



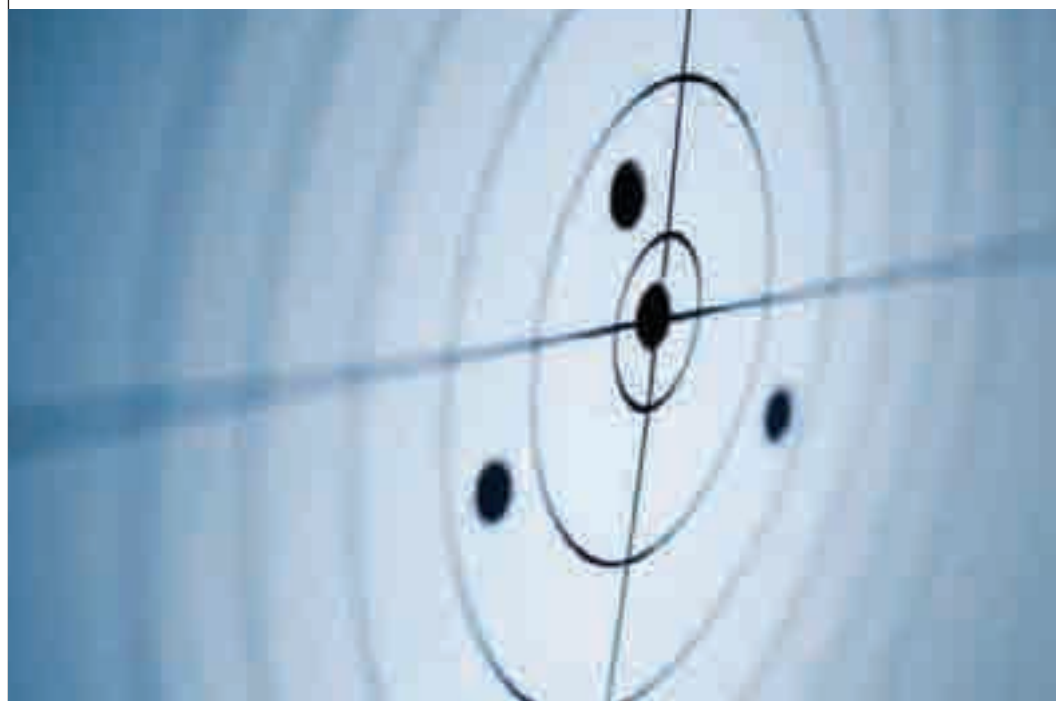
Reaching Greater Heights

Nature is a constant source of inspiration to all, and we at ICI Pakistan are no exception. The elements of nature are a reflection of the strengths of ICI Pakistan, signifying our progressive approach, constant innovation, and unending drive to reach greater heights.



Our Mission

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



Strategic Thrust

To achieve our mission we will:

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

Contents

ICI Pakistan Limited

Company Information	6
2007 Highlights	7
Board Members' Profiles	8
Board & Management Committees with Terms of Reference	10
Our Code of Conduct	11
Our Values	12
Safety, Health and Environment	13
Human Resource	14
Highlights of Corporate Social Responsibility (CSR)	15
Major CSR Initiative	17
Akzo Nobel - The New Company at a glance	18
ICI Pakistan Businesses	20
Delivering Value to Customers	21
Awards and Achievements	22
ICI Pakistan Value Addition and its Distribution	23
Report of the Directors	24
Statement of Compliance with the Code of Corporate Governance	42
Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance	44
Auditors' Report to the Members	47
Balance Sheet	48
Profit and Loss Account	50
Cash Flow Statement	51
Statement of Changes in Equity	53
Notes to the Financial Statements	54
Pattern of Shareholding	81
Comparison of Results for 6 Years	84
Notice of Meeting	86

Consolidated Financial Statements

Report of the Directors of ICI Pakistan Group	90
Auditors' Report to the Members	91
Consolidated Balance Sheet	92
Consolidated Profit and Loss Account	94
Consolidated Cash Flow Statement	95
Consolidated Statement of Changes in Equity	97
Consolidated Notes to the Financial Statements	98
Admission Slip	
Form of Proxy	

Company Information

Board of Directors

M J Jaffer	Chairman Non-Executive
Waqar A Malik	Chief Executive
Mueen Afzal *	Non-Executive
David R Carter	Non-Executive
Philip Gillett	Non-Executive

Pervaiz A Khan	Executive
Tariq Iqbal Khan	Non-Executive
Feroz Rizvi	Executive
M Nawaz Tiwana	Non-Executive
Muhammad Zahir	Executive

Audit & Remuneration Sub Committees of the Board

Audit Sub Committee

M J Jaffer	Chairman Non-Executive
Mueen Afzal	Non-Executive
David R Carter	Non-Executive
Philip Gillett	Non-Executive

Remuneration Sub Committee

M Nawaz Tiwana	Chairman Non-Executive
David R Carter	Non-Executive

Chief Financial Officer

Feroz Rizvi

Company Secretary

Nasir Jamal

Executive Management Team

Waqar A Malik	Chief Executive
Ali A Aga *	Vice President Soda Ash Business **
Dr Amir Jafri	General Manager Life Sciences Business
Jehanzeb Khan	General Manager Chemicals Business

Pervaiz A Khan	Senior Vice President Polyester Business, Corp. Technical & SSHE**
Suhail Aslam Khan	General Manager Human Resource & CCPA***
Feroz Rizvi	Chief Financial Officer
Muhammad Zahir	Vice President Paints Business

Bankers

ABN AMRO Bank (Pakistan) Limited
Askari Bank Limited
Bank Alfalah Limited
Citibank NA
Deutsche Bank AG
Faysal Bank Limited
Habib Bank Limited

Meezan Bank Limited
MCB Bank Limited
National Bank of Pakistan
Oman International Bank
Standard Chartered Bank (Pakistan) Limited
The HongKong & Shanghai Banking Corporation 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
Website: www.icipakistan.com
E-mail: ccpa_pakistan@ici.com

Shares Registrar

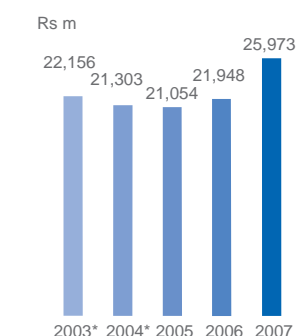
M/s. Ferguson Associates (Pvt) Ltd
4th Floor, State Life Building 2-A
Wallace Road, I. I. Chundrigar Road, Karachi-74000
Tel : (021) 2427012, 2426597, 2475606,
: 2475266 & 2425467
Fax : (021) 2428310

* names in alphabetical order
** with effect from 1 February 2008
*** with effect from 15 January 2008

2007 Highlights

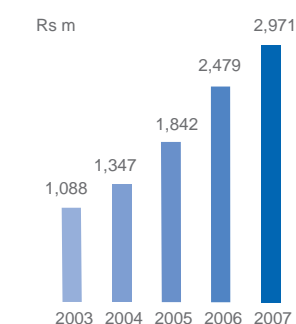
- The Company completed the year without any injury to the Company employees, supervised or other contractors.
- Net sales income and gross profit up by **18%** each.
- Operating result up by **20%**.
- Profit before and after tax at Rs 2,768.5 million and Rs 1,784.8 million up by **31%** and **23%** respectively.
- Earnings per share increased by **23%**.
- The 50ktpa Soda Ash Expansion Project was successfully completed on time without any safety related incident and the commercial production commenced as per plan.
- Investment of over Rs 2 billion on major projects - expansion of Soda Ash plant by an additional 65ktpa, investment in ICI Pakistan PowerGen Limited (wholly owned subsidiary of ICI Pakistan Limited) to finance a Waste Heat Recovery & Power Plant Project generally known as Co-Gen.
- The Company declared a total dividend (interim and final) of 60% i.e. Rs 6 per share for the year ended 2007 compared to Rs 5.5 per share for 2006.

Turnover

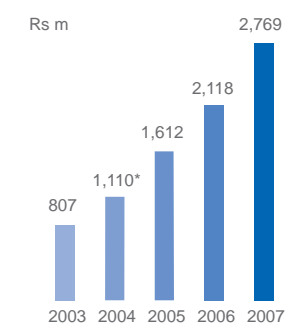


*Includes, Rs 4,884 m & Rs 1,154 m for years 2003 & 2004 in respect of furnace oil & coal business.

Operating Profit

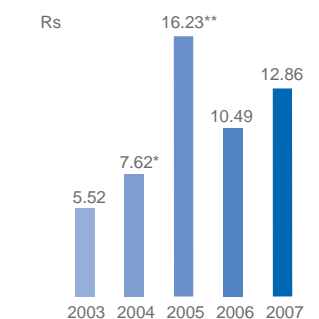


Profit Before Taxation



*Excluding profit on sale of PPTA shares

Earnings Per Share



*Excluding profit on sale of PPTA shares
**Earning includes deferred tax credit recognised in 2005

Board Members' Profiles



Mr M J Jaffer
Chairman (Non-Executive)

Mr M J Jaffer became Director of ICI in 1974 and is the longest serving member of the Board. He is also Chairman of ICI Pakistan's Audit Committee and recently retired as a senior partner of M/s Orr Dignam & Company, a leading corporate law firm of Pakistan. He specializes in arbitration law, and has represented Pakistan as an alternate member in the International Court of Arbitration of the International Chamber of Commerce Paris since 1997. He is the President of the Aga Khan Hospital and Medical Foundation and also a Director of the Pakistan Centre for Philanthropy and Tourism Promotion Services (Pakistan) Ltd.



Mr Waqar A Malik
Chief Executive

Mr Waqar A Malik was appointed as the Chief Executive of ICI Pakistan Limited on 1st October '2005. He was formerly the Chief Executive of Pakistan PTA and currently the Non-Executive Chairman of the Board. Mr Malik has 22 years of extensive experience with the Company in senior commercial, finance and strategy roles including a 2-year overseas assignment at ICI Group Headquarters.

Mr Malik is Vice President of the Overseas Chamber of Commerce and Industry (OICCI) and will take over as President effective 28th March '08. He is Director of Engro Polymer & Chemicals Limited and has been invited to join as a Director on the Board of IGI Insurance. Mr Malik is a Trustee of the Duke of Edinburgh's Award Foundation and a member of the Board of Governors of the National Management Foundation, Lahore University of Management Sciences, (LUMS).



Mr Feroz Rizvi
Director & CFO

Mr Feroz Rizvi is the Chief Financial Officer of ICI Pakistan Limited. He joined the Board in October 2006, and has been with ICI for over 24 years during which he has held various senior positions. Mr Rizvi is also a Director of ICI Pakistan PowerGen Limited and remained a Director of Pakistan PTA Limited from 2005 to 2006. Mr Rizvi is also a Director in Faisal Asset Management Limited.



Mr M Nawaz Tiwana
Director (Non-Executive)

Mr M Nawaz Tiwana was appointed Director of ICI Pakistan Limited in April 1997. He is also Chairman of ICI Pakistan's Remuneration Committee. Mr Tiwana has held the positions of Managing Director, Pakistan International Airlines Corporation and Chairman, Port Qasim Authority as well as Chairman, State Cement Corporation of Pakistan.



Mr Pervaiz A Khan
Director & Senior Vice President
Polyester Business, Corporate,
Technical & SSHE

Mr Pervaiz A Khan is Senior Vice President Polyester Business, Corporate, Technical & SSHE. He has been with ICI Pakistan for 25 years and has served in various manufacturing, technical and business management positions. Mr Khan is also the Chief Executive of ICI Pakistan PowerGen Limited, and a Non-Executive Director on the Board of Haleeb Foods Limited.



Mr Tariq Iqbal Khan
Director (Non-Executive)

Mr. Tariq Iqbal Khan is the Chairman and Managing Director, National Investment Trust Ltd. He has been on the Board of ICI Pakistan Limited since 2001. He has served as Chairman and M.D. of ICP and is a Founder Director of the Islamabad Stock Exchange. He served as a Member, Tax Policy and Co-ordination in the Federal Board of Revenue, and later joined the Securities and Exchange Commission of Pakistan as a Commissioner.



Mr Philip Gillett
Director (Non-Executive)

Mr Philip Gillett was appointed to the Board of ICI Pakistan Limited in April 2002. He is Group Vice President Tax and Treasury at ICI Limited UK. He represents ICI Ltd on the Board of Directors of a number of companies including Pakistan PTA Limited. He is also on the Audit Committee of ICI Pakistan Ltd & Pakistan PTA Limited.



Mr David R Carter
Director (Non-Executive)

Mr David R Carter is Group Vice President, Mergers & Acquisitions, at ICI Limited UK. He joined ICI in 1979 and became a Director on the Board of ICI Pakistan Limited in June 2007. He is also a member of ICI Pakistan's Audit Committee and Remuneration Committee and is a Director of Pakistan PTA Limited as well.



Mr Muhammad Zahir
Director & Vice President Paints

Mr Muhammad Zahir is Vice President Paints Business, and a Director on the Board of Directors of ICI Pakistan Limited. He joined the Company in 1980 and has held various senior positions during his tenure. Mr Zahir is also a Non-Executive Director on the Board of CIC Paints (Pvt) Limited, Sri Lanka.



Mr Mueen Afzal
Director (Non-Executive)

Mr Mueen Afzal was appointed as a Non-Executive Director of ICI Pakistan Limited in May 2003. He joined the Civil Service of Pakistan in 1964 and held important positions, including Finance Secretary for the Government of Pakistan; Health Secretary, and Secretary General, Finance and Economic Affairs from 1999 to 2002.

Mr Afzal also serves on the Board of Directors of PTC Limited, Murree Brewery Co. Limited, Azgard Nine Limited and Pakistan International Airlines Corporation.

Board & Management Committees with Terms of Reference



Committees of the Board

Audit Committee

The Audit Committee reviews the system of internal controls, risk management and the audit process besides assisting the Board in reviewing financial statements and announcements to shareholders. In carrying out its duties the Audit Committee has the authority to discuss directly with management, internal or external auditors and may obtain outside legal advice on any issues within its remit.

The Committee comprises Non-Executive Directors including the Chairman. The Audit Committee meets at least four times in a year besides privately meeting the external auditors and the Head of Internal Audit. The Company Secretary acts as Secretary to the Audit Committee

Remuneration Committee

The Remuneration Committee is a Sub-Committee of the Board and is responsible for reviewing the remuneration and benefits of the Chief Executive, Executive Directors and other senior managers. Its also reviews the overall remuneration budget of the Company.

The Committee consists of two Non-Executive Directors. The General Manager Human Resource acts as the Secretary and the Committee meets at least once a year.

Banking Committee

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

Share Transfer Committee

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

Management Committees

The Executive Management Committee comprises Chief Executive, Chief Financial Officer, one senior Vice President, two Vice Presidents and three General Managers. The Committee meets once a month under the chairmanship of the Chief Executive to coordinate the activities and operations of the Company.

SSHE Management Committee

The Safety, Security, Health & Environment (SSHE) Committee reviews and monitors company wide SSHE practices. It oversees the security, safety, health & environment functions of the Company and is also responsible for ensuring that all operations of the Company are environment-friendly.

Career Working Group

ICI Pakistan has a robust system of succession planning and individual career development. Formed by the Chief Executive, this Group regularly meets to discuss performances and successions in respect to the management staff, excluding the members of the Executive Management Team. The Group comprises the following:

- Commercial Capability Group
- Technical Capability Group
- Finance & IT Capability Group
- HR & Others Capability Group

All Capability Groups, supported by the GM Personnel & CCPA aim to drive functional excellence in their respective areas.

ICI Pakistan has been and continues to be a strong advocate of corporate propriety. It ensures that its employees maintain the highest ethical standards while conducting company business. The Board of Directors of the Company, in its meeting held on 23 February 2001, adopted a Statement of Ethics and Business Practices applicable to all its employees which is regularly circulated within the Company. The Code of Conduct guides the decisions, procedures and systems of the Company in a way that contributes to the welfare of all stakeholders and respects the rights of all constituents affected by the Company's operations.



Code of Conduct

A summary of the Code is as follows:

Respect for the individual

Discrimination on the basis of an individual's race, colour, religion, gender, age, marital status, sex, or disability is fundamentally unacceptable.

Conflict of interest

Employees must act at all times in the Company's best interests and avoid putting themselves in a position where their personal interests conflict with the Company's.

Confidential information

The use of Company information for personal gain is strictly prohibited. All confidential information must only be used for the purpose intended.

Bribery

Payment or receipt of all kinds of bribes,

kickbacks or facilitation payments in cash or kind are strictly prohibited.

Gifts or entertainment

Offering or acceptance of gifts or entertainment of a value that might be thought by others to influence the recipient's business judgement is not acceptable.

Community and international relations

ICI Pakistan's aim is to operate as a responsible corporate citizen within both the local and international communities.

Safety, Security, Health and Environment (SSHE)

The Company allows for no compromise on Safety, Health and responsible care for the Environment. All employees are expected to follow at all times the Company's SSHE regulations and procedures.

Competition law

Free enterprise and a competitive market system are fully supported. Strict adherence to the competition laws is an integral part of ICI Pakistan's code of conduct.

Regulatory compliance and corporate governance

ICI Pakistan cooperates fully with all governmental and regulatory bodies and is committed to the highest standards of corporate governance.

Financial and operational integrity

Compliance with accepted accounting rules and procedures is required at all times. All information supplied to auditors and shareholders must be complete and not misleading.



Our Values

In 2006, ICI Pakistan embarked on a process of articulating its seven core values, which are a set of beliefs and principles that we work and live by

SSH&E

‘Nothing we do is worth getting hurt for.’ Safety, Health and Security of Employees and Contractors is paramount to any other consideration. We shall act responsibly to protect the environment and participate in the well-being of the communities we operate in. We shall demonstrate respect and care while dealing with our customers, our suppliers and the general public.

Valuing People

‘Our competitive edge.’ We shall value our people – ‘our competitive edge’, respect the individual, value teamwork and, without discrimination, recognise and reward performance.

Innovation

‘Creativity for improvement.’ We shall seek new and better ways to improve products, services and processes.

Business Excellence

‘Better, faster and best value.’ We shall lead in quality, speed, and cost competitiveness. We shall maximize returns for shareholders and deliver sustainable growth.

Customer Obsession

‘They pay our bills.’ We shall understand customer needs and deliver on our commitments and show adaptability and agility in response to change.

