



reaching greater heights



**ICI Pakistan Limited**

Report for the Quarter &  
Six Months Ended  
30 June 2008



**AkzoNobel**  
Tomorrow's Answers Today

ICI Pakistan Limited is now a part of the AkzoNobel Group

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### **Condensed Interim Consolidated Financial Information**

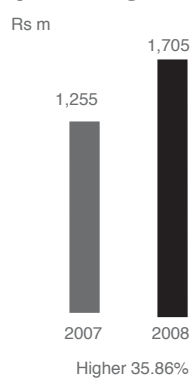
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# Q2 2008 Highlights

## Turnover



## Operating Profit



## Profit Before Taxation



## Earnings Per Share - Rupees



### 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
Bart Kaster	Non-Executive	M Nawaz Tiwana	Non-Executive
Pervaiz A Khan	Executive	Muhammad Zahir	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

#### Senior 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	Pervaiz A Khan	Senior Vice President Polyester Business, Corp. Technical & SSHE
Ali A Aga *	Vice President Soda Ash Business	Suhail Aslam Khan	General Manager Human Resource & CCPA
Dr Amir Jafri	General Manager Life Sciences Business	Feroz Rizvi	Chief Financial Officer
Jehanzeb Khan	General Manager Chemicals Business	Muhammad Zahir	Vice President Paints Business

### Bankers

Askari Bank Limited	Oman International Bank
Bank Alfalah Limited	Standard Chartered Bank (Pakistan) Limited
Citibank N.A.	The HongKong & Shanghai Banking Corporation Limited
Deutsche Bank AG	The Royal Bank of Scotland Limited, Formerly ABN AMRO Bank (Pakistan) Limited
Faysal Bank Limited	United Bank Limited
Habib Bank Limited	
Meezan Bank Limited	
MCB Bank Limited	
National Bank of Pakistan	

### 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 Associats (Pvt) Ltd  
(Formerly Ferguson Associates (Pvt) Ltd)  
4th Floor, State Life Building 2-A  
Wallace Road, I. I. Chundrigar Road  
Karachi-74000  
Tel : (021) 2427012, 2426597, 2475606, 2475266 & 2425467  
Fax : (021) 2428310

\* names in alphabetical order

The Directors are pleased to present their report together with the reviewed financial statements of the Company for the first six months ended 30 June 2008.

Business environment during the first half of 2008 remained difficult; energy deficits, increase in energy and input prices, growing current account deficit, declining industrial growth, depreciation of the Pak rupee against major currencies and law & order issues affected the business environment.

Despite increasingly tough business environment, your Company posted strong results for the second quarter and half year ended 30 June 2008 achieving 35% and 36% growth respectively in operating results compared to the same periods last year. Earnings per share for the quarter and half year ended 30 June 2008 was up by 35% and 33% respectively. All Businesses except Paints achieved significantly higher results over the same periods last year. Despite double-digit volume growth in the Decorative and Refinish segments, unit margins in these segments remained under pressure due to periodic and sudden escalation in raw material prices and depreciation of the Pak rupee against major currencies.

First half of 2008 was completed without any major injury (lost time case) to the Company employees, supervised contractors or other contractors.

## FINANCIAL PERFORMANCE

Summary of financial results for the second quarter and first half 2008 is given below:

	Amounts in Rs million					
	Q2 '08	Q2 '07	Improve- ment	1Half '08	1Half '07	Improve- ment
Net Sales Income	7,473.2	5,422.9	38%	14,058.7	10,490.9	34%
Gross Profit	1,520.9	1,152.7	32%	2,769.5	2,097.3	32%
Operating Result	964.6	714.4	35%	1,704.7	1,254.8	36%
Profit Before Tax	876.7	638.4	37%	1,520.2	1,125.8	35%
Profit After Tax	568.2	420.3	35%	984.3	740.9	33%
Earning Per Share (Rs)	4.09	3.03	35%	7.09	5.34	33%

### Polyester Staple Fibre (PSF)

	Q2 2008	Improvement/ (Decline)*	1H 2008	Improvement/ (Decline)*
<b>Operating Result - Rs Million</b>	204.5	72%	433.1	123%
<b>Sales Volume - Tonnes</b>	31,834	23%	62,174	20%
<b>Production Volume - Tonnes</b>	31,223	13%	63,691	21%

\*Compared to the same period last year

On the regulatory front, the Government in the federal budget for 2008/2009 reduced import tariff on PTA from 15% to 7.5% and on PSF from 6.5% to 4.5% effective 1 July 2008. The government has assured that PTA shall continue to be zero rated for PSF manufacturers however, its notification is yet to be issued. The delay in implementation of zero rating has caused uncertainty among the PSF manufacturers and further delay will damage the domestic PSF industry.

Crude oil prices during the quarter peaked at USD 143/barrel, an increase of approximately 35% over close of Q1 2008 and by 44% over year-end 2007. Consequently, both PX and PTA spot prices increased by 23% and 19% over Q1 2008 and closed the quarter at USD 1,564/tonne and USD 1,170/tonne respectively. MEG prices on the contrary moved independently of crude oil prices given its own supply/demand dynamics and declined by USD 75/tonne over March end 2008 to USD 1,085 at the end of June 2008.

Despite bullish trend in feedstock prices, the regional PSF prices mostly remained stagnant but started to increase towards the end of quarter as PSF manufacturers were unable to sustain continuously declining margins. The domestic PSF prices moved in line with the regional prices and maintained its parity with the regional prices. However, in rupee terms, PSF prices have increased significantly due to depreciation of the Pak rupee against US dollar over Q1 2008.

The Domestic PSF market consumption reduced during the first half as the downstream textile industry suffered significantly on the back of energy crisis in the country. Despite contraction in PSF demand, the Business achieved highest ever-sales volume for the quarter and first half through acquisition and retention of new customers. This led to growth in net sales income, which increased by 49% and 44% respectively over Q2 and first half last year. With higher net sales income and better raw material efficiencies contributing towards improved margins, operating result for the quarter at Rs 204.5 million was significantly higher on a comparable basis whilst for the first half, record operating result was achieved at Rs 433.1 million.

### SODA ASH

	Q2 2008	Improvement/ (Decline)*	1H 2008	Improvement/ (Decline)*
<b>Operating Result - Rs Million</b>	385.7	49%	503.3	20%
<b>Sales Volume - Tonnes</b>				
Soda Ash & Sodium Bicarbonate	71,037	(1)%	131,878	(3)%
<b>Production Volume - Tonnes</b>				
Soda Ash & Sodium Bicarbonate	70,764	6%	131,515	8%

\*Compared to the same period last year

The Soda Ash Business delivered a good quarter achieving highest ever production for the quarter with enhanced plant capacity post completion of 50ktpa expansion project. The domestic soda ash demand during the quarter improved over Q1 2008 with restoration of gas supply by the utility operator in late February 2008. However, supply side still remained affected due to short supply of product by one of the local producers and non-availability of the imported product. Sales volume for the quarter was in line with Q2 2007 and 3% lower than first half 2007 as last year figures included imported product for resale whereas minimal import materialised during the periods under review.

Raw material prices, especially coke has increased significantly. During the first half of 2008 coke prices increased by an average of 143% to Rs 42,929/tonne compared with the same period last year. Selling prices were adjusted upward to mitigate the impact of this cost-push and increasing costs of other inputs. This, coupled with better raw material efficiencies helped the Business in achieving highest ever operating result of Rs 385.7 million and Rs 503.3 million respectively for the quarter and first half.

