in other operating income	-	-	(10,250)	(20,500)
(Increase) / decrease WPPF charge	-	(2,900)	4,263	8,525
(Increase) / decrease WWF charge	-	(1,160)	1,705	3,410
	-	53,940	(79,282)	(158,565)
(Increase) / decrease in income tax expense	-	(19,285)	27,749	55,498
Increase / (decrease) in profit after tax	-	34,655	(51,533)	(103,067)
		(Rupees)	(Rupees)	
Increase / (decrease) in Basic and diluted earnings per share	-	0.25	(0.37)	(0.74)

**Notes to the Condensed Interim Consolidated  
Financial Information (Unaudited)  
For the Quarter Ended 30 June 2009**

Amounts in Rs '000

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

	31 December 2008	31 December 2007
Decrease in trade debts	197,000	32,000
Increase in deferred tax asset	126,946	15,950
Increase in trade and other payables	165,700	13,570
Decrease in unappropriated profit	235,754	29,620

12.3 Effect on unappropriated profit as at 31 December :

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

12.4 Effect on profit and loss for the year ended 31 December 2008 :

Increase in commission and discounts	165,000
Increase in administration and general expenses	62,500
Increase in selling and distribution expenses	72,500
Decrease in operating results	300,000
Decrease in other operating income	41,000
Decrease in WPPF and WWF charge	23,870
Decrease in profit before tax	317,130
Decrease in income tax expense	110,996
Decrease in unappropriated profit	206,134
Decrease in basic and diluted earnings per share	1.49

**13. ESTIMATES**

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

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**Notes to the Condensed Interim Consolidated  
Financial Information (Unaudited)  
For the Quarter Ended 30 June 2009**

**14. FINANCIAL RISK MANAGEMENT**

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

**15. DIVIDEND**

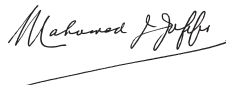
The Directors in their meeting held on 27 August 2009 have declared an interim dividend of Rs 3.50 per share in respect of six months period ended 30 June 2009. The condensed interim consolidated financial information for six months period ended 30 June 2009 does not include the effect of the above interim cash dividend which will be accounted for in the period in which it is declared.

**16. DATE OF AUTHORISATION**

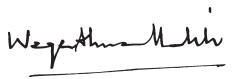
The condensed interim consolidated financial information was authorised for issue in the Board of Directors meeting held on 27 August 2009.

**17. GENERAL**

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



M J Jaffer  
Chairman / Director



Waqar A Malik  
Chief Executive



Feroz Rizvi  
Chief Financial Officer

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