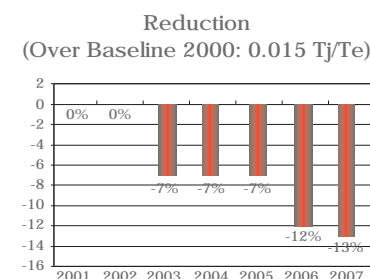
Transparency

‘Beyond reproach.’ All our systems are transparent and can stand the test of scrutiny.

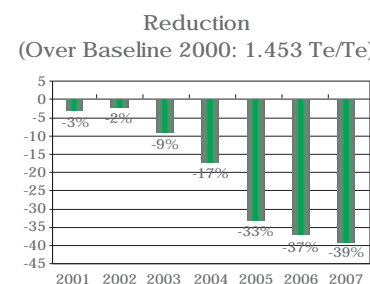
Ethics

‘Uncompromising integrity.’ We shall demonstrate uncompromising integrity in our business dealings; be fair and honest; be free of bias; and auditable in all aspects of our business, ensuring conformity with our code of conduct and regulatory standards.

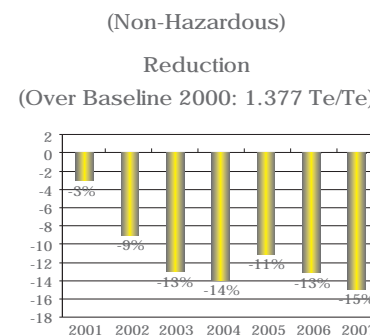
Energy Usage



Greenhouse Gases Emissions



Solid Waste



ICI Leadership Award for Sustained SHE Excellence presented to the Chemicals Business.

Safety, Health and Environment

The Company continues to demonstrate its very strong commitment to all aspects of Safety, Health and Environment linked to its Business's operations. In 2007 there was no Recordable Case (Lost Time Case, Restricted Work Case, Medical Case) by any Manufacturing Site, Trading Business or Corporate Function.

All employees are dedicated in their efforts to maintain and improve upon the stringent standards demanded by the ICI Group SSHE Responsible Care Management System (RCMS) in achieving the challenging performance objectives arising out of its comprehensive implementation.

The Safety performance of our Businesses continues to improve,

with Soda Ash achieving 13.5 million man-hours, Polyester achieving 8 million man-hours without Lost Time Case (LTC) to supervised contractors, Paints 7 millions man-hours without LTC to employees & supervised contractors, Chemicals over 11 years and Life Sciences over 10 years without LTC to an employee.

Full compliance with the Health Assessment and Work Environment monitoring programs resulted in the year being completed without a reportable Occupational Illness.

All Effluent Treatment Plants were operated and maintained to the best technical standards and the liquid effluents from all Sites were in compliance with the applicable National Environmental Quality Standards (NEQS).



Human Resource

ICI Pakistan remains committed to providing challenging, growth oriented and varied career experiences to all its employees

ICI Pakistan's Human Resource Department strives to ensure that the company operates as a High Performance Organisation (HPO). The HR department has a clear mission to capitalize on the organisation's intellectual energy and leverage it to achieve extraordinary business growth. To achieve this, the HR team works very closely with the ICI Pakistan businesses to design efficient organisational solutions capable of effectively delivering business goals.

Personnel Capability development and the goal of an HPO remained the top HR priority throughout the year. To help achieve this, four Corporate Capability Groups, in the areas of Commercial, Technical, Finance/IT, and HR worked on developing functional excellence and strategic capabilities in their selected areas. The ICI Pakistan Core Values include respect for the individual, equal opportunity, meritocracy, effective communication and the development of a high performance culture. We continue to place high emphasis on continuous improvement at all levels and strive to ensure that opportunity for growth, and challenging and varied career experiences are provided to all employees.

The company's training and development efforts continued during the year delivering 17,280 man-hours of training spread over 2,160 training man-days in 2007. This continued focus on improvement was indicated by the healthy increase in the proportion of management employees who underwent planned training which increased from 41% in 2006 to 73% in 2007.

Manpower numbers (permanent employees) at 31 December 2007 at 1267 remained at the same level as last year.

In an effort to improve the service level of the HR department to the Businesses, the Company undertook the implementation

of the SAP HR Module in January 2007. The project was completed in two phases. Phase 1 consisting of Recruitment, Training and Performance modules and Phase 2 consisting of modules related to Rewards and Compensation. This project integrates all HR related processes through a company-wide database under the SAP umbrella allowing for seamless integration with other functions and has an impact on the speed, quality and thereby cost, of HR processes by automating transactions, making reporting more accurate and increasing data integrity.

ICI Pakistan continued to encourage healthy trade union activity. The Company aims to maintain a meaningful and productive relationship with its employees and unions in order to create an atmosphere of teamwork and cooperation. The biennial negotiations with unions at all locations commenced in Jan 2007 and were successfully concluded during the year.

Feedback sessions were conducted across the Company in 2007 on the Values & Behaviours campaign "We Live Our Values" launched in 2006. The feedback received from the employees was converted into action plans which were implemented to ensure clarity and strengthen employee commitment to the Values & Behaviours of the Company.

ICI has a very strong commitment to diversity and inclusion. The Company is an equal opportunities employer and this is practiced in all aspects of the company's business activities, including recruitment and employment. As part of this commitment, ICI Pakistan along with three other leading multinationals joined "DIA" as a founding member. Dia's key objective is to promote and enhance the influence of professional women. The diversity initiative is also targeted at increasing the number of disabled employees by providing appropriate jobs to deserving

ICI Pakistan allocates a percentage of its profit each year to support CSR activities. In 1991 the ICI Pakistan Foundation was set up as a trust to provide financial support to deserving education, healthcare and social welfare organizations.

In addition to initiatives undertaken by the Foundation, ICI Pakistan's Businesses run their own CSR initiatives as well, mostly serving their local communities in education, health and environment related causes.

Education

- ICI Pakistan continued to fulfill its commitment to post-quake rehabilitation work in the Northern areas. Besides donation to the President's Relief Fund, construction of a girls' primary school at Bararkot was completed at a cost of over Rs 15 million, and inaugurated in a ceremony held on 20th November 2007.
- ICI Pakistan continues to support the Institute of Behavioral Psychology (IBP) through donations. IBP established a School of special education in Karachi in 1987 that caters to over 350 special children.
- ICI Pakistan donated funds to ABSA School for the deaf, which caters to over 400 students, providing the hearing-impaired with opportunities to live full and independent lives.
- ICI Pakistan launched a new initiative in 2006 supporting the Karachi Vocational Training Centre (KVTC) through an Internship Programme for young persons with learning difficulties,



Beach Cleaning activity held in conjunction with the WWF Save the Turtle Project

Highlights of Corporate Social Responsibility (CSR)

- that was held in collaboration with the British Council.
- ICI Pakistan extended its support to Pani Pakistan by sponsoring a capacity building workshop for Pani Pakistan National Consortium for the Conservation & Management of Water, at Karachi in June 2007. This event provided chosen students with the tools necessary to become future leaders in the field of water conservation.
- The Polyester Business continued its support of the MC Primary School in the village of Tibbi Harriya by providing facilities for the school including furniture and maintenance of the building. In addition the Business also funded the summer session at the school. This annual event provides a healthy environment for children and promotes hands-on learning

through various activities and projects.

Health

- ICI Pakistan's Soda Ash Business has been actively involved with the Layton Rehmatullah Benevolent Trust monthly eye clinics, which have run uninterrupted with great success since 1991. To date nearly 10,000 surgeries have been completed and over 95,000 outpatients have been treated.
- ICI Pakistan continues to extend support through donation of funds to the Shaukat Khanum Memorial Trust, which provides state of the art cancer care to patients all over the country regardless of their financial status, beside engaging in cancer research.



Children at the WWF Nature Carnival held at PAF Museum Karachi

- Starting from a small dialysis unit in 1985, The Kidney Centre has now become an ISO 9002 certified institute with facilities to provide emergency and diagnostic care to hundreds of people annually. ICI Pakistan has been a longstanding contributor to the Kidney Centre's funding.
- The ICI Paints Business donated 1295 litres of paint for the renovation of the 45 year old Marie Adelaide Leprosy Center hospital building in Saddar, Karachi. The renovation considerably uplifted the building, which facilitates an average of 20,000 consultations and 800 hospital admissions a year.
- As part of a Medical Outreach Programme, ICI Pakistan Winnington Hospital arranged a medical camp in Jutana village about 40 km from Khewra, during which 400 patients were examined and provided with free laboratory investigations and medicines.
- The Life Sciences Business held a week long nationwide campaign during September 2007 to create awareness in the medical community about the incidence and prevention of needle stick injury. The initiative was run at major hospitals in all large cities, and was attended by medical practitioners, government health officials and opinion leaders.
- As part of the Chemicals Business Community Relations Program, a health-screening programme was conducted at the Child Development Center, Sher Shah on 5 December 2007. During the programme, doctors examined and treated almost 250 children, as well as gave lectures on general health and handed out hygiene kits to each child.

Environment

- As part of an effort to support the nature conservation programme,

ICI Pakistan partnered with the World Wildlife Fund (WWF) for the eighth consecutive year to organize the WWF Nature Carnival at PAF museum, Karachi. The carnival educated and entertained over 10,000 visitors through activities, games and exhibitions.

- ICI also continued its ongoing collaboration with the WWF Save the Turtle Project, and its support of the Kakapir Village School through funding.
- Started in February 1992, Project Green is the successful and ongoing effort to turn 13 barren lime beds near the Soda Ash plant in Khewra into flourishing man-made forests. Every year, new plant species are added to the area which covers 152 acres, bringing the present total of species to 289,076.

- ICI Pakistan began the construction of a park named Jinnah Park in the locality of Pind Dadan Khan. Expected to be completed by March 2008, the park will not only provide a recreational outlet but will also have a positive impact on sanitation, as the site chosen for construction had previously been flooded with stagnant drain-water and was subsequently a breeding ground for mosquitoes.

Among others, ICI Pakistan also provided financial support to the Teacher's Resource Center, Lady Dufferin Foundation Trust, Marie Adelaide Leprosy Centre, Nayab Memorial Educational Society and Government Girls' High School (Khewra).

The completion of the Bararkot School has been a major goal in the earthquake rehabilitation process and will go a long way towards restoring normalcy to the lives of affected residents.



Government Girl's Primary School at Bararkot.

Major CSR Initiative

ICI funds girl's primary school in Bararkot

ICI Pakistan has remained committed to the rehabilitation of the 2005 earthquake affected areas of the country. Towards this end, ICI Pakistan along with the ICI Foundation funded and constructed a girls' primary school at Bararkot near Garhi Habibullah. The school was formally inaugurated on November 20th 2007 in a ceremony by Mr Waqar A. Malik, Chief Executive ICI Pakistan and Chairman Pakistan PTA, and handed over to Mr Altaf M Saleem, Chairman Earthquake Reconstruction and Rehabilitation Authority (ERRA). Lt. General Nadeem Ahmed, Deputy Chairman ERRA, was also present at the ceremony.

This modern and well-equipped facility was designed by renowned architect

Shahab Ghani Khan while Mirza Ismet Beg was the structural engineer. Built to the highest standards, the fully furnished school accommodates over 200 students. The structure of the building also incorporates earthquake resistant properties to minimize the possibility of future tragedies.

A major goal of the rehabilitation process has been to bring an element of normalcy back into lives disrupted by the earth quake and the completion of this school will go a long way in supporting this cause.

ICI Pakistan has supported the relief and rehabilitation efforts throughout the affected areas by contributing over Rs. 32 million of which Rs 4.2 million was donated by employees of ICI Group in Pakistan comprising ICI Pakistan Limited and Pakistan PTA Limited.





AKZO NOBEL

When one of the worlds leading industrial manufacturers merges with a company known for its scientific innovation, they form a new company of unprecedented strength and potential, ready to take on the future with renewed focus. Akzo Nobel and ICI Plc have come together to form the world's leading company in coatings and chemicals, combining expertise, global experience, world-renowned brands and cutting-edge products offering its customers wider choices.



The New Company at a Glance

On 2nd January 2008 the acquisition of ICI Plc by Akzo Nobel was officially completed and the two companies became one. The combination of Akzo Nobel and ICI Plc creates a leading industrial company in coatings and chemicals.

Akzo Nobel has the distinction of being a Fortune 500 company and listed on the Euronext Amsterdam stock exchange. Complementing its long history dating back to 1777 is the endless application of Akzo Nobel's products across many downstream industries. Akzo Nobel is the Chemicals industry leader on the Dow Jones Sustainability Indexes as well as being included on the FTSE4Good Index.

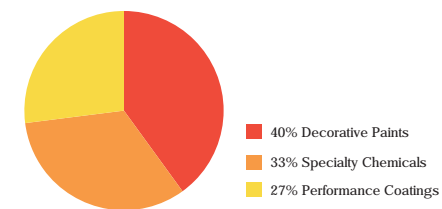
The new Company has a presence in over 80 countries in the world, and is the largest single industrial company in decorative coatings. It stands on a solid platform of combined global presence, technologies, products, brands and expertise that will benefit our customers and drive the new company to even greater success.

All Businesses of ICI Pakistan have become a part of Akzo Nobel's continuing portfolios comprising coating and chemicals.

With a solid standing in the market, we at ICI Pakistan are excited to be a part of this new Company. We are well poised to capture the dynamic avenues it offers for future growth in coatings & chemicals and are set to become bigger, better and more focused than ever before.



Revenues by Segment



Key facts

- ≈ 15 billion in 2006 revenues*
 - #1 global position in Performance Coatings
 - Around 68,000 employees*
 - The world biggest Decorative Paints company
 - Chemicals: focused platforms for growth
 - Global Fortune 500 company
 - Listed on Euronext Amsterdam stock exchange
 - Chemicals Industry leader on the Dow Jones Sustainability Indexes
- * 2006 pro forma figures

How it happened

August 2007

It was announced on 13th August 2007 that Akzo Nobel and ICI Plc. had reached an agreement on the terms of a recommended cash offer by Akzo Nobel for ownership of ICI Plc.

October 2007

An agenda and accompanying Shareholder's Circular were published stating that, subject to the approval of the shareholders of Akzo Nobel and ICI Plc, completion of the ICI deal was to take place on 2nd January 2008.

November 2007

During the month of November, Extraordinary General Meetings of the shareholders of both Akzo Nobel and ICI Plc were held, during which Akzo Nobel and ICI Plc shareholders voted 79% and 92.5% respectively in favor of the acquisition.

January 2008

On 2nd January 2008, the acquisition of ICI Plc by Akzo Nobel was officially completed and the two companies became one.



ICI Pakistan Businesses

Polyester Business

The Polyester Business manufactures and markets polyester staple fibre (PSF), a synthetic cotton, mainly used in the textile industry for producing blended (with cotton) polyester rich yarn, fabrics and clothing. ICI Pakistan started manufacturing operations in 1982 by setting up its Polyester plant at Shiekhupura near Lahore.

Soda Ash Business

Soda Ash Business produces and caters to approximately 70% of the Country's requirement for this commodity. Soda Ash has a wide variety of applications in construction, hygiene, packaging and the paper industry and, therefore, it is an important intermediate product to the end manufacturing industry. Situated in Khewra the plant began commercial production in 1944.

Paints Business

The Paints Business operates in the Decorative, Industrial and the Refinish segments. Wide range quality products and services, innovation and a legacy of strong brands such as Dulux have been the foundations of this enterprise. Based in Lahore, the Paints plant was acquired by ICI Plc in 1965.

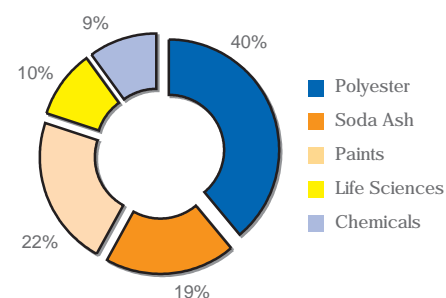
Life Sciences Business

The Life Sciences Business comprises three divisions: Pharmaceuticals, Animal Health and Seeds. The Pharmaceuticals Division markets a portfolio of leading prescription drugs sourced from renowned principals and has launched a range of branded generics. The Animal Health Division markets superior quality veterinary medicines for livestock and poultry from world-renowned companies as well as some of its own brands. The Seeds Division is one of the leading providers of hybrid seeds in the Country and a market leader in both the hybrid sunflower and fodder segments.

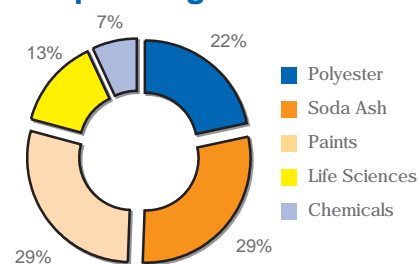
Chemicals Business

The Chemicals business comprises a unique and diversified portfolio encompassing General Chemicals, Specialty Chemicals, and National Starch products. The General Chemicals Business imports, blends, distributes and sells over 250 products/ variants from sixteen well-reputed international trading partners serving every key industry in Pakistan. The Specialty Chemicals Business manufactures and markets textile auxiliaries, adhesives, paint lattices, crop protection emulsifiers and a range of process chemicals. Based in Karachi the plant has been operational since 1968.

Turnover



Operating Result

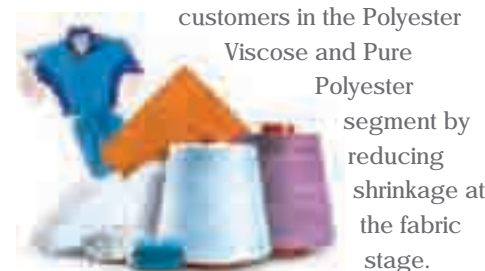


Delivering Value to Customers

Understanding our consumers' needs has always been the key to delivering value at ICI Pakistan. To suit changing demands we continue to offer new products and solutions true to the foundations of our customer focussed strategy. Each of ICI Pakistan's Businesses strive in their own unique way to produce value that exceeds expectations.

Polyester

The Polyester Business developed improved performance fibre resulting in value added benefits for customers in the Polyester



segment by reducing shrinkage at the fabric stage. Besides trouble shooting, the technical service team advises customers on methods to optimize mill conditions and enhance productivity.

Soda Ash

In Soda Ash Business initiatives launched in logistics and key account management assisted customers in improving efficiencies by cutting down working capital reducing inventory, warehousing and distribution expenses.