### PAINTS

	Q2 2008	Improvement/ (Decline)*	1H 2008	Improvement/ (Decline)*
<b>Operating Result - Rs Million</b>	221.0	(7)%	383.7	(12)%
<b>Sales Volume - Kilolitres</b>	12,251	14%	22,191	16%
<b>Production Volume - Kilolitres</b>	12,337	17%	22,103	17%

\*Compared to the same period last year

For the periods under review, the Business delivered double-digit volume growth in the Decorative and Refinish segments whereas volume in the Industrial segment was lower since the Kansai Japan related auto industry OEM was included in the portfolio last year. As reported earlier, the agreement with Kansai Japan for auto industry OEM was terminated in Q4 2007.

Regular and sharp increases in raw material prices put unit margins under pressure despite growth in sales volume and increase in selling prices. Lower unit margins and one off provisioning for doubtful debtors and obsolete stocks contributed towards lower operating result for the quarter and first half, which declined by 7% and 12% respectively as compared to the corresponding periods last year.

### LIFE SCIENCES

	Q2 2008	Improvement/ (Decline)*	1H 2008	Improvement/ (Decline)*
<b>Turnover - Rs Million</b>	663.5	24%	1,618.1	46%
<b>Operating Result - Rs Million</b>	67.0	15%	248.8	98%

\*Compared to the same period last year

The Life Sciences Business delivered robust growth in all the three segments. Compared with the second quarter last year, the Seeds segment grew by 49% with high demand for the corn range, Animal Health grew by 35% on the back of higher sales in the Livestock portfolio whereas, Pharmaceutical grew by 18%.

Turnover for the quarter and first half increased by 24% and 46% respectively over the corresponding periods last year. With higher sales income and control over administration and general expenses, operating result for the quarter and first half at Rs 67.0 million and Rs 248.8 million increased by 15% and 98% respectively over the corresponding periods last year.

### CHEMICALS

	Q2 2008	Improvement/ (Decline)*	1H 2008	Improvement/ (Decline)*
<b>Operating Result - Rs Million</b>	86.4	115%	135.8	68%
<b>Sales Volume - Tonnes</b>	7,282	57%	11,898	15%
<b>Production Volume - Tonnes **</b>	3,287	35%	5,852	24%

\*Compared to the same period last year

\*\*Relates to Polyurethanes and Specialty Chemicals

Despite rising raw material prices and depreciation of the Pak rupee against major currencies which resulted in squeezing margins particularly in the Trading segment, the Business managed to achieve growth in sales volume over Q2 and first half last year on the back of strong demand for Polyurethane, Solvents and Specialty Chemicals.

Overall net sales income for the quarter and first half improved by 58% and 31% respectively over the corresponding periods last year. With higher sales income and lower selling and distribution expenses on account of one off technology fee paid to National Starch & Chemical last year, operating result for the quarter at Rs 86.4 million and first half at Rs 135.8 million increased by 115% and 68% respectively over the corresponding periods last year.

#### CAPITAL EXPENDITURE

The Soda Ash 65ktpa expansion project is expected to be commissioned in Q2 2009 as per plan. The project cost was initially estimated at Rs 1,360 million however, it is now anticipated to cost Rs 1,850 million. This increase is mainly due to substantial rise in the cost of bulk material i.e., steel and cement as well as changes in design specifications to align with new zoning regulations imposed by the government post earthquake in October 2005.

#### PROFITABILITY & FINANCE

Your Company's operating result for the second quarter and first half at Rs 964.6 million and Rs 1,704.7 million was 35% and 36% higher than the corresponding periods last year. Selling & administration expenses for the quarter and first six months increased on a comparable basis primarily due to double-digit inflation and one off provisioning for obsolete stock & bad debt in the Paints Business. In addition, promotional expenses increased to support business growth particularly in Life Sciences Business. Financial charges for the first half at Rs 182.4 million included exchange losses of Rs 103.9 million resulting from depreciation of the Pak Rupee and temporary suspension of forward booking against all type of imports by the State Bank of Pakistan. Other operating income increased on account of higher interest income resulting from improved cash position. Profit before tax for the quarter at Rs 876.7 million and first half at Rs 1,520.2 million was higher by 37% and 35% respectively on a comparable basis. Profit after tax for the quarter and first half at Rs 568.2 million and Rs 984.3 million was 35% and 33% higher than the corresponding periods last year. Earnings per share for the quarter at Rs 4.09 and first half at Rs 7.09 increased by 35% and 33% respectively on a comparable basis.

#### INTERIM DIVIDEND

The Board has approved an interim dividend in respect of the financial year ending 31 December 2008 at the rate of 25% i.e., Rs 2.50 per share of Rs 10/- each on the issued and paid up share capital of Rs 1,388,023,000.

#### FUTURE OUTLOOK

Business environment in the second half of 2008 is expected to become more difficult.

Raw material prices are expected to increase with phasing out of oil subsidies and further expected increase in energy prices. In addition, the continued depreciation of the Pak Rupee against major currencies and higher interest rates will exert upward pressure on costs.

We expect the Government to start concentrating on achieving long-term growth on a sustainable basis in addition to focusing on short-term measures. The Government also needs to be supportive of the manufacturing sector and it is vital to ensure consistency and transparency in economic policies.

Your Company has strongly taken up the issue of the reduction in the Polyester Staple Fibre duty from 6.5% to 4.5% with the Government of Pakistan. This reduction was effected unilaterally and the Polyester Staple Fibre industry views it as a step, damaging and prejudicial to the sustainability and growth of the Polyester Staple Fibre domestic industry. Also and equally important, is the issue of the zero-rating of the PTA tariff (7.5%). In the absence of zero-rating the profitability of the Polyester Staple Fibre industry will be severely impacted and consequently affect the sustainability of the industry. Your Company strongly advocates to the Government of Pakistan that all players in the Polyester/Textile chain must have level playing field; an advantage to one sector in the chain must not be given at the expense of the other and your Company draws the attention of the Government of Pakistan to address the aforementioned critical issues.

Unit margins in Paints Business are expected to remain under pressure as raw material prices are expected to increase further. Your Company will focus on further improving operational efficiencies, its customer service and penetration in the market.

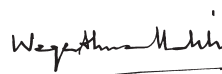
With the continued depreciation of the Pak rupee, Pharmaceutical raw material and finished goods prices have increased substantially which continues to squeeze margins. The Government needs to address this issue and adjust Pharmaceutical prices, which have not been increased since 2001.

Your Company will continue to focus on growth opportunities through existing and new products and expanding geographies, and shall give priority to areas in the Chemicals and Coatings, which are in the portfolio of AkzoNobel.



M J Jaffer  
Chairman

Date: 21 August 2008  
Karachi



Waqar A Malik  
Chief Executive

## Introduction

We have reviewed the accompanying condensed interim unconsolidated balance sheet of ICI Pakistan Limited as at 30 June 2008 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated cash flow statement and condensed interim unconsolidated 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.

The figures for the quarter ended 30 June 2008 in the condensed interim unconsolidated profit and loss account have not been reviewed and we do not express a conclusion on them.

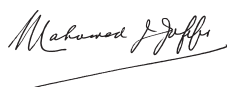
Date: 21 August 2008  
Karachi

*KPMG Taseer Hadi & Co.*  
KPMG Taseer Hadi & Co.  
Chartered Accountants




		Amounts in Rs '000	
	Note	30 June 2008	31 December 2007
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	2	8,702,099	8,506,736
Intangible asset		25,233	39,737
		<u>8,727,332</u>	<u>8,546,473</u>
Deferred tax asset - net		-	354,456
Long-term investments	3	712,500	582,500
Long-term loans	4	410,571	204,867
Long-term deposits and prepayments		56,847	59,888
		<u>1,179,918</u>	<u>1,201,711</u>
		<b>9,907,250</b>	<b>9,748,184</b>
<b>Current Assets</b>			
Stores and spares		647,427	605,480
Stock-in-trade		2,928,671	2,311,336
Trade debts		1,679,826	1,049,464
Loans and advances		161,314	137,680
Trade deposits and short-term prepayments		432,058	343,570
Other receivables		683,347	658,489
Taxation recoverable		359,887	337,032
Cash and bank balances		1,994,229	3,615,056
		<u>8,886,759</u>	<u>9,058,107</u>
<b>Total Assets</b>		<u><b>18,794,009</b></u>	<u><b>18,806,291</b></u>
<b>EQUITY AND LIABILITIES</b>			
Share Capital and Reserves			
Authorised capital			
1,500,000,000 (31 December 2007: 1,500,000,000) ordinary shares of Rs 10 each		<u>15,000,000</u>	<u>15,000,000</u>
Issued, subscribed and paid-up capital			
138,802,300 (31 December 2007: 138,802,300) ordinary shares of Rs 10 each		1,388,023	1,388,023
Capital reserves		465,845	465,845
Unappropriated profit		10,076,242	9,544,582
<b>Total equity</b>		<u><b>11,930,110</b></u>	<u><b>11,398,450</b></u>
<b>Surplus on Revaluation of Property, Plant and Equipment</b>		<b>979,041</b>	<b>1,012,167</b>
<b>LIABILITIES</b>			
<b>Non-current Liability</b>			
Deferred liability		246,751	119,571
<b>Current Liabilities</b>			
Short-term financing	5	192,645	-
Trade and other payables		5,445,462	6,276,103
		<u>5,638,107</u>	<u>6,276,103</u>
<b>Contingencies and Commitments</b>	6		
<b>Total equity and liabilities</b>		<u><b>18,794,009</b></u>	<u><b>18,806,291</b></u>

The annexed notes 1 to 15 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

	Polyester				Soda Ash				Paints			
	For the 3 months ended 30 June 2008	For the 6 months ended 30 June 2008	For the 3 months ended 30 June 2007	For the 6 months ended 30 June 2007	For the 3 months ended 30 June 2008	For the 6 months ended 30 June 2008	For the 3 months ended 30 June 2007	For the 6 months ended 30 June 2007	For the 3 months ended 30 June 2008	For the 6 months ended 30 June 2008	For the 3 months ended 30 June 2007	For the 6 months ended 30 June 2007
<b>Turnover - note 7</b>	<b>3,429,458</b>	<b>6,489,763</b>	<b>2,292,505</b>	<b>4,511,830</b>	<b>1,602,805</b>	<b>2,888,881</b>	<b>1,212,568</b>	<b>2,278,662</b>	<b>1,950,619</b>	<b>3,490,582</b>	<b>1,573,539</b>	<b>2,853,959</b>
Sales tax	-	-	445	1,585	256,231	460,069	157,317	285,640	240,296	429,038	193,995	353,851
Commission and discounts	29,534	49,684	13,922	31,237	31,477	50,446	20,176	25,483	274,953	438,406	196,441	364,838
Excise duty	-	-	-	-	13,143	23,579	-	-	15,661	27,945	-	-
	<b>29,534</b>	<b>49,684</b>	<b>14,367</b>	<b>32,822</b>	<b>300,851</b>	<b>534,094</b>	<b>177,493</b>	<b>311,123</b>	<b>530,910</b>	<b>895,389</b>	<b>390,436</b>	<b>718,689</b>
Net sales and commission income	<b>3,399,924</b>	<b>6,440,079</b>	<b>2,278,138</b>	<b>4,479,008</b>	<b>1,301,954</b>	<b>2,354,787</b>	<b>1,035,075</b>	<b>1,967,539</b>	<b>1,419,709</b>	<b>2,595,193</b>	<b>1,183,103</b>	<b>2,135,270</b>
Cost of sales - note 7 and 8	<b>3,149,011</b>	<b>5,913,079</b>	<b>2,126,381</b>	<b>4,211,736</b>	<b>843,839</b>	<b>1,693,615</b>	<b>710,569</b>	<b>1,416,667</b>	<b>950,443</b>	<b>1,776,906</b>	<b>776,161</b>	<b>1,384,507</b>
<b>Gross profit</b>	<b>250,913</b>	<b>527,000</b>	<b>151,757</b>	<b>267,272</b>	<b>458,115</b>	<b>661,172</b>	<b>324,506</b>	<b>550,872</b>	<b>469,266</b>	<b>818,287</b>	<b>406,942</b>	<b>750,763</b>
Selling and distribution expenses	14,939	31,893	11,264	19,433	19,178	48,194	21,577	37,422	137,259	248,538	126,260	237,206
Administration and general expenses	31,482	62,037	21,805	53,631	53,245	109,648	44,601	95,319	111,016	186,034	41,948	77,154
<b>Operating result</b>	<b>204,492</b>	<b>433,070</b>	<b>118,688</b>	<b>194,208</b>	<b>385,692</b>	<b>503,330</b>	<b>258,328</b>	<b>418,131</b>	<b>220,991</b>	<b>383,715</b>	<b>238,734</b>	<b>436,403</b>
Financial charges												
Workers' profit participation fund												
Workers' welfare fund												
Other operating charges												
Other operating income												
<b>Profit before taxation</b>												
Taxation - note 9												
<b>Profit after taxation</b>												

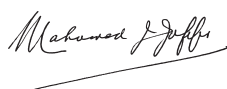
**Earning per share - Basic and Diluted**

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

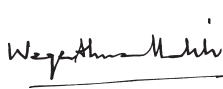


	Amounts in Rs '000	
	30 June 2008	30 June 2007
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	1,520,157	1,125,837
Adjustments for:		
Depreciation and amortisation	405,516	431,429
Gain on disposal of property, plant and equipment	(6,270)	(803)
Provision for non-management staff gratuity and eligible retired employees' medical scheme	12,093	13,506
Return on bank deposits and loans to subsidiary	(71,388)	(7,618)
Interest / mark-up expense	62,667	51,066
	<u>1,922,775</u>	<u>1,613,417</u>
Movement in:		
Working capital	(2,330,729)	(1,254,980)
Long-term loans	(205,704)	(58,248)
Long-term deposits and prepayments	3,041	10,007
	<u>(610,617)</u>	<u>310,196</u>
Payments for :		
Non-management staff gratuity and eligible retired employees' medical scheme	(6,176)	(5,093)
Taxation net	(82,951)	(58,055)
Net cash (used in) / generated from operating activities	<u>(699,744)</u>	<u>247,048</u>
<b>Cash Flows from Investing Activities</b>		
Payments for capital expenditure	(557,622)	(540,911)
Proceeds from disposal of property, plant and equipment	8,320	3,492
Profit / mark-up received	74,227	7,618
Long term investments	(130,000)	(100,000)
Net cash used in investing activities	<u>(605,075)</u>	<u>(629,801)</u>
<b>Cash Flows from Financing Activities</b>		
Interest / mark-up	(22,844)	(55,545)
Dividend paid	(485,809)	(416,428)
Net cash used in financing activities	<u>(508,653)</u>	<u>(471,973)</u>
Net decrease in cash and cash equivalents	<u>(1,813,472)</u>	<u>(854,726)</u>
Cash and cash equivalents at 1 January	3,615,056	1,787,538
<b>Cash and cash equivalents at 30 June</b>	<u><u>1,801,584</u></u>	<u><u>932,812</u></u>
<b>Movement in Working Capital (Increase) / decrease in current assets</b>		
Stores and spares	(41,947)	110,718
Stock-in-trade	(617,335)	(232,918)
Trade debts	(630,362)	(313,615)
Loans and advances	(23,634)	48,563
Trade deposits and short-term prepayments	(88,488)	52,910
Other receivables	(27,697)	(18,258)
	<u>(1,429,463)</u>	<u>(352,600)</u>
<b>Increase in current liabilities</b>		
Trade and other payables	(901,266)	(902,380)
	<u>(2,330,729)</u>	<u>(1,254,980)</u>