Paints

Continuing with the reputation of marketing innovative high quality products, ICI Paints has the distinction of being the pioneer of odourless technology in solvent-borne products. Our leadership in colour gives consumers endless possibilities offering over 6000 colours complemented by free colour consultancy service.



Chemicals



Value added products sourced from well renowned business partners allows the Chemical Business to provide specialty finishes giving customers the competitive edge. The business also provides the most cost effective products to local pesticides manufacturers, making ICI Chemicals the preferred supplier of emulsifiers for crop protection. In addition our customers are provided high quality technical services and solutions.

Life Sciences

The Life Sciences Business ensures high service to its customers by focusing on the training and development of its large sales team for all three divisions, Pharmaceuticals, Animal health and Seeds. The latest product offering is "branded generics", within the Pharmaceuticals division, placed to plug the demand gap for quality antibiotics at competitive rates. Complemented by comprehensive knowledge of these products, the front line ICI team reaches across the country to share information and knowledge with its customers in an ethical way.



Awards and Achievements



Mr Waqar A Malik receiving FBR Award from Mr M Abdullah Yusuf.

- Best Corporate Report Award 2006 3rd Prize in the Chemical and Fertilizers Sector**

A joint evaluation committee of the Institute of Chartered Accountants of Pakistan and the Institute of Cost and Management Accountants of Pakistan declared the Annual Report of the Company for the year ended 31 December 2006 to be 3rd Best Corporate Report amongst listed companies in the Chemical & Fertilizer sector.

- Distributor of the Year Award - 2007**

The Life Sciences Businesses' Animal Health Division was awarded the 'Distributor of the Year Award - 2007' by their Principal, Schering Plough Animal Health.



Mr Feroz Rizvi receiving Award from Mr Tariq Iqbal Khan

2007

- ICI Pakistan Ltd receives FBR Award**

ICI Pakistan received an award from the Federal Board of Revenue (FBR), for supporting FBR's 'National Conference on Tax Administration Reforms'. The award was presented by Secretary General, Revenue Division/Chairman, FBR, Mr M Abdullah Yusuf to Mr Waqar A Malik, CE of ICI Pakistan Ltd and Chairman Pakistan PTA Ltd.

- ICI Leadership Awards for Sustained SHE Excellence**

ICI award for Sustained SHE excellence was received by the following businesses and functions for their defined level of SHE performance for 2006 based on ICI Group criteria: Chemicals, Life Sciences and Karachi Offices.

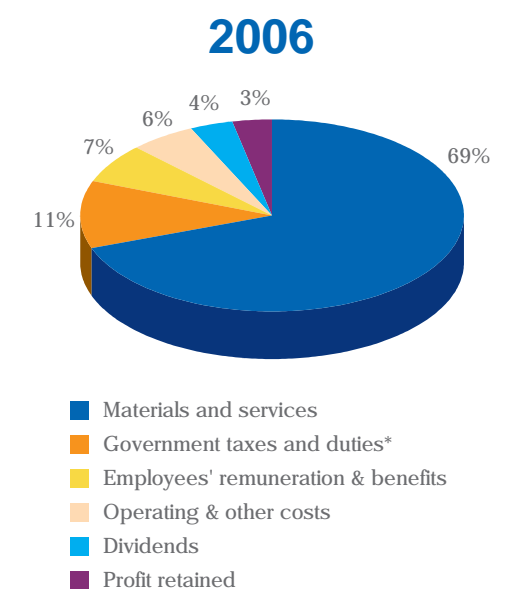
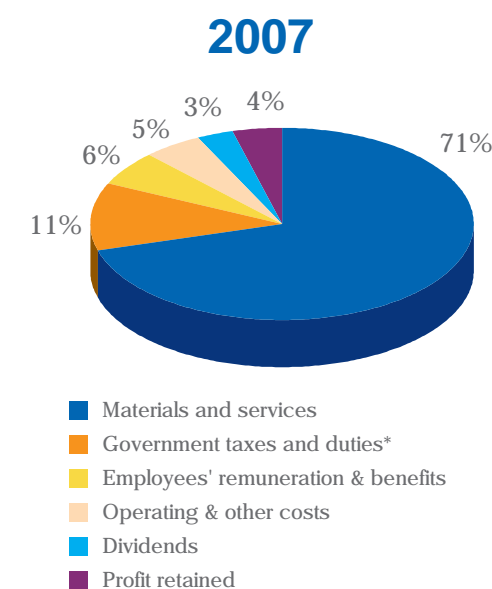
- R&I Award for Sustainability 2007**

R&I Award for Sustainability was presented to the Soda Ash business for 2007 in recognition of its continued commitment to Corporate Social Responsibility.

ICI Pakistan Value Addition and its Distribution

Amounts in Rs' 000

	2007	%	2006	%
Value addition				
Net sales including sales tax	24,639,198	99	20,879,318	99
Other operating income	165,919	1	129,207	1
	24,805,117	100	21,008,525	100
Value distribution				
Materials and services	17,527,876	71	14,602,526	69
Government taxes and duties *	2,819,647	11	2,384,092	11
Employees' remuneration & benefits	1,421,554	6	1,395,611	7
Operating & other costs	1,251,240	5	1,170,668	6
Dividends	763,413	3	763,413	4
Profit retained	1,021,387	4	692,215	3
	24,805,117	100	21,008,525	100



* Includes deferred tax charge Rs 675.133 million (2006: Rs 662.169 million).

Report of the Directors

Spreading the light of inspiration

With their unwavering commitment and dedication to the pursuit of excellence, people are the brightest source of light at ICI Pakistan.



(L to R)
 Mr Muhammad Zahir, Executive Director
 Mr Tariq Iqbal Khan, Non-Executive Director
 Mr Mueen Afzal, Non-Executive Director
 Mr M J Jaffer, Non-Executive Chairman
 Mr M Nawaz Tiwana, Non-Executive Director
 Mr Waqar A Malik, Chief Executive
 Mr Feroz Rizvi, Executive Director
 Mr Pervaiz A Khan, Executive Director

Not in picture
 Mr David R Carter, Non-Executive Director,
 Mr Philip Gillett, Non-Executive Director,

The Directors are pleased to present their report together with the audited financial statements of the Company for the year ended 31 December 2007.

In continuation of the announcement reported in the half yearly results regarding acceptance of Akzo Nobel's cash offer by the Board of ICI Plc, Akzo Nobel's formal offer for acquisition of ICI Plc UK, the parent company of ICI Omicron B.V., was approved by the shareholders of both the companies and subsequently by the regulatory authorities in December 2007. The take over process was completed on 2 January 2008 and with this acquisition, Akzo Nobel has become the ultimate holding company of ICI Pakistan Limited.

ICI Pakistan Limited continues to be a direct subsidiary of ICI Omicron B.V. All Businesses of ICI Pakistan shall be part of Akzo Nobel's continuing portfolio, which comprises Coatings and Chemicals.

Akzo Nobel is a multicultural company, with the distinction of being the world's leading Coatings manufacturer as well as being a major worldwide supplier of Chemicals, holding strong global positions in many markets. It is a Fortune 500 company and listed on the Euronext Amsterdam stock exchange. Akzo Nobel is the Chemicals industry leader on the Dow Jones Sustainability Indexes as well as being included on the FTSE4Good Index.



1944

ICI establishes its first manufacturing site for the production of soda ash at Khewra.

1953

The Khewra Soda Ash Company is incorporated as a public limited company.



1957

The Khewra Soda Ash Company is listed on Karachi Stock Exchange (G) Limited.

1965

ICI Plc acquires 50% of Fuller Paints.

1966

The name of Khewra Soda Ash Company changes to ICI Pakistan Manufacturers Limited.

1966

ICI Pakistan Manufacturers Limited increases capacity of Soda Ash Plant to 45,000 tonnes.



1968

ICI Pakistan Manufacturers Limited commissions its Specialty Chemicals Plant at Karachi.



Overview

In the first half of 2007 and in the initial months of the fiscal year 2007-08, the economy continued to grow at a good pace. However, higher inflation and significant increase in commodity prices put corporate sector profitability under pressure. In addition, in Q4 2007, law and order concerns and extended gas

shortage adversely affected the business environment.

Going forward, growing energy shortages, widening trade deficit, law & order concerns and expected recession in the US are significant challenges facing the economy. In view of the prevailing political unrest and higher oil prices, the State Bank of Pakistan has lowered its

GDP forecast for the fiscal year 2007-2008 from 7.0 - 7.4% to 6.6 - 7.0%.

Major Accomplishments in 2007:

- Your Company completed the year without any injury to its employees, supervised or other contractors.

- The 50ktpa Soda Ash Expansion Project was completed on time without any safety related incident and the commercial production commenced as per plan.
- The Company is investing over Rs 2 billion in major projects: further expansion of Soda Ash plant by an additional 65ktpa and an investment in ICI Pakistan PowerGen Limited (wholly owned subsidiary of ICI Pakistan Limited) to finance a waste heat recovery & power plant project generally known as Co-Gen.
- As a part of the Company's social responsibility and commitment for the rehabilitation of the earthquake affected areas, ICI Pakistan Foundation with the support of your Company's employees and other associated company, constructed a girls' primary school at Bararkot, near Garhi Habibullah for over 200 students costing Rs 15.2 million, besides donating Rs 2.9 million to other charitable institutions.
- The Company was given the Third Best Corporate Report award for the year 2006 organized jointly by the Institute of Chartered Accountants of Pakistan and the Institute of Cost and Management Accountants of Pakistan.

ICI Pakistan's performance highlights - 2007 compared with 2006:

- All Businesses achieved growth in sales volume. Polyester Business posted record sales volume whereas Soda Ash Business achieved record production consecutively for the third year.
- Gross profit was up by 18%.
- Operating result was up by 20%. All

Businesses except Paints recorded highest ever-operating results. Weak performance of the domestic auto industry buffeted the Paints Business results which were 2% lower than last year despite double digit growth in sales volume of Decorative and Refinish segments.

- Financial charges were significantly down by 54%.
- Profit before and after tax at Rs 2,768.5 million and Rs 1,784.8 million were up by 31% and 23% respectively.
- Earnings per share increased by 23% from Rs 10.49 per share to Rs 12.86 per share.

Dividends

Your Directors are pleased to announce a final dividend of 35% i.e. Rs 3.50 per share of Rs 10.00 each of the issued and paid-up capital of Rs 1,388,023,000. This, including the interim dividend of 25%, makes a total dividend of 60%.

Projects

The 50ktpa Soda Ash Expansion Project costing Rs 1.0 billion was completed without any safety related incident and commercial production commenced as per plan in March 2007. Work on the 65ktpa Soda Ash Expansion Project is progressing as per plan. The project is expected to be completed in the second quarter of 2009.

Your Company, with shareholders approval, announced an investment of Rs 600 million (Rs 400 million in equity and Rs 200 million as loan) in its wholly owned subsidiary ICI Pakistan PowerGen Limited on waste heat recovery & power plant project generally known as Co-Gen. Work on this project is progressing as per plan and the project is expected to commission in July 2008.

Safety, Security, Health and Environment (SSHE)

Your Company continues to demonstrate its strong commitment to all aspects of Safety, Security, Health and Environment linked to its Business operations.

- No injury was reported by any manufacturing site, trading business or corporate function.
- Full compliance with the Health Assessment and Work Environment monitoring programs resulted in completing the year without a reportable occupational illness.
- All Effluent Treatment Plants were operated and maintained to the best technical standards and the liquid effluents from all sites were in compliance with the applicable National Environment Quality Standards.
- The energy consumption and waste generation per unit of production in 2007 for Polyester, Paints and Chemicals Businesses were lower than 2006. In Soda Ash, both energy consumption and waste generation in 2007 remained at par with last year due to commissioning activities of 50ktpa Soda Ash Expansion Project and gas curtailment in December 2007.

Acknowledgement

The impressive results of your Company in 2007 would not have been realized without the contribution of highly diligent and committed employees, devoted customers and continued support received from the suppliers. The Board would like to thank all the stakeholders and the management for their valuable support and untiring efforts, which enabled the Company in achieving the financial and operational targets.

Detailed Review of Company's Performance Follows:

1970

ICI Pakistan Manufacturers Limited sets up its Pharmaceutical processing unit in Dhaka (formerly East Pakistan).

1973

Fuller Paints changes its name to Paintex Limited.

1979

ICI Pakistan Manufacturers Limited increases capacity of Soda Ash Plant to 65,000 tonnes.



1980

ICI Pakistan Manufacturers Limited is listed on Lahore Stock Exchange (G) Limited.



1982

ICI Pakistan Manufacturers Limited sets up Polyester plant at Sheikhpura with a capacity of 12,000 tonnes.

1982

ICI Pakistan Manufacturers Limited commissions New Dense Ash Plant at Khewra

1985

Imperial Chemical Industries (Pakistan) (Private) Limited and Paintex Limited merge into ICI Pakistan Manufacturers Limited

Bullish trend in crude oil prices continued throughout 2007 due to the persistent pressure on supplies with prices peaking at an all time high of USD 98 per barrel. PSF feedstock prices, on the contrary, moved increasingly independent of crude oil based on their own respective supply/demand dynamics. Increasing PTA supply overhang in the region led to softening of PTA prices despite the rise in crude oil prices. MEG supply suffered a major setback at the end of Q3 as two large global manufacturers faced serious technical problems, leading to supply shortages. Resultantly, MEG prices peaked at USD 1,720/tonne, which was 100% higher than the year's opening price of USD 840/tonne. Regional PSF prices moved in line with feedstock prices. Domestic PSF prices also increased but faced continuing resistance due to difficult business conditions in the textile industry and dumping of product by the Chinese producers.

Domestic textile industry faced serious challenges during 2007 mainly due to reduction in the cotton crop from 14.5 million bales to approximately 11 million bales and power & gas outages, which severely affected the performance of the domestic textile industry.

Despite lacklustre performance of the domestic textile sector, the local PSF market grew by 3% over last year primarily due to higher blend ratio in favour of PSF. The Business achieved

record sales volume of 113,027 tonnes, an increase of 17% over last year due to expansion of its customer base and manufacturing constraints at one of the domestic PSF manufacturers.

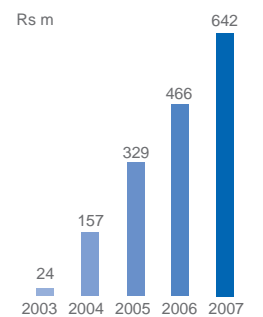
On the regulatory front, final determination of the anti-dumping duty on Korea, Indonesia and Thailand was announced by the National Tariff Commission and anti-dumping duty of up to 10.26% was imposed on import of PSF from these countries. However, this decision has been challenged by the spinners group in the high court for imports made under the DTRE scheme.

In the fiscal budget 2007-08, the Government re-included PSF in the DTRE scheme and announced 3.5% R&D support for PSF manufacturers and spinners as mutual beneficiaries. The government has yet to issue the official notification (SRO) pertaining to the same.

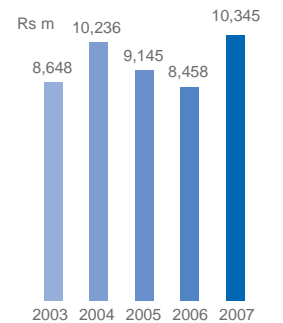
With higher volume sold and improvement in unit margins, operating result for the year at Rs 641.9 million was significantly better than last year. This level of profitability, although higher than last year, is not satisfactory considering the level of investments made in this Business as well as those made in ICI Pakistan's wholly owned subsidiary (ICI Pakistan PowerGen Limited) for generating uninterrupted captive electricity to run the polyester plant efficiently.



Operating Result



Turnover



	Q4 2007	Variance*	YTD 2007	Variance*
Operating Result – Rs Million	346.0	132%	641.9	38%
Sales Volume (Fibre & POY Chips) – Tonnes	34,386	40%	113,027	17%
Production Volume (Fibre & POY Chips) – Tonnes	33,448	37%	110,656	15%

* Compared to the same period last year

Polyester

Surging forward

Steering the flow of the business in the right direction, the Polyester Business expanded its customer base and increased volume.

1987

The Company name changes to ICI Pakistan Limited.

1987

ICI Pakistan increases capacity of Polyester Plant to 19,000 tonnes



1991

ICI Pakistan PowerGen Limited is incorporated as a public limited company.



1991

ICI Pakistan launches its Seeds Business.

1991

ICI Pakistan Foundation is registered as a charitable trust.

1991

ICI Pakistan increases capacity of Soda Ash Plant to 100,000 tonnes.

1992

ICI Pakistan's Paints Business introduces Dulux range of natural white colors with added fragrance.

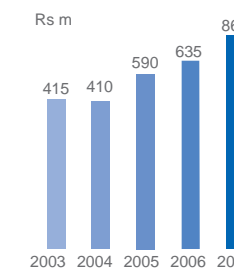
The Soda Ash Business delivered another outstanding year and achieved record production level of 260,596 tonnes due to increased plant capacity with 50ktpa Expansion Project.

During 2007, soda ash demand remained subdued, as the silicate segment was affected throughout the year due to raw material shortages faced by the soap industry. In addition, prevailing political uncertainty and law and order situation in the country especially in the second half of the year affected consumption by the bazaar segment. Despite weak demand, the Business managed to deliver 3% growth in sales volume by successfully exporting the available product to the regional markets.

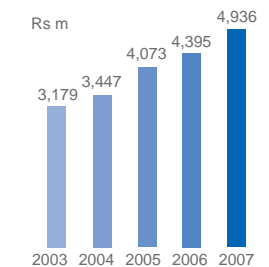
Coke prices in Q4 2007 increased by 56% over the same period last year due to strong demand and increase in the export tax in China. To mitigate the impact of this cost-push, the Business had to increase selling prices in order to partially recover the escalating input costs. Growth in net sales income and control over costs enabled the Business in achieving operating result of Rs 862.6 million which was 36% higher over 2006.



Operating Result



Turnover



	Q4 2007	Variance*	YTD 2007	Variance*
Operating Result – Rs Million	221.1	79%	862.6	36%
Sales Volume – Tonnes				
Soda Ash & Sodium Bicarbonate	73,423	13%	277,732	3%
Production Volume – Tonnes				
Soda Ash & Sodium Bicarbonate	69,876	12%	260,596	8%

* Compared to the same period last year

Soda Ash

Advancement that shines

Soda Ash achieved stellar results during the year with record production and sales facilitated by increased plant capacity, true to the ICI tradition of advancement that knows no boundaries.

1993

ICI Pakistan commissions a plant for manufacturing of specialized automotive paints.