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



M J Jaffer  
Chairman / Director



Waqar A Malik  
Chief Executive

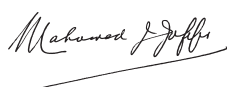


Feroz Rizvi  
Chief Financial Officer

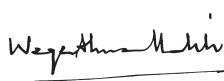
Amounts in Rs '000

	Issued, subscribed and paid-up share capital	Capital reserves	Unappropriated profit	Total
<b>Balance as on 1 January 2007</b>	<b>1,388,023</b>	<b>465,845</b>	<b>8,411,142</b>	<b>10,265,010</b>
<b>Changes in equity for 2007</b>				
Final dividend for the year ended 31 December 2006 @ Rs 3.00 per share	-	-	(416,407)	<b>(416,407)</b>
Profit for the six months ended 30 June 2007	-	-	740,900	<b>740,900</b>
Transfer from surplus on revaluation of property, plant and equipment	-	-	56,184	<b>56,184</b>
Total recognised income and expense for the period	-	-	797,084	<b>797,084</b>
<b>Balance as on 30 June 2007</b>	<b>1,388,023</b>	<b>465,845</b>	<b>8,791,819</b>	<b>10,645,687</b>
Profit for the six months ended 31 December 2007	-	-	1,043,900	<b>1,043,900</b>
Transfer from surplus on revaluation of property, plant and equipment	-	-	55,869	<b>55,869</b>
Total recognised income and expense for the period	-	-	1,099,769	<b>1,099,769</b>
Interim dividend for the year 2007 @ Rs 2.50 per share	-	-	(347,006)	<b>(347,006)</b>
<b>Balance as on 31 December 2007</b>	<b>1,388,023</b>	<b>465,845</b>	<b>9,544,582</b>	<b>11,398,450</b>
<b>Changes in equity for 2008</b>				
Final dividend for the year ended 31 December 2007 @ Rs 3.50 per share	-	-	(485,808)	<b>(485,808)</b>
Profit for the six months ended 30 June 2008	-	-	984,342	<b>984,342</b>
Transfer from surplus on revaluation of property, plant and equipment	-	-	33,126	<b>33,126</b>
Total recognised income and expense for the period	-	-	1,017,468	<b>1,017,468</b>
<b>Balance as on 30 June 2008</b>	<b>1,388,023</b>	<b>465,845</b>	<b>10,076,242</b>	<b>11,930,110</b>

The annexed notes 1 to 15 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

Amounts in Rs '000

1. This condensed interim unconsolidated financial information has been presented in condensed form in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting and is being submitted to shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984. This condensed interim unconsolidated financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 31 December 2007.

- 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 2007.

## 2. PROPERTY, PLANT AND EQUIPMENT

Following is the cost of operating property, plant and equipment that have been added / disposed off during the six months ended 30 June 2008:

	Additions	Disposals
Buildings on freehold land	9,989	-
Buildings on leasehold land	830	94
Plant and machinery	74,983	7,839
Rolling stock and vehicles	13,053	695
Furniture and equipment	20,882	10,669
Capital work-in-progress	467,857	-
	<u>587,594</u>	<u>19,297</u>
	<b>30 June 2008</b>	<b>31 December 2007</b>

## 3. LONG-TERM INVESTMENTS

### Unquoted

Subsidiary - ICI Pakistan PowerGen Limited  
(wholly owned) - note 3.1 & 3.2 7,100,000 ordinary shares  
(31 December 2007: 5,800,000) of Rs 100 each

710,000	580,000
---------	---------

### Others

Equity security available for sale  
- Arabian Sea Country Club Limited

2,500	2,500
<u>712,500</u>	<u>582,500</u>

- 3.1 During the period ended the Company has made a further investment of Rs 130 million in the wholly owned subsidiary. This investment has been approved by the shareholders in the extraordinary general meeting held on 20 July 2007. The Company had agreed to invest a sum of Rs 600 million (including Rs 400 million in equity and Rs 200 million as loan).

- 3.2 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 six months ended 30 June 2008 amounted to Rs 272.780 million (31 December 2007: Rs 288.332 million).

## 4. LONG-TERM LOANS - considered good

Due from Subsidiary - Unsecured loan - note 4.1	320,000	120,000
Due from Directors, Executives and Employees - note 4.2	182,917	154,422
	<u>502,917</u>	<u>274,422</u>
Less: Current portions shown under current assets		
Due from Subsidiary - note 4.1	48,000	24,000
Due from Directors, Executives and Employees - note 4.2	44,346	45,555
	<u>92,346</u>	<u>69,555</u>
	<u>410,571</u>	<u>204,867</u>

- 4.1 This represents loans given to ICI Pakistan PowerGen Limited (wholly owned subsidiary) of Rs 120 million and Rs 200 million carrying mark-up at 3 months KIBOR + 1% and 3 months KIBOR + 2% respectively. These loans are repayable in five and nine equal semi annual installments commencing from 1 October 2008 and 1 October 2011 respectively.

- 4.2 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.

## 5. SHORT-TERM FINANCING

Running finances utilised under mark-up arrangements - note 5.1

192,645	-
---------	---

- 5.1 The facilities for running finance available from various banks amounted to Rs 2,571 million (31 December 2007: Rs 2,571 million) and carry mark-up at rates from 9.92 - 14.24 percent per annum (31 December 2007: 9.59 to 11.63 percent per annum). The purchase prices are payable on various dates by 30 September 2008. 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.

- 5.2 The facilities for term finance available from various banks amount to Rs 550 million (31 December 2007: Rs 550 million). However no such facility was utilised as on 30 June 2008 and 31 December 2007.

Amounts in Rs '000

	30 June 2008	31 December 2007
<b>6 CONTINGENCIES AND COMMITMENTS</b>		
<b>6.1</b> Claims against the Company not acknowledged as debts are as follows:		
Local bodies	12,970	12,870
Sales Tax authorities	90,844	97,192
Others	88,670	92,130
	<u>192,484</u>	<u>202,192</u>
<b>6.2</b> Guarantees issued by the Company in respect of financial and operational obligations of Pakistan PTA Limited pursuant to the Scheme of Arrangement, against which Pakistan PTA Limited has issued counter guarantees to the Company.	<u>2,370,000</u>	<u>2,460,000</u>
<b>6.3</b> Guarantees issued by the Company in respect of financing obtained by Senior Executives, in accordance with the terms of employment.	<u>48,000</u>	<u>18,000</u>
<b>6.4</b> Commitments in respect of capital expenditure.	<u>158,836</u>	<u>243,131</u>
<b>6.5</b> Commitments for rentals under operating lease agreements in respect of vehicles are as follows:		
<b>Year</b>		
2008	26,871	45,450
2009	47,031	37,119
2010	39,408	28,768
2011	15,036	4,165
2012	189	-
	<u>128,535</u>	<u>115,502</u>
Payable not later than one year	52,267	45,450
Payable later than one year but not later than five years	76,268	70,052
	<u>128,535</u>	<u>115,502</u>

**6.6** Outstanding foreign exchange contracts as at 30 June 2008 entered into by the Company to hedge the anticipated future transactions amounted to Rs 2,151.174 million (31 December 2007: Rs 623.133 million).

	30 June 2008		30 June 2007	
	For the 3 months ended	For the 6 months ended	For the 3 months ended	For the 6 months ended
<b>7. INTER-SEGMENT SALES AND PURCHASES</b>				
Inter-segment sales and purchases have been eliminated from the total	<u>152,440</u>	<u>281,254</u>	<u>133,980</u>	<u>240,868</u>

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

**8. COST OF SALES**

Opening stock of raw and packing materials	1,598,896	1,027,390	1,137,396	909,674
Purchases	4,456,480	8,977,717	3,010,750	5,909,727
	<u>6,055,376</u>	<u>10,005,107</u>	<u>4,148,146</u>	<u>6,819,401</u>
Closing stock of raw and packing materials	(1,616,449)	(1,616,449)	(1,084,190)	(1,084,190)
Raw and packing materials consumption	4,438,927	8,388,658	3,063,956	5,735,211
Manufacturing costs	857,455	1,844,289	875,748	1,679,680
	<u>5,296,382</u>	<u>10,232,947</u>	<u>3,939,704</u>	<u>7,414,891</u>
Opening stock of work-in-process	215,872	192,127	189,176	141,151
	<u>5,512,254</u>	<u>10,425,074</u>	<u>4,128,880</u>	<u>7,556,042</u>
Closing stock of work-in-process	(135,914)	(135,914)	(221,947)	(221,947)
Cost of goods manufactured	5,376,340	10,289,160	3,906,933	7,334,095
Opening stock of finished goods	1,141,540	1,091,819	1,211,017	1,296,965
Finished goods purchased	610,803	1,084,478	426,941	1,037,094
	<u>7,128,683</u>	<u>12,465,457</u>	<u>5,544,891</u>	<u>9,668,154</u>
Closing stock of finished goods	(1,176,308)	(1,176,308)	(1,274,571)	(1,274,571)
	<u>5,952,375</u>	<u>11,289,149</u>	<u>4,270,320</u>	<u>8,393,583</u>

	Amounts in Rs '000			
	30 June 2008		30 June 2007	
	For the 3 months ended	For the 6 months ended	For the 3 months ended	For the 6 months ended
<b>9. TAXATION</b>				
Current - note 9.1	26,950	60,096	-	-
Deferred	281,568	475,719	218,139	384,937
	<u>308,518</u>	<u>535,815</u>	<u>218,139</u>	<u>384,937</u>

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

**10. TRANSACTIONS WITH RELATED PARTIES**

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

**Subsidiary Company**

Purchase of goods, materials and services	74,731	145,457	67,994	125,365
Provision of services and other receipts	495	990	495	990
Return on loan	9,176	12,889	3,211	4,395
Loan	-	200,000	-	-
Investment made	-	130,000	-	-

**Associated Companies**

Purchase of goods, materials and services	2,237,111	4,301,509	1,504,449	2,949,194
Provision of services and other receipts	1,634	3,279	1,525	3,024
Sale of goods and materials	6,082	10,385	1,180	2,468
Contribution to staff retirement benefit plans	45,994	120,357	77,238	99,934
Dividends paid	368,902	368,902	315,687	315,687
Donations	-	500	2,500	6,900

**Others**

Purchase of goods, materials and services	42	56	141	164
Provision of services and other receipts	134	315	503	1,299
Sale of goods and materials	31,424	59,718	9,077	15,481

**10.1 Transaction with key management personnel**

Key management personnel receive an amount of Rs 95.632 million (30 June 2007: Rs 61.314 million) out of which Rs 9.52 million (30 June 2007: Rs 6.369 million) relates to post employment benefits.

**11. 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 2007.

**12. FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2007.

**13. DIVIDEND**

The Directors in their meeting held on 21 August 2008 have declared an interim dividend of Rs 2.50 per share in respect of six months period ended 30 June 2008. The condensed interim unconsolidated financial information for six months period ended 30 June 2008 does not include the effect of the above interim cash dividend which will be accounted for in the period in which it is declared.

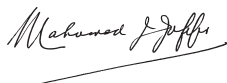
**14. DATE OF AUTHORISATION**

This condensed interim unconsolidated financial information was authorised for issue in the Board of Directors meeting held on 21 August 2008.

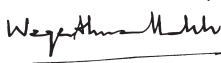
**15. GENERAL**

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

15.2 Certain figures have been reclassified in the Profit and Loss Account for better presentation and disclosures in line with the annual financial statements.



M J Jaffer  
Chairman / Director



Waqar A Malik  
Chief Executive



Feroz Rizvi  
Chief Financial Officer





# **ICI Pakistan Limited**

**Condensed Interim Consolidated Financial Information**

**ICI Pakistan Limited  
and its Subsidiary Company**

The Directors are pleased to present their report together with the un-audited Group results of ICI Pakistan Limited for the six months ended 30 June 2008. ICI Pakistan Group comprises financial statements 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 six months ended 30 June 2008 has been presented separately.

Crude oil prices during the quarter peaked at USD 143/barrel, an increase of approximately 35% over close of Q1 2008. Domestic furnace oil prices rose from Rs 34,000 per tonne (end Q1) to Rs 47,000 per tonne by end of Q2, an increase of 38%.

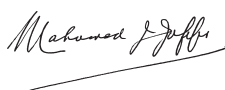
Electricity sales volume for Q2 and 1H was higher than the same periods last year by 7% and 14% respectively due to increase in operating rate of Polyester plant. Despite higher sales volume, the Company posted operating loss of Rs 59.9 million and Rs 130.4 million for Q2 and 1H respectively due to substantial increase in furnace oil prices without subsequent increase in electricity tariff.

The combined waste heat & power plant project (Cogen) has been commissioned in August 2008 and is expected to substantially reduce electricity generation cost.

## FUTURE OUTLOOK

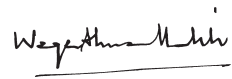
Furnace oil prices, which increased substantially in 2008, are expected to remain firm. Gas prices have also increased by 31% with effect from 1 July 2008. This cost-push is expected to affect the financial performance.

The Company has signed an agreement w.e.f. 1 July 2008 with ICI Pakistan Limited (customer) for sale of electric power at formula based rates. The revision in tariff will allow the Company to earn a reasonable profit on sale of electricity.