1993

ICI Pakistan adds Polyol blending facility to its Specialty Chemical Plant

1994

ICI Pakistan increases capacity of Soda Ash Plant by 50,000 tonnes to 185,000 tonnes.



1994

ICI Pakistan marks the 50th anniversary of Soda Ash production at Khewra.

1995

ICI Pakistan's operating profit crosses the one billion rupee mark for the first time.

1995

ICI Pakistan commissions Sodium Bicarbonate plant.



1995

ICI Pakistan launches SHE (Safety, Health & Environment) Challenge 2000.

1996

ICI Pakistan increases Polyester fibre capacity to 60,000 tonnes and polymerization capacity to 91,000.

Paints

Colours that sparkle

The Paints Business continues in ICI Pakistan's longstanding tradition of success, with applications in the industry as varied as the sparkling colours it produces.

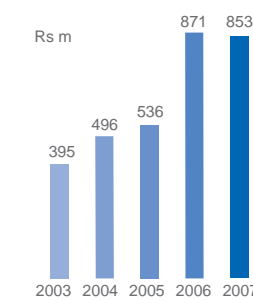
The Paints Business delivered a mixed performance in 2007. Demand in the Decorative and Refinish segments remained strong leading to double-digit growth in sales volume in both the segments. Decorative segment growth was driven by launch of new innovative premium products and expansion in the mid tier segment whereas, rapid expansion in the overall car population with the import of second hand cars led to growth in the Refinish segment. In the Industrial segment demand remained subdued due to weak performance of domestic auto manufacturing industry. Sales volume in the Industrial segment was in line with last year.

As reported in the third quarter results, Kansai Paints Japan terminated its technical services agreement with ICI Pakistan Limited citing change in control/ownership of the ICI Group. Consequently, the Business stopped supplies of Kansai products to the auto industry. The Business however, continues to maintain its presence in the auto industry by supplying non-Kansai products to this sector.

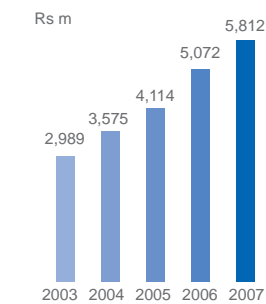
Higher sales volume led to 13% growth in net sales income over 2006. In spite of improved sales income, Business posted marginally lower operating result than last year on account of pressure on unit margins in the Industrial segment, higher advertising and other expenses to support business growth & development.



Operating Result

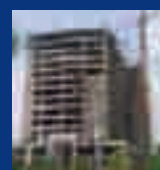


Turnover



	Q4 2007	Variance*	YTD 2007	Variance*
Operating Result – Rs Million	131.3	(45)%	852.5	(2)%
Sales Volume – Kilolitres	9,428	13%	38,834	12%
Production Volume – Kilolitres	9,778	14%	39,188	10%

* Compared to the same period last year



1997

ICI Pakistan Limited is listed on Islamabad Stock Exchange (G) Limited.



1998

ICI Pakistan commissions its PTA Plant.

1999

ICI Pakistan is awarded second position for "Best Corporate Accounts" in the non-financial sector for its 1998 Annual Report by the South Asian Federation of Accountants

2000

ICI Pakistan's PTA Business demerges into a separate entity, Pakistan PTA Limited.



2001

ICI Pakistan launches ERP (SAP) implementation.

2002

ICI Pakistan increases capacity of Polyester Plant by 44ktpa completed through Fayzan Manufacturing Modaraba.



Life Sciences

Innovation that illuminates

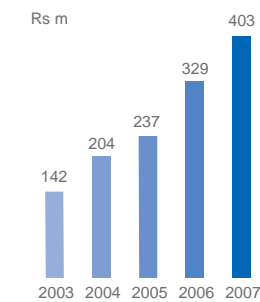
Continuing to light the way forward in new directions, the Life Sciences Business has achieved a successful year as a result of growing demand and expanding its portfolio.

The Life Sciences Business delivered another successful year with double-digit growth in all the segments. The Pharmaceutical, Seeds and Animal Health segments grew at 10%, 26% and 47% respectively on the back of robust demand in the existing product range and diversification of portfolio.

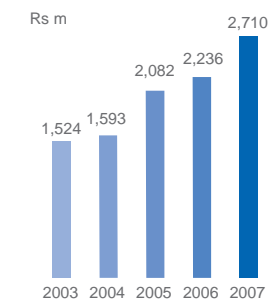
With exceptional growth in all the segments, net sales income for full year was 20% higher than last year and operating result at Rs 402.9 million was 22% higher than 2006.



Operating Result



Turnover



	Q4 2007	Variance*	YTD 2007	Variance*
Operating Result – Rs Million	208.0	42%	402.9	22%
Turnover – Rs Million	1,046.4	41%	2,710.3	21%

* Compared to the same period last year

2004

Zestril of ICI Pakistan's Pharmaceutical Division becomes the top selling ace-inhibitor in Pakistan.

2006

As a part of an asset modernization and improvement plan the Polyester Business commissions a sixth processing line.



2006

ICI Pakistan launches seven core values – sets of belief and principles, which the employees live and work by.

2006

ICI Pakistan crosses the Rs.2 billion mark in operating result for the first time.

2006

ICI Pakistan's Pharmaceutical Division enters the anti-infective segment with its first branded generic 'Icef'.

2006

ICI Pakistan achieves compliance with Section 404 of the Sarbanes Oxley Act.

2006

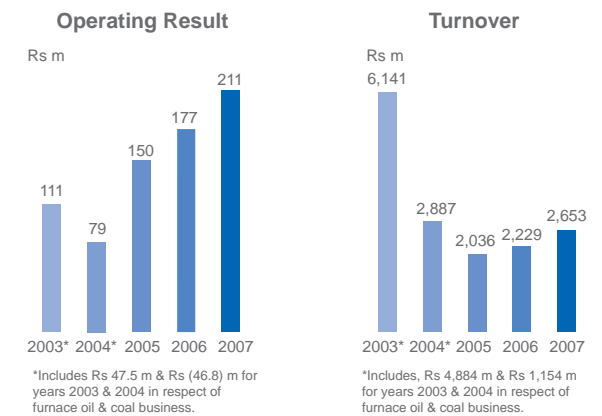
ICI Pakistan's Paints business launches its first super premium range - 5 in 1 technology brand Dulux Pentallite Classic.

Demand in the General Chemicals Business remained strong with growth in the downstream industries coupled with aggressive expansion of customer base. The Trading segment continued to grow throughout the year, as business environment remained buoyant across most target industries. The Polyurethanes segment also performed well throughout the year on the back of growth in the appliances, insulation and footwear segments.

Despite sluggish performance of the textile sector, Specialty Chemicals Business performed well with substantial growth in its products for the agriculture sector and export of textile chemicals.

Following the transfer of manufacturing technology in Q2 2007 from National Starch & Chemical Company, locally manufactured specialty adhesives were successfully sold to customers in the tobacco and packaging industry.

With higher sales volume, net sales income for the year grew by 19% over last year. The Business achieved operating result of Rs 211.5 million, which was 19% higher than 2006.



	Q4 2007	Variance*	YTD 2007	Variance*
Operating Result – Rs Million	76.1	273%	211.5	19%
Sales Volume – Tonnes	5,155	12%	21,168	7%
Production Volume – Tonnes **	2,285	21%	9,348	15%

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

Chemicals

Expertise that soars

With its varied and diverse portfolios, the Chemicals Business soared high on the wings of expertise as sales grew, new product streams were incorporated and markets expanded highlighting that diversity leads to success.

2007

ICI Pakistan completes 50ktpa expansion of its Soda Ash plant.

2007

ICI Pakistan announces 65ktpa expansion of its Soda Ash Plant.

2007

ICI Pakistan is awarded the Third Best Corporate Report award for the year 2006 by the Institute of Chartered Accountants of Pakistan and the Institute of Cost and Management Accountants of Pakistan.

2007

ICI Pakistan completes 50 years of continuous listing on Karachi Stock Exchange.



2007

ICI Pakistan constructs and hands over a Girls' Primary School at Bararkot Near Garhi Habibullah to Earthquake Reconstruction and Rehabilitation Authority.



2008

Akzo Nobel becomes the ultimate holding company of ICI Pakistan Limited.

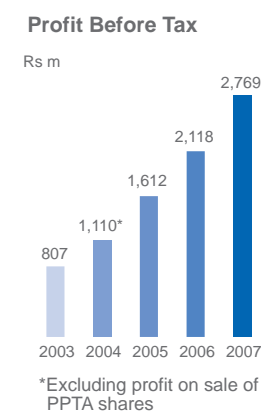
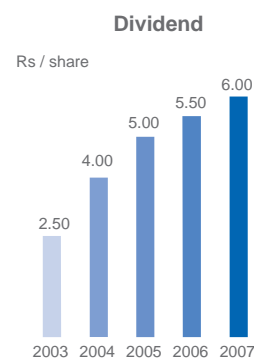
Profit and Finance

Your Company achieved a significant growth in profitability over 2006 and delivered strong financial results.

Company's operating result at Rs 2,971.4 million for the year ended 31 December 2007 was 20% higher than 2006. Selling & administration expenses increased compared to last year to support business development and growth in the Paints, Life Sciences and Chemicals Businesses whereas in Soda Ash, the increase was due to outward freight expenses on account of higher sales and fuel cost.

Financial charges for the year at Rs 146.4 million were 54% lower than last year mainly due to buyout of the Fayzan Manufacturing Modaraba's plant in September 2006. With higher operating result and lower financial charges, profit before tax at Rs 2,768.5 million and profit after tax at Rs 1,784.8 million were higher than last year by 31% and 23% respectively.

Earnings per share at Rs 12.86 increased by 23% over 2006.

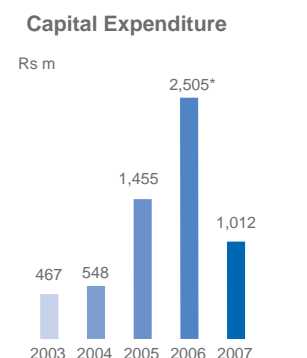


Capital Expenditure

The Company spent Rs. 1,012 million in 2007 on major capital projects and on sustenance to ensure efficiency and integrity of assets.

The 50ktpa Soda Ash Expansion Project costing Rs 1.0 billion was completed as per plan and commercial production commenced in March 2007.

Work on the 65ktpa Soda Ash Expansion Project is progressing as per plan.



*Includes purchase of plant & machinery from Fayzan Manufacturing Modaraba

Significant Contribution Towards the National Economy

In the last twelve years, your Company contributed Rs 31,320 million towards the national exchequer through taxes, levies, excise duty, sales tax and surcharges, with Rs 2,144.5 million as contribution for the year.

People

Consequent to his retirement from ICI Plc UK, Mr David J Gee resigned from the Board of Directors of the Company. Mr David R Carter was appointed as a non-executive director of the Company with effect from 15 June 2007 for the remainder of the term until 28 April 2008. Mr Andy M Ransom was appointed as the alternate director to Mr David R Carter. The Board would like to thank Mr Gee for his valuable contribution to the successful development of ICI Pakistan and welcomes Mr Carter as a new director of the Company.

The Audit and Remuneration Committees of the Board constituted to assure good governance, held frequent meetings and submitted their considered recommendations to the Board.

Your Company believes that its employees are the most valuable asset and primary reason for its continued success. The Company's HR policies are value based aimed at creating a culture of high performance, attracting, retaining and developing the best talent. The Company invests in people through comprehensive training and development plans including formal in-house and external training. Coaching and on-the-job training to develop and improve skills are integral part of this philosophy. In 2007, total training man-hours were 17,280 as compared to 6,834 in 2006.

As of 31 December 2007, total manpower stood at 1,267.

Future Outlook

Your Company successfully delivered another profitable year in line with its strategy to grow its businesses and maintain leading position in the relevant markets.

In 2008, trading conditions are expected to be difficult. The domestic economic indicators point to a slowdown in the GDP growth rate. Given this situation, concerns on law & order and a looming recession in the developed world, we sincerely hope that the Government of Pakistan takes appropriate fiscal, monetary and administrative measures, which are supportive to the continued development of the domestic industry and commerce.

On the positive side, the recently completed acquisition of ICI Plc by Akzo Nobel brings with it exciting opportunities. The two companies, combined global presence, technologies, products, brands and expertise will provide better competitive edge and open opportunities which should benefit your Company and its stakeholders in the future.

Auditors

The present auditors KPMG Taseer Hadi & Co., Chartered Accountants retire and being eligible have offered themselves for reappointment.

Compliance with the Code of Corporate Governance

As required under the Code of Corporate Governance dated 28 March 2002, the Directors are pleased to state as follows:

- The financial statements, prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any deviation from these has been adequately disclosed.
- The system of internal control and other such procedures, which are in place, are being continuously reviewed by the Internal Audit Function. The process of review will continue and any weakness in controls will be removed.
- There are no doubts upon the Company's ability to continue as a going concern.
- There has been no deviation from the best practices of corporate governance as detailed in the Listing Regulations.
- Key operating and financial data for the last 10 years is summarised on page 86.
- Outstanding taxes and levies are given in the Notes to the Financial Statements.
- The management of the Company is committed to good corporate governance, and appropriate steps are taken to comply with best practices.

Staff Retirement Funds

The values of investments in the staff retirement funds as per their respective audited financial statements for the year ended 31 December 2006, are as follows:

	Value (Rs '000's)
1 ICI Pakistan Management Staff Provident Fund	558,434
2 ICI Pakistan Management Staff Gratuity Fund	223,071
3 ICI Pakistan Management Staff Pension Fund	824,502
4 ICI Pakistan Management Staff Defined Contribution Superannuation Fund	147,520
5 ICI Pakistan Non-Management Staff Provident Fund	342,542

Directors Attendance

During the year, 5 (five) Board of Directors, 4 (four) Audit Committee and 2 (two) Remuneration Committee meetings were held. Attendance by each Director/CFO/Company Secretary was as follows:

Name of Directors	Board of Directors Attendance	Audit Committee Attendance	Remuneration Committee Attendance
1 Mr M J Jaffer	5	4	-
2 Mr Waqar A Malik	5	-	-
3 Mr Mueen Afzal	5	4	-
4 Mr David R Carter (i)	2	2	1
5 Mr David J Gee (ii)	2	2	1
6 Mr Philip Gillett	1	1	-
7 Mr Pervaiz A Khan	4	-	-
8 Mr Tariq Iqbal Khan	1	-	-
9 Mr Feroz Rizvi	4	-	-
10 Mr M Nawaz Tiwana	5	-	2
11 Mr Muhammad Zahir	5	-	-
12 Mr Andy M Ransom (iii)	-	-	1
13 Mr Nasir Jamal (Company Secretary)	5	4	-

(i) Appointed on the Board w.e.f 15 June 2007

(ii) Resigned w.e.f. 11 June 2007

(iii) Alternate director to Mr David R Carter

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

Pattern of Shareholding

A statement showing the pattern of shareholding in the Company together with additional information as at 31 December 2007 appears on pages 83-85.

ICI Omicron B.V. continues to hold 75.81% shares, while Institutions held 18.31%, and individuals and others held the balance 5.88%.

The highest and lowest market prices during 2007 were Rs 239.00 and Rs 115.25 per share respectively.

The Directors, CEO, CFO, Company Secretary and their spouses and minor children did not carry out any transaction in the shares of the Company during the year except for purchase of 1 share by Mr Mueen Afzal. This is reflected in the pattern of shareholding. All statutory returns in this connection were filed.

Group Financial Statements

The audited financial statements of the ICI Group for the year ended 31 December 2007 are attached. The ICI Pakistan Group comprises financial statements of ICI Pakistan Limited and ICI Pakistan PowerGen Limited, a wholly owned subsidiary.



M J Jaffer
Chairman



Waqar A Malik
Chief Executive

Dated: 14 February 2008
Karachi

Statement of Compliance with the Code of Corporate Governance for the year ended 31 December 2007

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

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes six non-executive directors including one director nominated by NIT.
2. The directors voluntarily confirmed that none of them is serving as a director in more than ten listed companies, including ICI Pakistan Limited, except for Mr Tariq Iqbal Khan who is a nominee of National Investment Trust Limited (NIT) and has been granted a waiver from the application of the relevant clause of the Code by the Securities and Exchange Commission of Pakistan.
3. The Directors have voluntarily declared that all the resident directors of the Company are registered taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs. None of the directors is a member of a stock exchange.
4. During the year one casual vacancy occurred in the Board of Directors on 11 June 2007 and it was filled on 15 June 2007. The Company has filed the necessary returns in this regard.
5. The Board of Directors of the Company, in its meeting held on 23 February 2001, adopted a Statement of Ethics and Business Practices which has been regularly circulated within the Company since 2001 and is in the knowledge of the Company's directors and employees.
6. The Board of Directors in its meeting held on 25 February 2005 approved and adopted a vision/mission statement pursuant to an 'Employee Satisfaction Survey' conducted under supervision of the Board. The statement has been further revised and circulated to the employees of the Company. The Board of Directors has also approved and adopted a corporate strategy for the Company and

significant policies. The corporate strategy is reviewed by the Board from time to time as appropriate.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other Executive Directors, have been taken by the Board.
8. During the year four regular meetings and one emergency meeting of the Board were held which were all presided over by the Chairman. Written notices of the regular Board Meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of all five meetings were appropriately recorded and circulated in time.
9. The Directors have been provided with copies of the Listing Regulations of the Stock Exchange, the Company's Memorandum and Articles of Association and the Code of Corporate Governance. Orientation courses, both in-house and external, were also arranged for the Board in 2003 & 2006. Besides a comprehensive paper on 'Roles and Responsibilities of Directors' was also circulated to the directors for their perusal in November 2006. The directors are, therefore, well conversant with their duties and responsibilities.
10. No new appointment of CFO, Company Secretary or Head of Internal Audit has been made during the year.
11. The Report of the Directors for the year ended 31 December 2007 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Audit Sub Committee of the Board has been in existence since 1992. It comprises four members, all of whom are non-executive directors including the chairman of the committee. ICI Pakistan also has a Remuneration Committee comprising two non-executive Directors, which has been in operation since 1997.

16. There have been four Audit Committee meetings during the year under review. The Directors have approved the revised terms of reference of the Audit Committee in light of the Code of Corporate Governance.

17. ICI Pakistan has had an effective internal audit function in place since the late 1970s. The Board has outsourced the internal audit function to M/s Ford Rhodes Sidat Hyder & Co. Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. They are involved in the internal audit function on a full time basis.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. We confirm that all other material principles contained in the Code have been complied with.