M J Jaffer  
Chairman

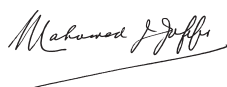
Date: 21 August 2008  
Karachi



Waqar A Malik  
Chief Executive

Amounts in Rs '000			
	Note	30 June 2008	31 December 2007
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	2	9,395,922	8,775,213
Intangible Assets		25,233	39,737
		<u>9,421,155</u>	<u>8,814,950</u>
Deferred tax asset - net		-	354,456
Long-term investments	3	2,500	2,500
Long-term loans	4	139,363	109,768
Long-term deposits and prepayments		56,847	59,888
		<u>198,710</u>	<u>526,612</u>
		<b>9,619,865</b>	<b>9,341,562</b>
<b>Current Assets</b>			
Stores and spares		688,287	647,784
Stock-in-trade		2,935,791	2,328,375
Trade debts		1,705,278	1,074,950
Loans and advances		114,392	114,640
Trade deposits and short-term prepayments		437,302	345,000
Other receivables		722,353	687,291
Taxation recoverable		358,730	335,875
Cash and bank balances		1,994,229	3,702,100
		<u>8,956,362</u>	<u>9,236,015</u>
<b>Total Assets</b>		<u><b>18,576,227</b></u>	<u><b>18,577,577</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorised capital 1,500,000,000 (31 December 2007: 1,500,000,000) ordinary shares of Rs 10 each		<u>15,000,000</u>	<u>15,000,000</u>
Issued, subscribed and paid-up capital 138,802,300 (31 December 2007: 138,802,300) ordinary shares of Rs 10 each		1,388,023	1,388,023
Capital reserves		465,845	465,845
Unappropriated profit		9,622,588	9,230,229
<b>Total equity</b>		<u><b>11,476,456</b></u>	<u><b>11,084,097</b></u>
<b>Surplus on Revaluation of Property, Plant and Equipment</b>		<b>995,471</b>	<b>1,034,851</b>
<b>LIABILITIES</b>			
<b>Non-current Liability</b>			
Deferred liability		246,989	119,809
<b>Current Liabilities</b>			
Short-term financing	5	333,091	-
Trade and other payables		5,524,220	6,338,820
		<u>5,857,311</u>	<u>6,338,820</u>
<b>Contingencies and Commitments</b>	6		
<b>Total equity and liabilities</b>		<u><b>18,576,227</b></u>	<u><b>18,577,577</b></u>

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



M J Jaffer  
Chairman / Director



Waqar A Malik  
Chief Executive



Feroz Rizvi  
Chief Financial Officer

	Polyester				Soda Ash				Paints			
	For the	For the	For the	For the	For the	For the	For the	For the	For the	For the	For the	For the
	3 months	6 months	3 months	6 months	3 months	6 months	3 months	6 months	3 months	6 months	3 months	6 months
	ended	ended	ended	ended	ended	ended	ended	ended	ended	ended	ended	ended
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2008	2008	2007	2007	2008	2008	2007	2007	2008	2008	2007	2007
<b>Turnover - note 7</b>	<b>3,429,458</b>	<b>6,489,763</b>	<b>2,292,505</b>	<b>4,511,830</b>	<b>1,602,805</b>	<b>2,888,881</b>	<b>1,212,568</b>	<b>2,278,662</b>	<b>1,950,619</b>	<b>3,490,582</b>	<b>1,573,539</b>	<b>2,853,959</b>
Sales tax	-	-	445	1,585	256,231	460,069	157,317	285,640	240,296	429,038	193,995	353,851
Commission and discounts	29,534	49,684	13,922	31,237	31,477	50,446	20,176	25,483	274,953	438,406	196,441	364,838
Excise Duty	-	-	-	-	13,143	23,579	-	-	15,661	27,945	-	-
	<b>29,534</b>	<b>49,684</b>	<b>14,367</b>	<b>32,822</b>	<b>300,851</b>	<b>534,094</b>	<b>177,493</b>	<b>311,123</b>	<b>530,910</b>	<b>895,389</b>	<b>390,436</b>	<b>718,689</b>
Net sales and commission income	<b>3,399,924</b>	<b>6,440,079</b>	<b>2,278,138</b>	<b>4,479,008</b>	<b>1,301,954</b>	<b>2,354,787</b>	<b>1,035,075</b>	<b>1,967,539</b>	<b>1,419,709</b>	<b>2,595,193</b>	<b>1,183,103</b>	<b>2,135,270</b>
Cost of sales - note 7 and 8	<b>3,149,011</b>	<b>5,913,079</b>	<b>2,126,381</b>	<b>4,211,736</b>	<b>843,839</b>	<b>1,693,615</b>	<b>710,569</b>	<b>1,416,667</b>	<b>950,443</b>	<b>1,776,906</b>	<b>776,161</b>	<b>1,384,507</b>
<b>Gross profit</b>	<b>250,913</b>	<b>527,000</b>	<b>151,757</b>	<b>267,272</b>	<b>458,115</b>	<b>661,172</b>	<b>324,506</b>	<b>550,872</b>	<b>469,266</b>	<b>818,287</b>	<b>406,942</b>	<b>750,763</b>
Selling and distribution expenses	14,939	31,893	11,264	19,433	19,178	48,194	21,577	37,422	137,259	248,538	126,260	237,206
Administration and general expenses	31,482	62,037	21,805	53,631	53,245	109,648	44,601	95,319	111,016	186,034	41,948	77,154
<b>Operating result</b>	<b>204,492</b>	<b>433,070</b>	<b>118,688</b>	<b>194,208</b>	<b>385,692</b>	<b>503,330</b>	<b>258,328</b>	<b>418,131</b>	<b>220,991</b>	<b>383,715</b>	<b>238,734</b>	<b>436,403</b>
Financial charges												
Workers' profit participation fund												
Workers' welfare fund												
Other operating charges												
Other operating income												
<b>Profit before taxation</b>												
Taxation - note 9												
<b>Profit after taxation</b>												
<b>Earning per share - Basic and Diluted</b>												

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

Condensed Interim Consolidated  
Profit and Loss Account (Unaudited)  
For the Six Months Period Ended 30 June 2008

ICI Pakistan Limited

Amounts in Rs '000

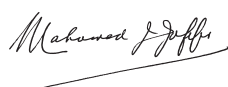
Life Sciences				Chemicals				Others - PowerGen				Group			
For the 3 months ended 30 June 2008	For the 6 months ended 30 June 2008	For the 3 months ended 30 June 2007	For the 6 months ended 30 June 2007	For the 3 months ended 30 June 2008	For the 6 months ended 30 June 2008	For the 3 months ended 30 June 2007	For the 6 months ended 30 June 2007	For the 3 months ended 30 June 2008	For the 6 months ended 30 June 2008	For the 3 months ended 30 June 2007	For the 6 months ended 30 June 2007	For the 3 months ended 30 June 2008	For the 6 months ended 30 June 2008	For the 3 months ended 30 June 2007	For the 6 months ended 30 June 2007
663,471	1,618,099	534,920	1,109,892	1,033,906	1,729,576	651,277	1,313,260	74,731	145,457	67,788	124,953	8,527,820	15,935,647	6,130,829	11,826,735
-	-	-	-	79,011	138,786	40,651	91,840	9,749	18,973	8,843	16,299	585,287	1,046,866	401,251	749,215
70,678	186,386	51,491	117,876	41,610	69,003	33,400	63,511	-	-	-	-	448,252	793,925	315,430	602,945
-	-	-	-	1,993	3,638	-	-	-	-	-	-	30,797	55,162	-	-
70,678	186,386	51,491	117,876	122,614	211,427	74,051	155,351	9,749	18,973	8,843	16,299	1,064,336	1,895,953	716,681	1,352,160
592,793	1,431,713	483,429	992,016	911,292	1,518,149	577,226	1,157,909	64,982	126,484	58,945	108,654	7,463,484	14,039,694	5,414,148	10,474,575
404,221	925,142	327,232	667,726	757,301	1,261,661	463,957	953,815	122,943	254,092	93,893	171,827	6,000,155	11,396,916	4,296,425	8,440,457
188,572	506,571	156,197	324,290	153,991	256,488	113,269	204,094	(57,961)	(127,608)	(34,948)	(63,173)	1,463,329	2,642,778	1,117,723	2,034,118
98,019	200,992	74,564	144,128	34,645	62,412	46,026	72,398	-	-	-	-	304,040	592,029	279,691	510,587
23,506	56,777	23,253	54,654	32,928	58,281	26,964	51,102	1,979	2,806	1,823	1,981	254,096	475,463	160,394	333,841
67,047	248,802	58,380	125,508	86,418	135,795	40,279	80,594	(59,940)	(130,414)	(36,771)	(65,154)	905,193	1,575,286	677,638	1,189,690