M J Jaffer
Chairman

Dated: 14 February 2008
Karachi



Waqar A Malik
Chief Executive

Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance


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

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

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

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

Dated: 14 February 2008
Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants



ICI Pakistan Limited

We have audited the annexed unconsolidated balance sheet of ICI Pakistan Limited ("the Company") as at 31 December 2007 and the related unconsolidated profit and loss account, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied.
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2007 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Date: 14 February 2008

Karachi

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

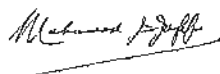
Amounts in Rs '000

	Note	2007	2006
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised capital 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	3	1,388,023	1,388,023
Capital reserves	4	465,845	465,845
Unappropriated profit		<u>9,544,582</u>	<u>8,411,142</u>
Total equity		11,398,450	10,265,010
Surplus on Revaluation of Property, Plant and Equipment	5	1,012,167	1,124,220
LIABILITIES			
Non-current liability			
Deferred liability	6	119,571	104,079
Current liabilities			
Short-term financing	7	-	3,613
Trade and other payables	8	<u>6,276,103</u>	<u>5,432,662</u>
		6,276,103	5,436,275
Contingencies and Commitments	9		
Total equity and liabilities		<u>18,806,291</u>	<u>16,929,584</u>

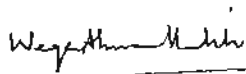
Amounts in Rs '000

	Note	2007	2006
ASSETS			
Non-current assets			
Property, plant and equipment	10	8,506,736	8,343,260
Intangible asset	11	39,737	71,774
		8,546,473	8,415,034
Deferred tax asset - net	12	354,456	1,029,589
Long-term investments	13	582,500	212,500
Long-term loans	14	204,867	175,687
Long-term deposits and prepayments	15	59,888	72,919
		1,201,711	1,490,695
		9,748,184	9,905,729
Current assets			
Stores and spares	16	605,480	705,639
Stock-in-trade	17	2,311,336	2,347,790
Trade debts	18	1,049,464	730,676
Loans and advances	19	137,680	174,039
Trade deposits and short-term prepayments	20	343,570	287,159
Other receivables	21	658,489	549,933
Taxation recoverable		337,032	437,468
Cash and bank balances	22	3,615,056	1,791,151
		9,058,107	7,023,855
Total assets		18,806,291	16,929,584

The annexed notes 1 to 44 form an integral part of these financial statements.



M J Jaffer
Chairman / Director



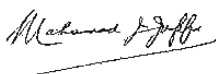
Waqar A Malik
Chief Executive



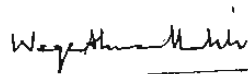
Feroz Rizvi
Chief Financial Officer

		Amounts in Rs '000	
	Note	2007	2006
Turnover	23	25,973,009	21,947,688
Sales tax, commission and discounts	23	(2,943,274)	(2,373,570)
Net sales and commission income		23,029,735	19,574,118
Cost of sales	24	(18,223,615)	(15,492,648)
Gross profit		4,806,120	4,081,470
Selling and distribution expenses	25	(1,074,549)	(876,075)
Administration and general expenses	26	(760,201)	(726,377)
		2,971,370	2,479,018
Financial charges	27	(146,421)	(319,301)
Other operating charges	28	(222,345)	(171,127)
		(368,766)	(490,428)
Other operating income	29	165,919	129,207
Profit before taxation		2,768,523	2,117,797
Taxation	30	(983,723)	(662,169)
Profit after taxation		1,784,800	1,455,628
		(Rupees)	(Rupees)
Earnings per share - Basic and diluted	31	12.86	10.49

The annexed notes 1 to 44 form an integral part of these financial statements.



M J Jaffer
Chairman / Director



Waqar A Malik
Chief Executive



Feroz Rizvi
Chief Financial Officer

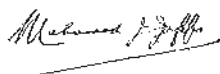
Amounts in Rs '000

	2007	2006
Cash Flows from Operating Activities		
Profit before taxation	2,768,523	2,117,797
Adjustments for:		
Depreciation and amortisation	874,389	779,713
Gain on disposal of property, plant and equipment	(1,100)	(6,701)
Provision for non-management staff gratuity and eligible retired employees' medical scheme	26,207	27,807
Mark-up on bank deposits and loan to subsidiary	(45,469)	(34,834)
Interest / mark-up expense	119,905	253,355
	<u>3,742,455</u>	<u>3,137,137</u>
Movement in:		
Working capital	594,701	375,918
Long-term loans	(29,180)	91,702
Long-term deposits and prepayments	13,031	(50,709)
	<u>4,321,007</u>	<u>3,554,048</u>
Cash generated from operations		
Payments for :		
Non-management staff gratuity and eligible retired employees' medical scheme	(10,715)	(14,332)
Taxation	(208,154)	(62,623)
	<u>4,102,138</u>	<u>3,477,093</u>
Net cash generated from operating activities		
Cash Flows from Investing Activities		
Payments for capital expenditure	(1,069,615)	(1,082,459)
Proceeds from disposal of property, plant and equipment	7,514	7,442
Profit / mark-up received	34,665	34,834
Long term investment	(370,000)	-
Net cash used in investing activities	(1,397,436)	(1,040,183)

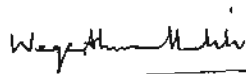
Amounts in Rs '000

	2007	2006
Cash Flows from Financing Activities		
Repayment of liability under finance lease	-	(1,239,200)
Interest / mark-up paid	(113,747)	(334,385)
Dividend paid	(763,437)	(763,443)
Net cash used in financing activities	(877,184)	(2,337,028)
Net increase in cash and cash equivalents	1,827,518	99,882
Cash and cash equivalents at 1 January	1,787,538	1,687,656
Cash and cash equivalents at 31 December	<u>3,615,056</u>	<u>1,787,538</u>
Movement in Working Capital		
<i>(Increase) / decrease in current assets</i>		
Stores and spares	100,159	(16,320)
Stock-in-trade	36,454	163,691
Trade debts	(318,788)	(83,667)
Loans and advances	36,359	(62,346)
Trade deposits and short-term prepayments	(56,411)	(95,816)
Other receivables	(97,752)	(263,140)
	(299,979)	(357,598)
<i>Increase in current liabilities</i>		
Trade and other payables	894,680	733,516
	<u>594,701</u>	<u>375,918</u>
Cash and cash equivalents at 31 December comprise of:		
Cash and bank balances - note 22	3,615,056	1,791,151
Running finances utilised under mark-up arrangements - note 7	-	(3,613)
	<u>3,615,056</u>	<u>1,787,538</u>

The annexed notes 1 to 44 form an integral part of these financial statements.



M J Jaffer
Chairman / Director



Waqar A Malik
Chief Executive

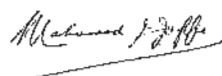


Feroz Rizvi
Chief Financial Officer

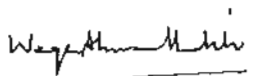
Amounts in Rs '000

	Issued, subscribed and paid-up capital	Capital reserves	Unappropriated profit	Total
Balance as on 1 January 2006	1,388,023	465,845	7,639,204	9,493,072
Changes in equity for 2006				
Final dividend for the year ended 31 December 2005 @ Rs 3.00 per share	-	-	(416,407)	(416,407)
Profit for the year ended 31 December 2006	-	-	1,455,628	1,455,628
Transfer from surplus on revaluation of property, plant and equipment net of deferred tax - note 5	-	-	79,723	79,723
Total recognised Income and expense for the year	-	-	1,535,351	1,535,351
Interim dividend for the year 2006 @ Rs 2.50 per share	-	-	(347,006)	(347,006)
Balance as on 31 December 2006	1,388,023	465,845	8,411,142	10,265,010
Changes in equity for 2007				
Final dividend for the year ended 31 December 2006 @ Rs 3.00 per share	-	-	(416,407)	(416,407)
Profit for the year ended 31 December 2007	-	-	1,784,800	1,784,800
Transfer from surplus on revaluation of property, plant and equipment net of deferred tax - note 5	-	-	112,053	112,053
Total recognised Income and expense for the year	-	-	1,896,853	1,896,853
Interim dividend for the year 2007 @ Rs 2.50 per share	-	-	(347,006)	(347,006)
Balance as on 31 December 2007	1,388,023	465,845	9,544,582	11,398,450

The annexed notes 1 to 44 form an integral part of these financial statements.



M J Jaffer
Chairman / Director



Waqar A Malik
Chief Executive



Feroz Rizvi
Chief Financial Officer

1. Status and Nature of Business

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

2. Summary of Significant Accounting Policies**2.1 Statement of compliance**

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

2.2 Basis of preparation

These financial statements have been prepared under the historical cost convention, except that certain property, plant and equipment have been included at revalued amounts and certain exchange elements referred to in note 2.8 have been recognised in the cost of the relevant property, plant & equipment.

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

Judgments and estimates made by the management that may have a significant risk of material adjustments to the financial statements in subsequent years are discussed in note 40.

2.3 Staff retirement benefits

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

Defined benefit plans

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

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

Defined contribution plans

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

2.4 Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the present value of the expected expenditures, discounted at a tax rate that reflects current market assessment of the time value of money and the risk specific to the obligation.

2.5 Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost using the effective interest method.

2.6 Dividend

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

2.7 Taxation

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

Current

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

Deferred

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

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

2.8 Property, plant and equipment and depreciation

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

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

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

Surplus on revaluation of property, plant and equipment is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets the related surplus on revaluation of property, plant and equipment (net of deferred taxation) is transferred directly to unappropriated profit.

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

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

2.9 Intangible assets

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

Computer software

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

2.10 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect of the estimated future cash flows of that asset.

Non-Financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the assets's recoverable amount is estimated. An impairment loss is recognised, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.11 Investments

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

2.12 Stores and spares

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

2.13 Stock-in-trade

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

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

2.14 Trade debts and other receivables

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

2.15 Foreign currency translation

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

2.16 Functional and presentation currency

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

2.17 Revenue recognition

- Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the customer. For those products which are often sold with a right of return, accumulated experience is used to estimate and provide for such returns at the time of sale.
- Commission income is recognised on date of shipment from suppliers.
- Profit on short-term deposits and mark-up on loan to subsidiaries is accounted for on a time-apportioned basis using the effective interest method.
- Dividend income is recognised when the right to receive payment is established.

2.18 Financial expense

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

2.19 Segment reporting

A segment is a distinguishable component within a company that is engaged in providing products under a common control environment (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments.

2.20 Finance lease

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

2.21 Operating lease

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

2.22 Cash and cash equivalents

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

2.23 Borrowings and their cost

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

2.24 Financial liabilities

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

2.25 Derivative financial instruments

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

2.26 Off-setting

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

Amounts in Rs '000

3. Issued, Subscribed and Paid-up Capital

2007	2006		2007	2006
(Numbers)				
125,840,190	125,840,190	Ordinary shares of Rs 10 each fully paid in cash	1,258,402	1,258,402
318,492	318,492	Ordinary shares of Rs 10 each issued as fully paid for consideration other than cash under scheme of arrangement for amalgamation	3,185	3,185
25,227	25,227	Ordinary shares of Rs 10 each issued as fully paid bonus shares	252	252
12,618,391	12,618,391	Ordinary shares issued pursuant to the Scheme as fully paid for consideration of investment in associate (note 3.1)	126,184	126,184
<u>138,802,300</u>	<u>138,802,300</u>		<u>1,388,023</u>	<u>1,388,023</u>

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

3.2 ICI Omicron B.V., which is a wholly owned subsidiary of Imperial Chemical Industries PLC, UK, held 105,229,125 (2006: 105,229,125) ordinary shares of Rs 10 each at 31 December 2007. Effective 2 January 2008 Akzo Nobel N.V. has completed its acquisition of ICI PLC, UK, the parent company of ICI Omicron B.V. Accordingly with effect from 2 January 2008 Akzo Nobel has become the ultimate holding company of ICI Pakistan Limited. ICI Pakistan Limited continues to be the direct subsidiary of ICI Omicron B.V.

4. Capital Reserves

Share premium - note 4.1	465,259	465,259
Capital receipts - note 4.2	586	586
	<u>465,845</u>	<u>465,845</u>

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

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

5. Surplus on Revaluation of Property, Plant and Equipment

Balance as on 1 January	1,124,220	494,315
Revaluation surplus	-	667,967
Reversal of net deferred tax liability on surplus earlier recognised	-	41,661
	-	709,628
Less: Transfer to retained earnings (unappropriated profit) in respect of incremental depreciation charged during the year net of deferred tax	(112,053)	(79,723)
Balance as on 31 December	<u>1,012,167</u>	<u>1,124,220</u>

Amounts in Rs '000

	2007		2006					
6. Deferred Liability								
Provisions for non-management staff gratuity and eligible retired employees' medical scheme			<u>119,571</u>	<u>104,079</u>				
6.1 Staff Retirement Benefits								
	2007		2006					
	Funded	Unfunded	Funded	Unfunded				
	Pension	Gratuity	Total	Pension	Gratuity	Total		
6.1.1 The amounts recognised in the profit and loss account against defined benefit schemes are as follows:								
Current service cost	21,658	20,464	42,122	5,175	23,048	19,297	42,345	4,943
Interest cost	81,443	30,945	112,388	17,438	80,165	27,451	107,616	15,719
Expected return on plan assets	(93,010)	(25,008)	(118,018)	-	(89,043)	(24,991)	(114,034)	-
Termination cost	1,896	-	1,896	-	17,233	-	17,233	479
Recognition of actuarial loss	14,116	4,316	18,432	3,678	18,859	1,826	20,685	6,758
Charge for the year	<u>26,103</u>	<u>30,717</u>	<u>56,820</u>	<u>26,291</u>	<u>50,262</u>	<u>23,583</u>	<u>73,845</u>	<u>27,899</u>
6.1.2 Movements in the net asset / (liability) recognised in the balance sheet are as follows:								
Opening balance	130,793	(6,469)	124,324	(104,444)	71,205	(8,417)	62,788	(90,971)
Charge for the year - note 6.1.1	(26,103)	(30,717)	(56,820)	(26,291)	(50,262)	(23,583)	(73,845)	(27,899)
Contributions / payments during the year	85,501	55,957	141,458	10,926	109,850	25,531	135,381	14,426
Closing balance	<u>190,191</u>	<u>18,771</u>	<u>208,962</u>	<u>(119,809)</u>	<u>130,793</u>	<u>(6,469)</u>	<u>124,324</u>	<u>(104,444)</u>
6.1.3 The amounts recognised in the balance sheet are as follows:								
Fair value of plan assets - note 6.1.5	1,038,068	274,870	1,312,938	-	842,376	224,733	1,067,109	-
Present value of defined benefit obligation - note 6.1.4	(977,855)	(373,060)	(1,350,915)	(204,472)	(778,855)	(293,785)	(1,072,640)	(163,843)
Surplus / (Deficit)	60,213	(98,190)	(37,977)	(204,472)	63,521	(69,052)	(5,531)	(163,843)
Unrecognised actuarial loss	129,978	116,961	246,939	84,663	67,272	62,583	129,855	59,399
Recognised asset / (liability)	<u>190,191</u>	<u>18,771</u>	<u>208,962</u>	<u>(119,809)</u>	<u>130,793</u>	<u>(6,469)</u>	<u>124,324</u>	<u>(104,444)</u>
6.1.4 Movement in the present value of defined benefit obligation:								
Opening balance	778,855	293,785	1,072,640	163,844	780,301	266,191	1,046,492	152,859
Service cost	21,658	20,464	42,122	5,175	23,048	19,297	42,345	4,943
Interest cost	81,443	30,945	112,388	17,438	80,165	27,451	107,616	15,719
Benefits paid	(78,983)	(25,599)	(104,582)	(10,926)	(75,245)	(23,702)	(98,947)	(14,426)
Termination cost	1,896	-	1,896	-	17,233	-	17,233	479
Actuarial loss / (gain)	172,986	53,465	226,451	28,941	(46,647)	4,548	(42,099)	4,269
Present value of the defined benefit obligation at the end of the year	<u>977,855</u>	<u>373,060</u>	<u>1,350,915</u>	<u>204,472</u>	<u>778,855</u>	<u>293,785</u>	<u>1,072,640</u>	<u>163,843</u>
6.1.5 Movement in the fair value of plan assets:								
Opening balance	842,376	224,733	1,067,109	-	783,507	230,935	1,014,442	-
Expected return	93,010	25,008	118,018	-	89,043	24,991	114,034	-
Contributions	85,501	55,957	141,458	-	109,850	25,531	135,381	-
Benefits paid	(78,983)	(25,599)	(104,582)	-	(75,245)	(23,702)	(98,947)	-
Actuarial gain / (loss)	96,164	(5,229)	90,935	-	(64,779)	(33,022)	(97,801)	-
Fair value of plan assets at the end of the year	<u>1,038,068</u>	<u>274,870</u>	<u>1,312,938</u>	<u>-</u>	<u>842,376</u>	<u>224,733</u>	<u>1,067,109</u>	<u>-</u>
6.1.6 Historical Information								
As at 31 December				2007	2006	2005	2004	2003
Present Value of defined benefit obligation				1,555,387	1,236,483	1,199,351	1,220,952	1,289,235
Fair value of plan assets				1,312,938	1,067,109	1,014,442	910,995	910,381
Deficit				<u>242,449</u>	<u>169,374</u>	<u>184,909</u>	<u>309,957</u>	<u>378,854</u>
Experience adjustments on plan liabilities				16%	1%	8%	(2%)	12%
Experience adjustments on plan assets				7%	(9%)	7%	(2%)	1%

Amounts in Rs '000

	2007	2006
6.1.7 Major categories / composition of plan assets are as follows:		
Debt instruments	63%	62%
Equity	13%	10%
Mixed Funds	18%	16%
Cash	6%	12%

The unfunded liability included in the above table includes Rs 0.238 million (2006: Rs 0.365 million) pertaining to ICI Pakistan PowerGen Limited.

These figures are based on the latest actuarial valuation, as at 31 December 2007. The valuation uses the Projected Unit Credit method. Actuarial gains and losses are amortised over the expected future service of current members.

The return on plan assets was assumed to equal the discount rate. Actual return on plan assets during 2007 was Rs 208.953 million (2006: Rs 16.233 million).

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

Discount rate	11.0%	11.0%
Expected return on plan assets	11.0%	11.0%
Future salary increases	8.9%	8.9%
Future pension increases	6.0%	6.0%

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

	2007	Increase	Decrease
Effect on the aggregate of the current service cost and interest cost	12,152	13,890	10,733
Effect on the defined benefit obligation	111,337	124,590	100,243

6.1.10 The Company contributed Rs 40.978 million (2006: Rs 39.158 million) and Rs 18.204 million (2006: Rs 17.104 million) to the provident fund and the defined contribution superannuation fund respectively during the year.

7. Short-Term Financing

Running finances utilised under mark-up arrangements - note 7.1	-	3,613
Term finances - note 7.2	-	-
	<u>-</u>	<u>3,613</u>

7.1 The facilities for running finance available from various banks amounted to Rs 2,571 million (31 December 2006: Rs 2,571 million) and carry mark-up during the period ranging from 9.59 to 11.63 percent per annum (31 December 2006: 8.76 to 11.84 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.

7.2 The facilities for term finance available from various banks amount to Rs 550 million (2006: Rs 550 million). However no such facility was utilised as on 31 December 2007.

Amounts in Rs '000

	2007	2006
8. Trade and Other Payables		
Trade creditors - note 8.1	2,081,618	2,000,796
Bills payable	2,214,797	1,507,414
Sales tax, excise and custom duties	96,058	56,819
Mark-up accrued on short term financing	11,680	7,504
Accrued interest / return on unsecured loan - note 8.2	354,709	352,728
Accrued expenses	637,989	587,109
Technical service fee	40,269	19,755
Workers' profit participation fund - note 8.3	150,790	113,788
Workers' welfare fund	98,942	42,356
Distributors' security deposits - payable on termination of distributorship - note 8.4	56,092	56,670
Contractors' earnest / retention money	8,599	9,217
Advances from customers	185,049	211,155
Unclaimed dividends	4,550	4,574
Payable for capital expenditure	107,123	164,495
Payable for staff retirement benefit schemes	-	6,469
Provision for compensated absences	20,000	20,000
Others	207,838	271,813
	<u>6,276,103</u>	<u>5,432,662</u>
8.1 The above balances include amounts due to following associated undertakings:		
Pakistan PTA Limited	1,197,090	168,974
ICI Paints UK	3,770	917
ICI Paints Asia Pacific	11,600	5,168
ICI Paints Malaysia Limited	21	-
National Starch and Chemicals	657	830
ICI India Limited	937	-
	<u>1,214,075</u>	<u>175,889</u>
8.2 This represents amount payable to Mortar Investments International Limited.		
8.3 Workers' profit participation fund		
Balance as on 1 January	113,788	89,163
Allocation for the year - note 28	145,964	111,571
	259,752	200,734
Interest on funds utilised in the Company's business at 41.25 percent (2006: 37.5 percent) per annum - note 27	4,774	2,058
	264,526	202,792
Less:		
- Amount paid to and on behalf of the Fund	10,192	10,829
- Deposited with the Government of Pakistan	103,544	78,175
	113,736	89,004
Balance as on 31 December	<u>150,790</u>	<u>113,788</u>
8.4 Interest on security deposits from certain distributors is payable at 7.5 percent (2006: 7.5 percent) per annum as specified in the respective agreements.		

		Amounts in Rs '000	
		2007	2006
9.	Contingencies and Commitments		
9.1	Claims against the Company not acknowledged as debts are as follows:		
	Local bodies	12,870	13,819
	Sales Tax authorities	97,192	97,192
	Others	92,130	85,474
		<u>202,192</u>	<u>196,485</u>
9.2	Guarantees issued by the Company in respect of financial and operational obligations of Pakistan PTA Limited pursuant to the Scheme amounting to Rs 2,460 million (2006: Rs 2,550 million) against which Pakistan PTA Limited has issued counter guarantees to the Company.		
9.3	Guarantees issued by the Company in respect of financing obtained by Senior Executives amounted to Rs 18 million (2006: Rs 32 million), in accordance with the terms of employment.		
9.4	Commitments in respect of capital expenditure - Rs 243.131 million (2006: Rs 32.884 million).		
9.5	Commitments for rentals under operating lease agreements in respect of vehicles amounting to Rs 115.502 million (2006: Rs 108.389 million) are as follows:		
	Year		
	2007	-	40,396
	2008	45,450	32,852
	2009	37,119	22,219
	2010	28,768	12,922
	2011	4,165	-
		<u>115,502</u>	<u>108,389</u>
	Payable not later than one year	45,450	40,396
	Payable later than one year but not later than five years	70,052	67,993
		<u>115,502</u>	<u>108,389</u>
9.6	Outstanding foreign exchange contracts as at 31 December 2007 entered into by the Company to hedge the anticipated future transactions amounted to Rs 623.133 million (2006: Rs 1,321.424 million).		

Amounts in Rs '000

10. Property, Plant and Equipment**2007** **2006****10.1** The following is a statement of property, plant and equipment:

Operating property, plant and equipment - note 10.2	7,728,909	7,167,583
Capital work-in-progress - note 10.7	777,827	1,175,677
	<u>8,506,736</u>	<u>8,343,260</u>

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

	Land		Limebeds on leasehold land	Buildings		Plant and machinery	Railway sidings	Rolling stock and vehicles	Furniture and equipment	Total
	Freehold	Leasehold		On freehold land	On leasehold land					
2007										
Net carrying value basis										
Year ended 31 December 2007										
Opening net book value (NBV)	836,702	106,459	75,337	261,712	354,344	5,379,846	-	25,052	128,131	7,167,583
Additions/transfer (at cost)	-	-	-	6,400	186,197	1,180,450	-	4,592	32,453	1,410,092
Disposals/transfer (at NBV)	-	-	-	-	(664)	(2,858)	-	(2,403)	(489)	(6,414)
Depreciation charge	-	(78,549)	(6,011)	(25,152)	(55,509)	(635,130)	-	(5,751)	(36,250)	(842,352)
Closing net book value (NBV)	<u>836,702</u>	<u>27,910</u>	<u>69,326</u>	<u>242,960</u>	<u>484,368</u>	<u>5,922,308</u>	<u>-</u>	<u>21,490</u>	<u>123,845</u>	<u>7,728,909</u>
Gross carrying value basis										
At 31 December 2007										
Cost/Revaluation	836,702	567,799	118,322	857,020	938,726	14,658,112	297	141,079	572,991	18,691,048
Accumulated Depreciation	-	(539,889)	(48,996)	(614,060)	(454,358)	(8,735,804)	(297)	(119,589)	(449,146)	(10,962,139)
Net book value	<u>836,702</u>	<u>27,910</u>	<u>69,326</u>	<u>242,960</u>	<u>484,368</u>	<u>5,922,308</u>	<u>-</u>	<u>21,490</u>	<u>123,845</u>	<u>7,728,909</u>
Depreciation rate % per annum	-	2 to 4	3.33 to 7.5	5 to 10	2.5 to 10	3.33 to 10	3.33	10 to 25	10 to 33.33	
2006										
Net carrying value basis										
Year ended 31 December 2006										
Opening net book value (NBV)	49,706	25,904	81,314	191,721	381,009	3,822,409	-	11,612	126,833	4,690,508
Additions/transfer (at cost)	-	-	50	122,600	10,766	2,301,010	-	20,307	43,992	2,498,725
Revaluation	786,996	90,841	-	-	-	(209,870)	-	-	-	667,967
Disposals/transfer (at NBV)	-	-	-	-	-	(41)	-	(437)	(263)	(741)
Depreciation charge	-	(10,286)	(6,027)	(52,609)	(37,431)	(533,662)	-	(6,430)	(42,431)	(688,876)
Closing net book value (NBV)	<u>836,702</u>	<u>106,459</u>	<u>75,337</u>	<u>261,712</u>	<u>354,344</u>	<u>5,379,846</u>	<u>-</u>	<u>25,052</u>	<u>128,131</u>	<u>7,167,583</u>
Gross carrying value basis										
At 31 December 2006										
Cost/Revaluation	836,702	567,799	118,322	850,620	754,006	13,536,096	297	140,705	564,773	17,369,320
Accumulated Depreciation	-	(461,340)	(42,985)	(588,908)	(399,662)	(8,156,250)	(297)	(115,653)	(436,642)	(10,201,737)
Net book value	<u>836,702</u>	<u>106,459</u>	<u>75,337</u>	<u>261,712</u>	<u>354,344</u>	<u>5,379,846</u>	<u>-</u>	<u>25,052</u>	<u>128,131</u>	<u>7,167,583</u>
Depreciation rate % per annum	-	2 to 4	3.33 to 7.5	5 to 10	2.5 to 10	3.33 to 10	3.33	10 to 25	10 to 33.33	

Amounts in Rs '000

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

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

	2007	2006
Net Book Value		
Freehold land	20,929	20,929
Leasehold land	32	37
Plant and machinery	5,622,648	5,028,634
Rolling stock and vehicles	21,490	25,052
Furniture and equipment	123,845	128,131
	<u>5,788,944</u>	<u>5,202,783</u>

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

Cost of sales - note 24	807,881	655,652
Selling and distribution expenses - note 25	1,068	947
Administration and general expenses - note 26	33,403	32,277
	<u>842,352</u>	<u>688,876</u>

10.6 Assets held under finance lease

The depreciation charge of Rs Nil (2006: Rs 58.8 million) has been allocated to the cost of sales - note 24.

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

Designing, consultancy and engineering fee	23,741	30,965
Civil works and buildings	92,658	164,844
Plant and machinery	529,461	899,307
Miscellaneous equipment	47,298	52,950
Advances to suppliers / contractors	84,669	27,611
	<u>777,827</u>	<u>1,175,677</u>

Amounts in Rs '000

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

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Particulars of buyers
Building					
Scrapped	1,250	721	529	2	Shahbaz & Company, Malakwal
Plant and machinery					
Sold by negotiation	181	59	122	128	Shaz Services, Karachi
Scrapped	17,088	14,478	2,610	321	Shahbaz & Company, Malakwal
Rolling stock and vehicles					
Sold by negotiation	225	-	225	800	M/s Asif Brothers, Karachi
Sold by auction	2,260	82	2,178	4,365	Various
Furniture and equipment					
Sold by negotiations	15,364	14,944	420	764	Various

	2007	2006
11. Intangible Asset		
Net carrying value basis Year ended 31 December		
Opening net book value (NBV)	71,774	103,811
Additions (at cost)	-	-
Amortisation charge	(32,037)	(32,037)
Closing net book value (NBV)	<u>39,737</u>	<u>71,774</u>
Gross carrying amount At 31 December		
Cost	168,781	168,781
Accumulated amortisation	(129,044)	(97,007)
Net book value	<u>39,737</u>	<u>71,774</u>

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

Cost of sales - note 24	15,128	15,128
Selling and distribution expenses - note 25	2,657	2,657
Administration and general expenses - note 26	14,252	14,252
	<u>32,037</u>	<u>32,037</u>

Amounts in Rs '000

	2006	Charge / (reversal)	2007
12. Deferred Tax Asset - net			
<i>Deductible temporary differences</i>			
Tax losses carried forward	1,880,628	591,479	1,289,149
Provisions for retirement benefits, doubtful debts and others	149,395	(20,494)	169,889
<i>Taxable temporary differences</i>			
Property, plant and equipment	(1,000,434)	104,148	(1,104,582)
	<u>1,029,589</u>	<u>675,133</u>	<u>354,456</u>

	2007	2006
13. Long - Term Investments		
<i>Unquoted Subsidiary</i>		
ICI Pakistan PowerGen Limited (wholly owned) - note 13.1 & 13.2 5,800,000 ordinary shares (2006: 2,100,000) of Rs 100 each	580,000	210,000
<i>Others</i>		
<i>Equity security available for sale</i>		
Arabian Sea Country Club Limited	2,500	2,500
	<u>582,500</u>	<u>212,500</u>

13.1 During the year the Company has made a further investment of Rs 370 million in the wholly owned subsidiary. This investment has been approved by the shareholders in the annual general meeting held on 26 April 2007 and extraordinary general meeting held on 20 July 2007 in which Company had agreed to invest a further sum of Rs 600 million (including Rs 400 million in equity and Rs 200 million as loan).

13.2 The value of the Company's investment on the basis of net assets of the Subsidiary as disclosed in the audited financial statements for the year ended 31 December 2007 amounted to Rs 288.332 million (2006: Rs 83.829 million).

14. Long-Term Loans - Considered good

Due from Subsidiary - Unsecured		
- Long term loan - note 14.1 & 19	96,000	72,000
Due from Directors, Executives and Employees - note 14.2	108,867	103,687
	<u>204,867</u>	<u>175,687</u>

14.1 This represents loan given to ICI Pakistan PowerGen Limited which was rescheduled during the current year. As per the old agreement the loan carried a rate of return of 4% per annum payable quarterly and principal amount payable in five equal semi annual instalments starting from March 2007. As per the revised agreement the loan carries a rate of return of three months KIBOR + 1% on each instalment and the principal amount is due in five equal semi-annual instalments, commencing from 1 October 2008. The above terms have been approved by the shareholders in the annual general meeting held on 26 April 2007.

		Amounts in Rs '000	
		2007	2006
14.2	Due from Executives and Employees		
		Motor car	House building
		Total	Total
	Due from Executives	37,463	34,450
	Less: Receivable within one year	5,164	12,840
		<u>32,299</u>	<u>21,610</u>
	Due from Employees	82,509	73,023
	Less: Receivable within one year	27,551	27,336
		54,958	45,687
		<u>108,867</u>	<u>103,687</u>
	Outstanding for period:		
	- less than three years but over one year	58,134	59,395
	- more than three years	50,733	44,292
		<u>108,867</u>	<u>103,687</u>

14.3 Reconciliation of the carrying amount of loans to Executives:

Opening balance at beginning of the year	75,682	63,891
Disbursements	30,893	56,551
Repayments	(34,662)	(44,760)
Balance at end of the year	<u>71,913</u>	<u>75,682</u>

The loan to executives includes an amount of Rs 4.145 million (2006: Rs 5.420 million) in respect of house building relating to key management personnel. Loan outstanding during the year relates to Mr. Ali A. Aga, who was provided this loan as per his terms of employment.

14.4 Loans for purchase of motor cars and house building are repayable between two to ten years. These loans are interest free and granted to the employees including executives of the Company in accordance with their terms of employment.

14.5 The maximum aggregate amount of long-term loans and advances due from the Executives at the end of any month during the year was Rs 83.397 million (2006: Rs 75.682 million).

15. Long-Term Deposits and Prepayments

Deposits	21,120	54,987
Prepayments	38,768	17,932
	<u>59,888</u>	<u>72,919</u>

	Amounts in Rs '000	
	2007	2006
16. Stores and Spares		
Stores (include in-transit Rs 30.528 million; 2006: Rs 19.579 million)	65,519	47,740
Spares	520,644	629,792
Consumables	74,978	83,768
	<u>661,141</u>	<u>761,300</u>
Less: Provision for slow moving and obsolete items	55,661	55,661
	<u>605,480</u>	<u>705,639</u>
17. Stock-in-Trade		
Raw and packing material (include in-transit Rs 244.345 million; 2006: Rs 355.516 million)	1,116,753	940,720
Work-in-process	192,127	141,151
Finished goods (include in-transit Rs 28.068 million; 2006: Rs 56.948 million)	1,120,188	1,333,205
	<u>2,429,068</u>	<u>2,415,076</u>
Less: Provision for slow moving and obsolete stock		
- Raw material	89,363	31,046
- Finished goods	28,369	36,240
	<u>117,732</u>	<u>67,286</u>
	<u>2,311,336</u>	<u>2,347,790</u>
18. Trade Debts		
<i>Considered good</i>		
- Secured	291,456	277,509
- Unsecured	901,469	544,366
	<u>1,192,925</u>	<u>821,875</u>
<i>Considered doubtful</i>	146,457	111,734
	<u>1,339,382</u>	<u>933,609</u>
Less: Provision for:		
- Doubtful debts	146,457	111,734
- Discounts payable	143,461	91,199
	<u>289,918</u>	<u>202,933</u>
	<u>1,049,464</u>	<u>730,676</u>

		Amounts in Rs '000	
		2007	2006
19.	Loans and Advances		
	<i>Considered good</i>		
	Loans due from:		
	Executives - note 14.2	18,004	17,682
	Employees - note 14.2	27,551	27,336
	Subsidiary - unsecured - note 14.1	24,000	48,000
		<u>69,555</u>	<u>93,018</u>
	Advances to:		
	Directors and Executives	8,903	1,679
	Employees	1,070	2,846
	Contractors and suppliers	54,802	74,127
	Others	3,350	2,369
		<u>68,125</u>	<u>81,021</u>
		<u>137,680</u>	<u>174,039</u>
	<i>Considered doubtful</i>	8,120	8,120
		<u>145,800</u>	<u>182,159</u>
	Less: Provision for doubtful loans and advances	8,120	8,120
		<u>137,680</u>	<u>174,039</u>
19.1	The maximum aggregate amount of advances due from the Directors and Executives at the end of any month during the year was Rs 1.992 million and Rs 8.068 million (2006: Rs Nil and Rs 7.782 million) respectively.		
20.	Trade Deposits and Short-Term Prepayments		
	Trade deposits	12,323	4,208
	Short-term prepayments	306,275	268,606
	Balances with statutory authorities	24,972	14,345
		<u>343,570</u>	<u>287,159</u>
21.	Other Receivables		
	<i>Considered good</i>		
	Duties, sales tax and octroi refunds due	306,870	185,955
	Due from Associate - note 21.1	67,582	67,582
	Insurance claims	21,267	-
	Commission receivable	22,560	23,354
	Interest income receivable from subsidiary	3,239	1,210
	Interest income receivable	8,775	-
	Rebates receivable	108,414	194,627
	Others	119,782	77,205
		<u>658,489</u>	<u>549,933</u>
	<i>Considered doubtful</i>	15,904	20,733
		<u>674,393</u>	<u>570,666</u>
	Less: Provision for doubtful receivables	15,904	20,733
		<u>658,489</u>	<u>549,933</u>
21.1	The maximum aggregate amount due from ICI Omicron B.V. at the end of any month during the year was Rs 67.582 million (2006: Rs 67.582 million).		
22.	Cash and Bank Balances		
	Deposit accounts	1,950,000	520,000
	Current accounts	1,385,398	1,074,470
	In hand		
	- Cheques	262,972	183,976
	- Cash	16,686	12,705
		<u>3,615,056</u>	<u>1,791,151</u>