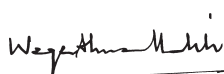
84,328	184,667	34,304	77,380
46,142	80,188	33,487	59,505
17,892	31,024	12,725	22,517
8,040	18,036	7,174	14,208
156,402	313,915	87,690	173,610
56,650	113,231	6,099	35,619
805,441	1,374,602	596,047	1,051,699
308,210	535,815	218,124	385,482
497,231	838,787	377,923	666,217

(Rupees)	(Rupees)
3.57	6.04
2.72	4.80



M J Jaffer  
Chairman / Director



Waqar A Malik  
Chief Executive



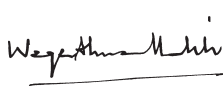
Feroz Rizvi  
Chief Financial Officer

	Amounts in Rs '000	
	30 June 2008	30 June 2007
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	1,374,602	1,051,699
Adjustments for:		
Depreciation and amortisation	435,159	458,709
Gain on disposal of property, plant and equipment	(6,270)	(803)
Provision for non-management staff gratuity and eligible retired employees' medical scheme	12,093	13,578
Return on bank deposits	(58,622)	(3,224)
Interest / mark-up expense	64,928	55,813
	<u>1,821,890</u>	<u>1,575,772</u>
Movement in:		
Working capital	(2,315,792)	(1,281,959)
Long-term loans	(29,595)	(10,180)
Long-term deposits and prepayments	3,041	10,007
	<u>(520,456)</u>	<u>293,640</u>
Payments for:		
Non-management staff gratuity and eligible retired employees' medical scheme	(6,176)	(5,128)
Taxation	(82,951)	(57,964)
Net cash (used in) / generated from operating activities	<u>(609,583)</u>	<u>230,548</u>
<b>Cash Flows from Investing Activities</b>		
Payments for capital expenditure	(997,624)	(543,013)
Proceeds from disposal of property, plant and equipment	8,321	3,492
Profit / mark-up received	67,397	3,224
	<u>(921,906)</u>	<u>(536,297)</u>
<b>Cash Flows from Financing Activities</b>		
Interest / mark-up expense	(23,664)	(59,611)
Dividend paid	(485,809)	(416,428)
Net cash used in financing activities	<u>(509,473)</u>	<u>(476,039)</u>
Net decrease in cash and cash equivalents	<u>(2,040,962)</u>	<u>(781,788)</u>
Cash and cash equivalents at 1 January	3,702,100	1,647,348
<b>Cash and cash equivalents at 30 June</b>	<u><u>1,661,138</u></u>	<u><u>865,560</u></u>
<b>Movement in Working Capital (Increase) / decrease in current assets</b>		
Stores and spares	(40,503)	110,362
Stock-in-trade	(607,416)	(231,492)
Trade debts	(630,328)	(313,602)
Loans and advances	248	5,787
Trade deposits and short-term prepayments	(92,302)	54,454
Other receivables	(43,837)	(21,190)
	<u>(1,414,138)</u>	<u>(395,681)</u>
<b>Increase in current liabilities</b>		
Trade and other payables	(901,654)	(886,278)
	<u>(2,315,792)</u>	<u>(1,281,959)</u>

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



M J Jaffer  
Chairman / Director



Waqar A Malik  
Chief Executive

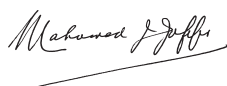


Feroz Rizvi  
Chief Financial Officer

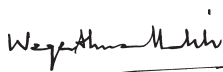
Amounts in Rs '000

	Issued, subscribed and paid-up share capital	Capital reserves	Unappropriated profit	Total
<b>Balance as on 1 January 2007</b>	<b>1,388,023</b>	<b>465,845</b>	<b>8,248,185</b>	<b>10,102,053</b>
<b>Changes in equity for 2007</b>				
Final dividend for the year ended 31 December 2006 @ Rs 3.00 per share	-	-	(416,407)	<b>(416,407)</b>
Profit for the six months ended 30 June 2007	-	-	666,217	<b>666,217</b>
Transfer from surplus on revaluation of property, plant and equipment	-	-	63,226	<b>63,226</b>
Total recognised income and expense for the period	-	-	729,443	<b>729,443</b>
<b>Balance as on 30 June 2007</b>	<b>1,388,023</b>	<b>465,845</b>	<b>8,561,221</b>	<b>10,415,089</b>
Profit for the six months ended 31 December 2007	-	-	953,087	<b>953,087</b>
Transfer from surplus on revaluation of property, plant and equipment	-	-	62,927	<b>62,927</b>
Total recognised income and expense for the period	-	-	1,016,014	<b>1,016,014</b>
Interim dividend for the year 2007 @ Rs 2.50 per share	-	-	(347,006)	<b>(347,006)</b>
<b>Balance as on 31 December 2007</b>	<b>1,388,023</b>	<b>465,845</b>	<b>9,230,229</b>	<b>11,084,097</b>
<b>Changes in equity for 2008</b>				
Final dividend for the year ended 31 December 2007 @ Rs 3.50 per share	-	-	(485,808)	<b>(485,808)</b>
Profit for the six months ended 30 June 2008	-	-	838,787	<b>838,787</b>
Transfer from surplus on revaluation of property, plant and equipment	-	-	39,380	<b>39,380</b>
Total recognised income and expense for the period	-	-	878,167	<b>878,167</b>
<b>Balance as on 30 June 2008</b>	<b>1,388,023</b>	<b>465,845</b>	<b>9,622,588</b>	<b>11,476,456</b>

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



M J Jaffer  
Chairman / Director



Waqar A Malik  
Chief Executive



Feroz Rizvi  
Chief Financial Officer

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 2008 and the related consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof.
- 1.1 This condensed interim consolidated financial information has been prepared in condensed form in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting and is being submitted to shareholders in accordance with the requirements of section 245 of Companies Ordinance, 1984. This condensed interim consolidated financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 31 December 2007.
- 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 2007.