Amounts in Rs '000

23. Operating Results

	Polyester		Soda Ash		Paints		Life Sciences		Chemicals		Company	Company
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Sales												
Inter-segment	-	-	-	-	-	-	-	-	483,496	442,877	-	-
Others	10,344,658	8,458,475	4,936,218	4,394,676	5,812,097	5,071,975	2,710,278	2,236,181	2,089,499	1,723,943	25,892,750	21,885,250
	10,344,658	8,458,475	4,936,218	4,394,676	5,812,097	5,071,975	2,710,278	2,236,181	2,572,995	2,166,820	25,892,750	21,885,250
Commission income	-	-	-	-	-	-	-	-	80,259	62,438	80,259	62,438
Turnover	10,344,658	8,458,475	4,936,218	4,394,676	5,812,097	5,071,975	2,710,278	2,236,181	2,653,254	2,229,258	25,973,009	21,947,688
Sales tax	3,042	2,205	701,316	528,575	717,941	628,464	2	5	187,162	145,951	1,609,463	1,305,200
Commission and discounts to distributors and customers	81,846	43,998	71,037	91,705	754,714	600,370	302,892	221,496	123,322	110,801	1,333,811	1,068,370
	84,888	46,203	772,353	620,280	1,472,655	1,228,834	302,894	221,501	310,484	256,752	2,943,274	2,373,570
Net sales and commission income	10,259,770	8,412,272	4,163,865	3,774,396	4,339,442	3,843,141	2,407,384	2,014,680	2,342,770	1,972,506	23,029,735	19,574,118
Cost of sales - note 24	9,429,385	7,763,951	2,952,549	2,808,514	2,831,789	2,434,777	1,595,024	1,314,129	1,898,364	1,614,154	18,223,615	15,492,648
Gross profit	830,385	648,321	1,211,316	965,882	1,507,653	1,408,364	812,360	700,551	444,406	358,352	4,806,120	4,081,470
Selling and distribution expenses - note 25	41,816	33,056	122,486	90,789	487,410	397,408	293,772	256,877	129,065	97,945	1,074,549	876,075
Administration and general expenses - note 26	146,717	148,791	226,236	239,866	167,734	139,985	115,667	114,487	103,847	83,248	760,201	726,377
Operating result	641,852	466,474	862,594	635,227	852,509	870,971	402,921	329,187	211,494	177,159	2,971,370	2,479,018
23.1 Segment assets	6,593,630	6,801,307	5,117,075	4,524,663	2,282,076	2,037,346	780,799	732,725	808,722	633,983	15,582,302	14,730,024
23.2 Unallocated assets											3,223,989	2,199,560
											18,806,291	16,929,584
23.3 Segment liabilities	2,780,508	2,482,402	880,592	908,835	811,225	662,390	1,063,928	738,972	499,470	383,387	6,035,723	5,175,986
23.4 Unallocated liabilities											359,951	364,368
											6,395,674	5,540,354
23.5 Non-cash items (excluding depreciation & amortisation)	5,855	10,659	15,356	7,519	1,281	932	2,484	5,888	1,231	2,809	26,207	27,807
23.6 Depreciation & amortisation	365,961	342,696	428,203	366,241	49,381	39,238	14,725	16,144	16,119	15,394	874,389	779,713
23.7 Capital expenditure	219,416	244,169	675,424	826,173	73,411	101,172	12,225	12,841	31,767	25,582	1,012,243	1,209,937
23.8 Inter-segment sales												
Inter-segment sales have been eliminated from the total.												
23.9 Inter-segment pricing												
Transactions among the business segments are recorded at arm's length prices using admissible valuation methods.												

Amounts in Rs '000

24. Cost of Sales

	Polyester		Soda Ash		Paints		Life Sciences		Chemicals		Company 2007	Company 2006
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006		
Raw and packing materials consumed												
Opening stock	431,019	749,881	137,713	88,874	191,552	202,570	86,305	141,217	63,085	94,964	909,674	1,277,506
Purchases												
Inter-segment	-	-	-	-	483,496	442,877	-	-	-	-	-	-
Others	8,056,597	6,296,153	1,000,168	898,633	2,201,831	1,873,099	624,893	419,197	692,100	462,274	12,575,589	9,949,356
	8,056,597	6,296,153	1,000,168	898,633	2,685,327	2,315,976	624,893	419,197	692,100	462,274	12,575,589	9,949,356
	8,487,616	7,046,034	1,137,881	987,507	2,876,879	2,518,546	711,198	560,414	755,185	557,238	13,485,263	11,226,862
Closing stock	(506,824)	(431,019)	(135,447)	(137,713)	(146,172)	(191,552)	(159,410)	(86,305)	(79,537)	(63,085)	(1,027,390)	(909,674)
	7,980,792	6,615,015	1,002,434	849,794	2,730,707	2,326,994	551,788	474,109	675,648	494,153	12,457,873	10,317,188
Salaries, wages and benefits	217,280	194,546	345,449	339,125	86,261	68,020	2,625	4,329	20,128	21,549	671,743	627,569
Stores and spares consumed	83,697	83,030	79,714	119,030	6,992	1,528	-	-	4,105	4,136	174,508	207,724
Conversion fee paid to contract manufacturers	-	-	-	-	-	-	134,795	123,100	4,874	3,549	139,669	126,649
Oil, gas and electricity	453,313	460,456	804,066	756,102	12,046	11,327	-	-	6,820	5,073	1,276,245	1,232,958
Rent, rates and taxes	1,318	846	499	525	444	445	-	-	176	180	2,437	1,996
Insurance	46,510	53,228	28,268	33,953	14,965	21,907	6	8	376	581	90,125	109,677
Repairs and maintenance	740	948	837	441	12,172	12,079	-	-	1,940	1,561	15,689	15,029
Depreciation & amortisation - note 10.5, & 11.1	359,755	337,203	413,407	352,512	39,799	30,729	662	681	9,386	8,455	823,009	729,580
Excise duty	-	-	-	-	23,996	988	-	-	-	8	23,996	996
Technical fees	-	-	-	-	31,210	29,474	-	-	-	-	31,210	29,474
Royalty	-	-	-	-	11,024	-	-	-	13,924	9,839	24,948	9,839
General expenses	74,664	63,180	53,494	42,779	21,893	20,320	1,438	801	8,856	11,162	160,345	138,242
Opening stock of work-in-process	88,102	83,195	-	-	50,570	25,213	-	-	2,479	4,693	141,151	113,101
Closing stock of work-in-process	(72,892)	(88,102)	-	-	(115,205)	(50,570)	(3,084)	-	(946)	(2,479)	(192,127)	(141,151)
Cost of goods manufactured	9,233,279	7,803,545	2,728,168	2,494,261	2,926,874	2,498,454	688,230	603,028	747,766	562,460	15,640,821	13,518,871
Opening stock of finished goods	572,009	530,229	99,359	93,636	150,675	93,106	285,909	219,095	189,013	184,808	1,296,965	1,120,874
Finished goods purchased	-	2,186	141,783	334,976	-	-	951,168	780,508	1,156,050	1,055,899	2,249,001	2,173,569
	9,805,288	8,335,960	2,969,310	2,922,873	3,077,549	2,591,560	1,925,307	1,602,631	2,092,829	1,803,167	19,386,787	16,813,314
Closing stock of finished goods	(375,903)	(572,009)	(12,876)	(99,359)	(188,092)	(150,675)	(330,283)	(285,909)	(184,665)	(189,013)	(1,091,819)	(1,296,965)
Provision for obsolete stocks - note 26	-	-	(3,885)	(15,000)	(57,668)	(6,108)	-	(2,593)	(9,800)	-	(71,353)	(23,701)
	9,429,385	7,763,951	2,952,549	2,808,514	2,831,789	2,434,777	1,595,024	1,314,129	1,898,364	1,614,154	18,223,615	15,492,648

24.1 Inter-segment purchases

Inter-segment purchases have been eliminated from the total.

24.2 Staff retirement benefits

Salaries, wages and benefits include Rs 44.875 million (2006: Rs 47.611 million) in respect of staff retirement benefits.

24.3 Severance cost

Salaries, wages and benefits include Rs Nil million (2006: Rs 10.754 million) in respect of severance cost.

Amounts in Rs '000

25. Selling and Distribution Expenses

	Polyester		Soda Ash		Paints		Life Sciences		Chemicals		Company	Company
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Salaries and benefits	26,030	20,266	13,128	38,649	140,474	129,420	119,687	111,839	42,133	41,161	341,452	341,335
Repairs and maintenance	89	16	854	1,138	1,580	1,516	1,228	1,077	511	379	4,262	4,126
Advertising and sales promotion	344	878	1,082	424	136,015	96,238	74,202	60,687	2,014	990	213,657	159,217
Rent, rates and taxes	-	80	1,196	1,713	9,564	9,077	3,953	4,188	570	693	15,283	15,751
Insurance	-	-	808	642	147	10	2,002	2,189	3,652	3,720	6,609	6,561
Lighting, heating and cooling	12	-	859	841	3,426	2,752	1,552	1,267	281	239	6,130	5,099
Depreciation and amortisation - note 10.5 & 11.1	248	248	330	209	-	-	1,670	1,670	1,477	1,477	3,725	3,604
Outward freight and handling	7,145	4,705	92,212	37,439	120,687	100,900	-	-	20,710	20,040	240,754	163,084
Provision for doubtful trade debts	-	-	-	-	-	1,200	-	2,116	-	-	-	3,316
Travelling expenses	3,695	3,672	2,848	1,597	49,410	43,534	45,168	37,651	12,772	7,627	113,893	94,081
Postage, telegram, telephone and telex	457	422	879	745	6,497	5,596	4,677	4,211	3,530	2,659	16,040	13,633
General expenses	3,796	2,769	8,290	7,392	19,610	7,165	39,633	29,982	41,415	18,960	112,744	66,268
	<u>41,816</u>	<u>33,056</u>	<u>122,486</u>	<u>90,789</u>	<u>487,410</u>	<u>397,408</u>	<u>293,772</u>	<u>256,877</u>	<u>129,065</u>	<u>97,945</u>	<u>1,074,549</u>	<u>876,075</u>

25.1 Staff retirement benefits

Salaries, wages and benefits include Rs 38.171 million (2006: Rs 31.471 million) in respect of staff retirement benefits.

25.2 Severance cost

Salaries and benefits include Rs Nil million (2006: Rs 20.936 million) in respect of severance cost.

26. Administration and General Expenses

Salaries and benefits	69,540	109,618	141,059	146,368	72,233	51,765	63,240	64,600	62,287	54,356	408,359	426,707
Repairs and maintenance	1,917	2,241	2,802	2,779	5,595	4,331	1,254	1,246	639	571	12,207	11,168
Advertising and sales promotion	1,455	1,783	3,418	4,615	-	573	935	1,379	776	941	6,584	9,291
Rent, rates and taxes	2,876	2,871	2,490	3,145	605	531	451	568	513	629	6,935	7,744
Insurance	734	849	2,107	2,444	420	303	5,877	3,556	443	507	9,581	7,659
Lighting, heating and cooling	2,489	2,481	4,037	4,226	2,530	2,141	2,477	1,843	832	848	12,365	11,539
Depreciation & amortisation - note 10.5 & 11.1	5,958	5,245	14,466	13,520	9,582	8,509	12,393	13,793	5,256	5,462	47,655	46,529
Provision for doubtful trade debts	36,100	-	-	-	-	-	-	-	-	-	36,100	-
Provision for obsolete stock	-	-	3,885	15,000	57,668	6,108	-	2,593	9,800	-	71,353	23,701
Travelling expenses	5,114	6,902	9,147	10,724	10,063	6,524	9,185	7,807	4,005	3,500	37,514	35,257
Postage, telegram, telephone and telex	965	1,333	1,715	1,861	7,919	5,892	2,202	2,399	947	761	13,748	12,246
General expenses	19,569	15,468	41,110	35,184	1,119	53,308	17,653	14,903	18,349	15,673	97,800	134,536
	<u>146,717</u>	<u>148,791</u>	<u>226,236</u>	<u>239,866</u>	<u>167,734</u>	<u>139,985</u>	<u>115,667</u>	<u>114,487</u>	<u>103,847</u>	<u>83,248</u>	<u>760,201</u>	<u>726,377</u>

26.1 Staff retirement benefits

Salaries, wages and benefits include Rs 57.267 million (2006: Rs 61.12 million) in respect of staff retirement benefits.

26.2 Severance cost

Salaries and benefits include Rs 4.554 million (2006: Rs 43.148 million) in respect of severance cost.

	Amounts in Rs '000	
	2007	2006
27. Financial Charges		
Mark-up on short-term financing and others	20,909	8,927
Interest on:		
- Workers' profit participation fund - note 8.3	4,774	2,058
- Finance lease	-	143,166
Discounting charges on receivables	92,241	99,204
Exchange loss	22,192	61,016
Interest on security deposits	3,928	3,967
Others	2,377	963
	<u>146,421</u>	<u>319,301</u>
28. Other Operating Charges		
Auditors' remuneration - note 28.1	5,188	7,749
Donations - note 28.2	14,692	9,448
Workers' profit participation fund - note 8.3	145,964	111,571
Workers' welfare fund	56,501	42,359
	<u>222,345</u>	<u>171,127</u>
28.1 Auditors' remuneration		
Audit fee	2,340	2,120
Group reporting and SOX audit review	1,573	4,469
Half yearly review and other certifications	890	810
Out-of-pocket expenses	385	350
	<u>5,188</u>	<u>7,749</u>
28.2		
Donations include Rs 11.277 million (2006: Rs 8.539 million) to ICI Pakistan Foundation (Head office, Karachi) Mr. Waqar A Malik, Chief Executive; Mr. Pervaiz A. Khan and Mr. Feroz Rizvi, Directors of the Company and Mr. Ali Asrar Aga and Mr. Nasir Jamal, Executives of the Company are amongst the Trustees of the Foundation.		
29. Other Operating Income		
Income from investment from related party		
Return on loan due from Subsidiary	10,956	4,800
Return from other financial assets		
Profit on short-term and call deposits	34,513	30,034
Income from non-financial assets		
Scrap sales	41,005	35,236
Gain on disposal of property, plant and equipment	1,100	6,701
Others		
Provisions and accruals no longer required written back	20,962	1,655
Income on technical assistance	27,903	7,298
Service fees from related parties - note 29.1	7,982	7,077
Sundries	21,498	36,406
	<u>165,919</u>	<u>129,207</u>

Amounts in Rs '000

29.1 This represents amount charged by the Company for certain management and other services rendered to its related parties (Pakistan PTA Limited and ICI Pakistan PowerGen Limited), in accordance with the Service Agreements based on commercial terms between the companies.

	2007	2006
30. Taxation		
Current	126,545	-
Prior years	182,045	-
Total current tax charge - note 30.1	308,590	-
Deferred - note 12 & 30.1	675,133	662,169
Net tax charged - note 30.2	<u>983,723</u>	<u>662,169</u>

30.1 This represents tax charge on income taxable under Final Tax Regime (FTR) and the revision of tax calculations in respect of current and prior years as the Company's tax liability under FTR is higher than the turnover tax. This revision has also resulted in an increase in deferred tax asset of prior years amounting to Rs 231.199 million recognised in the current year.

30.2 Tax reconciliation

Profit for the year	2,768,523	2,117,797
Tax @ 35%	968,983	741,229
Tax impact on adoption of IFRIC 4	-	(41,685)
Additional net deferred tax asset available after adjustment of FTR for prior years	(231,199)	(12,950)
Prior years' tax charge	182,045	-
Tax impact on income under FTR of the current year	16,893	-
Permanent difference	5,142	3,284
Others	41,859	(27,709)
	<u>983,723</u>	<u>662,169</u>

31. Earnings per share - Basic and diluted

Profit after taxation for the year	1,784,800	1,455,628
	Number of shares	
Weighted average number of ordinary shares in issue during the year	<u>138,802,300</u>	<u>138,802,300</u>
	Rupees	
Earnings per share	<u>12.86</u>	<u>10.49</u>

Amounts in Rs '000

32 Remuneration of Directors and Executives

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

	Chairman		Chief Executive		Directors		Executives		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Managerial remuneration	1,000	1,066	16,380	12,370	32,485	20,263	330,003	340,783	379,868	374,482
Retirement benefits	-	-	3,396	3,173	5,451	4,322	71,618	81,867	80,465	89,362
Group insurance	-	-	30	30	90	68	2,403	2,574	2,523	2,672
Rent and house maintenance	-	-	5,424	8,480	-	4,113	77,257	80,125	82,681	92,718
Utilities	-	-	670	1,213	-	916	19,055	19,680	19,725	21,809
Medical expenses	-	-	2,836	121	1,361	114	7,426	9,522	11,623	9,757
Leave passage	-	-	257	624	-	750	-	150	257	1,524
	<u>1,000</u>	<u>1,066</u>	<u>28,993</u>	<u>26,011</u>	<u>39,387</u>	<u>30,546</u>	<u>507,762</u>	<u>534,701</u>	<u>577,142</u>	<u>592,324</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>5</u>	<u>6</u>	<u>211</u>	<u>212</u>	<u>218</u>	<u>220</u>

- 32.1** The Directors and certain Executives are provided with free use of Company cars in accordance with their entitlement. The Chief Executive is provided with Company owned and maintained furnished accommodation and free use of Company car.
- 32.2** Aggregate amount charged in the financial statements for fee to three Directors was Rs 2.276 million (2006: Rs 2.408 million), and for the remuneration of our director seconded by Pakistan PTA Limited amounted to Rs Nil (2006: Rs 6.794 million)
- 32.3** The above balances include an amount of Rs 78.079 million (2006: Rs 105.693 million) on account of remuneration of key management personnel out of which Rs 13.255 million (2006: Rs 12.844 million) relates to post employment benefits.