## 2. PROPERTY, PLANT AND EQUIPMENT

Following is the cost of operating property, plant and equipment that have been added / disposed off during the six months ended 30 June 2008:

	Additions	Disposals
Buildings on freehold land	9,989	-
Buildings on leasehold land	830	94
Plant and machinery	74,983	7,839
Rolling stock and vehicles	13,053	695
Furniture and equipment	20,882	10,669
Capital work-in-progress	922,848	-
	1,042,585	19,297
	30 June 2008	31 December 2007

## 3. LONG-TERM INVESTMENT

### *Unquoted*

Equity security available for sale  
- Arabian Sea Country Club Limited

2,500	2,500
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## 4. LONG-TERM LOANS - considered good

Due from Directors, Executives and Employees

183,960	155,609
---------	---------

Less: Current portion shown under current assets

Due from Directors, Executives and Employees

44,597	45,841
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139,363	109,768
---------	---------

- 4.1 These includes 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.

## 5. SHORT-TERM FINANCING

Running finances utilised under mark-up  
arrangements - note 5.1

333,091	-
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- 5.1 The facilities for running finance available from various banks amounted to Rs 2,731 million (31 December 2007: Rs 2,731 million) and carry mark-up at rates from 9.92 - 14.24 percent per annum (31 December 2007: 9.59 to 11.63 percent per annum). The purchase prices are payable on various dates by 30 September 2008. 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.

- 5.2 The facilities for term finance available from various banks amount to Rs 550 million (31 December 2007: Rs 550 million). However no such facility was utilised as on 30 June 2008 and 31 December 2007.



Amounts in Rs '000

	30 June 2008	31 December 2007
<b>6. CONTINGENCIES AND COMMITMENTS</b>		
<b>6.1</b> Claims against the Group not acknowledged as debts are as follows:		
Local bodies	30,681	28,573
Sales Tax authorities	90,844	97,192
Others	88,670	92,130
	<u>210,195</u>	<u>217,895</u>
<b>6.2</b> Guarantees issued by the Company in respect of financial and operational obligations of Pakistan PTA Limited pursuant to the Scheme of Arrangement, against which Pakistan PTA Limited has issued counter guarantees to the Company.	<u>2,370,000</u>	<u>2,460,000</u>
<b>6.3</b> Guarantees issued by the Company in respect of financing obtained by Senior Executives, in accordance with the terms of employment.	<u>48,000</u>	<u>18,000</u>
<b>6.4</b> Commitments in respect of capital expenditure.	<u>213,247</u>	<u>692,668</u>
<b>6.5</b> Commitments for rentals under operating lease agreements in respect of vehicles are as follows:		
Year		
2008	27,021	45,786
2009	47,181	37,269
2010	39,408	28,768
2011	15,036	4,166
2012	189	-
	<u>128,835</u>	<u>115,989</u>
Payable not later than one year	52,567	45,786
Payable later than one year but not later than five years	76,268	70,203
	<u>128,835</u>	<u>115,989</u>

**6.6** Outstanding foreign exchange contracts as at 30 June 2008 entered into by the Group to hedge the anticipated future transactions amounted to Rs 2,185.396 million (December 2007: Rs 962.468 million).

	30 June 2008		30 June 2007	
	For the 3 months ended	For the 6 months ended	For the 3 months ended	For the 6 months ended

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

Inter-segment sales and purchases have been eliminated from the total	<u>227,170</u>	<u>426,711</u>	<u>201,768</u>	<u>365,821</u>
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Transactions among the business segments are recorded at arm's length prices using admissible valuation methods.

**8. COST OF SALES**

Opening stock of raw and packing materials	1,609,395	1,044,429	1,151,637	923,606
Purchases	4,518,220	9,122,461	3,048,048	5,987,864
	<u>6,127,615</u>	<u>10,166,890</u>	<u>4,199,685</u>	<u>6,911,470</u>
Closing stock of raw and packing materials	(1,623,570)	(1,623,570)	(1,096,696)	(1,096,696)
Raw and packing materials consumption	4,504,045	8,543,320	3,102,989	5,814,774
Manufacturing costs	840,115	1,797,393	862,820	1,646,991
	<u>5,344,160</u>	<u>10,340,713</u>	<u>3,965,809</u>	<u>7,461,765</u>
Opening stock of work-in-process	215,872	192,127	189,176	141,151
	<u>5,560,032</u>	<u>10,532,840</u>	<u>4,154,985</u>	<u>7,602,916</u>
Closing stock of work-in-process	(135,913)	(135,913)	(221,947)	(221,947)
Cost of goods manufactured	5,424,119	10,396,927	3,933,038	7,380,969
Opening stock of finished goods	1,141,540	1,091,819	1,211,017	1,296,965
Finished goods purchased	610,804	1,084,478	426,941	1,037,094
	<u>7,176,463</u>	<u>12,573,224</u>	<u>5,570,996</u>	<u>9,715,028</u>
Closing stock of finished goods	(1,176,308)	(1,176,308)	(1,274,571)	(1,274,571)
	<u>6,000,155</u>	<u>11,396,916</u>	<u>4,296,425</u>	<u>8,440,457</u>

Amounts in Rs '000

	30 June 2008		30 June 2007	
	For the 3 months ended	For the 6 months ended	For the 3 months ended	For the 6 months ended
<b>9. TAXATION</b>				
Current - note 9.1	26,642	60,096	-	545
Deferred	281,568	475,719	218,124	384,937
	<u>308,210</u>	<u>535,815</u>	<u>218,124</u>	<u>385,482</u>

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

#### 10. TRANSACTIONS WITH RELATED PARTIES

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

##### **Associated Companies**

Purchase of goods, materials and services	2,237,111	4,301,509	1,504,449	2,949,194
Provision of services and other receipts	1,634	3,279	1,525	3,024
Sale of goods and materials	6,082	10,385	1,180	2,468
Contribution to staff retirement benefit plans	45,994	120,357	77,238	99,934
Dividends paid	368,902	368,902	315,687	315,687
Donations	-	500	2,500	6,900

##### **Others**

Purchase of goods, materials and services	42	56	141	164
Provision of services and other receipts	134	315	503	1,299
Sale of goods and materials	31,424	59,718	9,077	15,481

#### 10.1 Transaction with key management personnel

Key management personnel receive an amount of Rs 95.632 million (30 June 2007: Rs 61.314 million) out of which Rs 9.52 million (30 June 2007: Rs 6.369 million) relates to post employment benefits.

#### 11. ESTIMATES

Judgments and estimates made by the management in the preparation of the condensed interim consolidated financial information were the same as those that were applied to the financial statements as at and for the year ended 31 December 2007.

#### 12. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statement as at and for the year ended 31 December 2007.

#### 13. DIVIDEND

The Directors in their meeting held on 21 August 2008 have declared an interim dividend of Rs 2.50 per share in respect of six months period ended 30 June 2008. The condensed interim consolidated financial information for six months period ended 30 June 2008 does not include the effect of the above interim cash dividend which will be accounted for in the period in which it is declared.

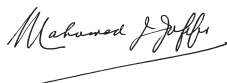
#### 14. DATE OF AUTHORISATION

This condensed interim consolidated financial information was authorised for issue in the Board of Directors meeting held on 21 August 2008.

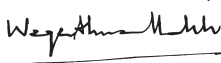
#### 15. GENERAL

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

15.2 Certain figures have been reclassified in the Profit and Loss Account for better presentation and disclosures in line with the annual financial statements.



M J Jaffer  
Chairman / Director



Waqar A Malik  
Chief Executive



Feroz Rizvi  
Chief Financial Officer