Amounts in Rs '000

33. Transactions with Related Parties

The related parties comprise parent company (ICI Omicron B.V.), related group companies, local associated company, directors of the Company, companies where directors also hold directorship, key management employees (note 32) and staff retirement funds (note 6). Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2007	2006
Subsidiary Company		
Purchase of goods, materials and services	265,070	196,045
Provision of services and other receipts	1,980	1,980
Return on loan to Subsidiary	10,956	4,800
Investment by ICI Pakistan	370,000	-
Associated companies		
Purchase of goods, materials and services	6,059,706	5,600,876
Provision of services and other receipts	6,002	14,123
Sale of goods and materials	7,563	7,337
Dividends	315,687	315,678
Donations	11,277	8,539
Others		
Purchase of goods, materials and services	196	840
Provision of services and other receipts	1,705	4,826
Sale of goods and materials	58,300	18,142

34. Plant Capacity and Annual Production

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

	2007		2006	
	Annual Name Plate Capacity	Production	Annual Name Plate Capacity	Production
Polyester	122,000	110,656	122,000	96,559
Soda Ash	285,000	258,320	235,000	239,500
Paints	-	39,188	-	35,564
Chemicals	-	9,259	-	8,101
Sodium Bicarbonate	20,000	22,768	20,000	20,500

34.1 The capacity of Paints and Chemicals is indeterminable because these are multi-product plants involving varying processes of manufacture.

35. Fair Value of Financial Assets and Liabilities

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

Amounts in Rs '000

36. Interest / Mark-up Rate Risk Management

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will affect the value of financial instruments. In respect of income earning financial assets and interest / mark-up bearing financial liabilities, the following table indicate their effective interest / mark-up rates at the balance sheet date and the periods in which they will re-price or mature:

	Effective Mark-up / interest rates %	Interest / mark-up bearing			Non-Interest /mark-up bearing	Total
		Maturity upto one year	Maturity one to five years	Maturity after five years		
2007						
Financial Assets						
Long term investment	-	-	-	-	2,500	2,500
Long term loans	4 & Kibor + 1	-	96,000	-	108,867	204,867
Long term deposits	-	-	-	-	21,120	21,120
Trade debts	-	-	-	-	1,049,464	1,049,464
Loans and advances	4 & Kibor + 1	24,000	-	-	113,680	137,680
Trade deposits	-	-	-	-	12,323	12,323
Other receivables	-	-	-	-	351,619	351,619
Cash and bank balances	8.50	1,950,000	-	-	1,665,056	3,615,056
		<u>1,974,000</u>	<u>96,000</u>	<u>-</u>	<u>3,324,629</u>	<u>5,394,629</u>
Financial Liabilities						
Trade and other payables	7.50	56,092	-	-	5,689,172	5,745,264
		<u>56,092</u>	<u>-</u>	<u>-</u>	<u>5,689,172</u>	<u>5,745,264</u>
Net financial assets / (liabilities)		<u>1,917,908</u>	<u>96,000</u>	<u>-</u>	<u>(2,364,543)</u>	<u>(350,635)</u>
2006						
Financial Assets						
Long term investment	-	-	-	-	2,500	2,500
Long term loans	4	-	72,000	-	103,687	175,687
Long term deposits	-	-	-	-	54,987	54,987
Trade debts	-	-	-	-	730,676	730,676
Loans and advances	4	48,000	-	-	49,543	97,543
Trade deposits	-	-	-	-	4,208	4,208
Other receivables	-	-	-	-	431,749	431,749
Cash and bank balances	-	520,000	-	-	1,271,151	1,791,151
		<u>568,000</u>	<u>72,000</u>	<u>-</u>	<u>2,648,501</u>	<u>3,288,501</u>
Financial Liabilities						
Trade and other payables	7.50	56,670	-	-	4,951,874	5,008,544
		<u>56,670</u>	<u>-</u>	<u>-</u>	<u>4,951,874</u>	<u>5,008,544</u>
Net financial assets / (liabilities)		<u>511,330</u>	<u>72,000</u>	<u>-</u>	<u>(2,303,373)</u>	<u>(1,720,043)</u>

Amounts in Rs '000

37. Credit and Concentration of Credit Risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual customer. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

The sector wise analysis of receivables, comprising trade debts, deposits, loans excluding loans to associates and other receivables is given below:

	2007	2006
Public Sector		
- Government	157,883	69,759
- Armed forces	5,038	2,835
- Communication	2,368	422
- Oil and gas	1,379	2,574
- Health	1,251	-
- Trade	63,647	63,385
- Others	22,371	45,160
	<u>253,937</u>	<u>184,135</u>
Private Sector		
- Institutional	84,991	24,052
- Trade	985,817	667,291
- Bank	8,775	2,148
- Others	326,053	499,724
	<u>1,405,636</u>	<u>1,193,215</u>
	<u>1,659,573</u>	<u>1,377,350</u>

38. Foreign Exchange Risk Management

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company is exposed to foreign currency risk on sales, purchases and borrowings, if any, that are entered in a currency other than Pak Rupees. The Company uses forward foreign exchange contracts to hedge its foreign currency risk, when considered appropriate.

39. Capital Risk Management

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

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

40. Accounting Estimates and Judgements**Income Taxes**

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

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

For the assessment year 2002-2003, the Company has filed the writ petition in the Supreme Court challenging the tax department's contention that the effective date of PTA's demerger was August 6, 2001 rather than the effective date given in the Scheme of Arrangement as October 1, 2000 and reopen a settled issue through review of the PTA tax demerger.

The Income tax department reopened the assessment for the year 1998-99 which was set aside by the Income Tax Appellate Tribunal (ITAT). The department revised its order working out an additional tax liability of Rs 298.8 million which in view of our tax consultant is contrary to the direction given by the ITAT, in his view the Company has a strong case and would be able to get the decision in its favour.

Pension and Gratuity

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

Property, plant and equipment

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

41. Initial Application of a standard or an interpretation

Standards, amendments and interpretations effective in 2007

Amendment to IAS 1 - "Presentation of Financial Statements - Capital Disclosures", introduces new disclosures about the level of an entity's capital and how it manages capital. Adoption of this amendment has only resulted in additional disclosures given in note 39 to the financial statements.

Standards or Interpretations not yet effective

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

Revised IAS 1 - Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009). The objective of revising IAS 1 is to aggregate information in the financial statements on the basis of shared characteristics. The changes affect the presentation of owner changes in equity and of comprehensive income. It introduces a requirement to include in a complete set of financial statements, a statement of financial position as at the beginning of the earliest comparative period whenever the entity retrospectively applies an accounting policy or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.

Revised IAS 23-Borrowing costs (effective from 1 January 2009). Revised IAS 23 removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The application of the standard is not likely to have an effect on Company's financial statements.

IFRIC 11 – IFRS 2-Group and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007). IFRIC 11 requires that a share based payment arrangement in which an entity receives goods or services as consideration for its own equity instruments to be accounted for as equity settled share based payment regardless of how the equity instruments are obtained. IFRIC 11 is not expected to have any material impact on the Company's financial statements.

IFRIC 12 – Service Concession Arrangements (effective for annual periods beginning on or after 1 January 2008). IFRIC 12 provides guidance on certain recognition and measurement issues that arise in accounting for public-to-private concession arrangements. IFRIC 12 is not relevant to the Company's operations.

IFRIC 13- Customer Loyalty Programmes (effective for annual periods beginning on or after 1 July 2008). IFRIC 13 addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers.

IFRIC 14 IAS 19- The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective for annual periods beginning on or after 1 January 2008). IFRIC 14 clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on minimum funding requirements (MFR) for such asset.

42. Dividend

The directors in their meeting held on 14 February 2008 have declared a final dividend of Rs 3.50 per share in respect of year ended 31 December 2007. The financial statements for the year ended 31 December 2007 do not include the effect of the above dividend which will be accounted for in the period in which it is declared.

43. Date of Authorisation

These financial statements were authorised for issue in the Board of Directors meeting held on 14 February 2008.

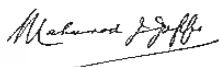
44. General

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

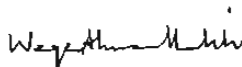
44.2 Corresponding Figures

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

Reclassification from component	Reclassification to component	Amounts in Rs '000
Cost of sales	Other operating income-Service fees from related parties	1,740
Administration and general expenses	Other operating income-Service fees from related parties	240
Other operating income-Others	Other operating income-Income on technical assistance	7,298
Other operating income-Others	Other operating income-Service fees from related parties	5,097
Financial charges-Others	Financial charges-Interest on security deposits	3,967
Other receivable-Others	Other receivable-Duties, sales tax and octroi refund due	67,771
Other receivable-Others	Other receivable-Rebates receivable	194,627
Other receivable-Others	Other receivable-Interest income receivable	1,210
Trade payable-Others	Trade payable-Accrued expenses	13,995
Trade payable-Others	Trade payable-Technical service fee	19,755



M J Jaffer
Chairman / Director



Waqar A Malik
Chief Executive



Feroz Rizvi
Chief Financial Officer

No. of Shareholders	From	Categories	To	No. of Shares
6,315	1		100	222,452
4,180	101		500	998,644
1,131	501		1000	836,208
1,174	1001		5000	2,485,861
153	5001		10000	1,096,639
44	10001		15000	545,247
31	15001		20000	559,187
16	20001		25000	368,557
8	25001		30000	225,598
9	30001		35000	288,107
8	35001		40000	296,286
8	45001		50000	395,200
3	50001		55000	151,904
1	55001		60000	59,900
1	60001		65000	63,500
2	65001		70000	136,000
3	70001		75000	219,043
6	75001		80000	463,440
2	80001		85000	169,100
3	95001		100000	299,000
4	100001		105000	411,430
1	105001		110000	108,000
1	110001		115000	112,200
1	120001		125000	125,000
3	125001		130000	377,600
2	130001		135000	265,400
1	135001		140000	139,400
1	150001		155000	150,900
1	165001		170000	165,900
1	170001		175000	170,300
1	175001		180000	179,873
2	180001		185000	364,700
1	190001		195000	195,000
1	195001		200000	200,000
2	205001		210000	416,400
1	210001		215000	214,923
1	215001		220000	217,400
1	245001		250000	249,800
1	300001		305000	302,600
1	310001		315000	312,276
1	375001		380000	376,000
1	380001		385000	382,500
1	400001		405000	401,100
2	410001		415000	826,000
1	445001		450000	446,800
1	450001		455000	452,900
1	485001		490000	487,000
2	510001		515000	1,024,200
1	535001		540000	535,100
1	595001		600000	598,032
1	745001		750000	750,000
1	800001		805000	804,500
1	895001		900000	900,000
1	985001		990000	986,500
1	2835001		2840000	2,839,912
1	3485001		3490000	3,485,400
1	3715001		3720000	3,718,256
1	105225001		105230000	105,229,125
13,146				138,802,300

Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
Associated Company (a)	1	105,229,125	75.81
Investment Companies	13	6,778	0.01
Insurance Companies	8	4,091	0.00
Joint Stock Companies	30	25,636	0.02
Others	24	314,014	0.23
Financial Institutions	12	20,048	0.01
Modaraba Companies	3	176	0.00
Mutual Funds	7	984	0.00
Individuals	8,891	2,884,961	2.08
Central Depository Company (b)	4,157	30,316,487	21.84
Total	13,146	138,802,300	100.00

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

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

Charitable Trust	8	180,731	0.60
Cooperative Societies	2	7,200	0.02
Financial Institutions	42	12,996,101	42.87
Individuals	3,898	4,660,394	15.37
Insurance Companies	13	4,452,360	14.68
Investment Companies	16	612,035	2.02
Joint Stock Companies	111	1,229,961	4.06
Modarabas	6	114,376	0.38
Mutual Funds	38	5,750,300	18.97
Others	23	313,029	1.03
Total	4,157	30,316,487	100.00

ADDITIONAL INFORMATION

Shareholder's Category	Number of Shareholders	Number of Shares Held
Associated Companies (name wise details)		
ICI Omicron B.V.	1	105,229,125
Pakistan PTA Limited		NIL
ICI Pakistan PowerGen Limited		NIL
NIT and ICP (name wise details)		
National Bank of Pakistan, Trustee Department (NIT)	3	830,553
Investment Corporation of Pakistan	2	2,140
Directors, CEO and their spouse and minor children (name wise details)		
M J Jaffer	1	21,325
Waqar A Malik	1	1
Mueen Afzal	1	1
Pervaiz A Khan	2	225
Feroz Rizvi	1	1
M Nawaz Tiwana	1	1
Muhammad Zahir	1	309
Khatoon M Jaffer w/o M J Jaffer	1	15,989
Akbar Jaffer s/o M J Jaffer	1	15,081
Executives	47	12,680
Public Sector Companies and Corporations	10	3,216,692
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas and Mutual Funds	341	21,978,435
Shareholders holding 10% or more voting interest		
ICI Omicron B.V.	1	105,229,125
Common Director's shareholdings in Associated Companies		
Pakistan PTA Limited		
Waqar A Malik	1	1
David R Carter	1	1
Phillip Gillett	1	1
ICI Pakistan PowerGen Limited		
Waqar A Malik	1	1
Pervaiz A Khan	1	1
Feroz Rizvi	1	1

	1998			1999			Continued
	Continued	Discontinued	Company	Continued	Discontinued	Company	
Assets / Liabilities							
Property, plant and equipment			28,213,375			27,063,303	
Intangible assets			-			-	
Long-term Investments			28,213,375			27,063,303	
Current Assets			212,500			212,500	
Less Current Liabilities			5,662,482			6,318,640	
Working capital			7,394,721			4,531,044	
Deferred Liability			(1,732,239)			1,787,596	
Other Net Assets / (Liabilities)			(73,404)			(127,701)	
Total Net Assets			(4,736,268)			(7,031,978)	
Financed by:			21,883,964			21,903,720	
Share Capital			7,886,494			12,618,391	
Unappropriated profit and capital reserves			(609,017)			(4,419,252)	
Total Equity			7,277,477			8,199,139	
Surplus on Revaluation of property, plant and equipment			1,772,424			1,772,424	
Long-term Loans			12,834,063			11,932,157	
Total Funds Invested			21,883,964			21,903,720	
Profits/(Loss)							
Turnover	9,400,408	2,645,408	11,061,937	10,613,556	7,286,833	16,510,405	11,715,055
Net sales & Commission income	8,094,930	2,168,896	9,232,758	8,808,378	6,176,482	13,594,876	9,784,132
Gross profit / (loss)	1,829,200	(1,769,352)	59,848	2,092,961	(1,600,082)	492,879	2,613,951
Operating Results	887,619	(1,867,659)	(980,040)	1,112,341	(1,845,171)	(732,830)	1,542,154
Profit / (loss) before Taxation	680,092	(3,149,236)	(2,469,144)	906,121	(4,642,356)	(3,736,235)	1,251,588
Taxation	(140,309)	465,163	324,854	(50,000)	(24,000)	(74,000)	(49,142)
Profit / (loss) after Taxation	539,783	(2,684,073)	(2,144,290)	856,121	(4,666,356)	(3,810,235)	1,202,446
Less: Dividend	-	-	-	-	-	-	-
Profit / (loss) after taxation & dividend	539,783	(2,684,073)	(2,144,290)	856,121	(4,666,356)	(3,810,235)	1,202,446
Investors Ratio							
Gross profit to Sales	22.60	(81.58)	0.65	23.76	(25.91)	3.63	26.72
Gross profit ratio (turnover)			0.54			2.99	
Debtor turnover ratio (in days) - Sales			24			14	
Stock turnover ratio (in days) - COGS			69			72	
Fixed assets turnover to Sales (%)			32.72			50.23	
Market Value / share - 31 December			12.10			10.50	
Break up value per share with Surplus on revaluation			11.48			7.90	
Break up value per share excluding Surplus on revaluation			9.23			6.50	
Price Earning ratio			(4.45)			(2.50)	
Dividend (declared for the year) Yield - (%)			-			-	
Dividend (declared for the year) Payout - (%)			-			-	
Return on Capital Employed (%)			(29.46)			(46.47)	
Debt : Equity ratio			71:29			70:30	
Current ratio			0.77			1.39	
Acid Test			0.31			0.47	
Interest cover - times			(0.45)			(0.19)	
Earnings after tax per share			(2.72)			(4.20)	
Dividends - Rupee per share			-			-	
Dividend cover - times			-			-	

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

Comparison of Results for Ten Years
for the Year Ended 31 December 2007

ICI Pakistan Limited

Amounts in Rs'000

2000	2001	2002	2003	2004*	2005	2006	2007
Discontinued Company					Restated		
5,673,385	5,945,482	5,742,781	5,395,447	5,250,166	7,213,773	8,343,260	8,506,736
-	-	-	132,111	135,848	103,811	71,774	39,737
5,673,385	5,945,482	5,742,781	5,527,558	5,386,014	7,317,584	8,415,034	8,546,473
212,500	813,253	2,327,460	2,333,760	212,500	212,500	212,500	582,500
3,346,076	4,710,987	4,618,700	5,305,892	7,189,684	6,500,138	7,023,855	9,058,107
2,334,012	4,230,621	3,956,958	3,903,777	5,092,916	5,891,930	5,436,278	6,276,103
1,012,064	480,366	661,742	1,402,115	2,096,768	608,208	1,587,577	2,782,004
(189,552)	(66,173)	(78,895)	(74,568)	(82,601)	(90,604)	(104,076)	(119,571)
(2,670,035)	(1,788,347)	(1,877,650)	(3,047,183)	1,028,363	1,939,699	1,278,195	619,211
4,038,362	5,384,581	6,775,438	6,141,682	8,641,044	9,987,387	11,389,230	12,410,617
1,261,839	1,388,023	1,388,023	1,388,023	1,388,023	1,388,023	1,388,023	1,388,023
214,119	967,489	3,202,991	4,073,846	6,665,957	8,105,049	8,876,987	10,010,427
1,475,958	2,355,512	4,591,014	5,461,869	8,053,980	9,493,072	10,265,010	11,398,450
1,895,736	1,895,736	784,424	679,813	587,064	494,315	1,124,220	1,012,167
666,668	1,133,333	1,400,000	-	-	-	-	-
4,038,362	5,384,581	6,775,438	6,141,682	8,641,044	9,987,387	11,389,230	12,410,617
8,760,473	18,839,719	12,815,431	15,073,813	22,156,265	21,303,498	21,054,298	25,973,009
7,576,861	15,725,184	10,569,573	12,218,937	18,127,295	17,639,480	18,476,457	23,029,735
(134,936)	2,479,015	2,465,404	2,327,095	2,664,367	2,755,709	3,351,698	4,806,120
(368,602)	1,173,552	1,398,862	1,077,114	1,087,681	1,346,788	1,842,542	2,480,998
(2,923,265)	(1,671,677)	619,777	723,094	806,552	2,898,950	1,612,401	2,117,797
(29,511)	(78,653)	(53,159)	1,131,638	(40,308)	(52,582)	640,856	(862,169)
(2,952,776)	(1,750,330)	566,618	1,854,732	766,244	2,846,368	2,253,257	1,455,628
-	-	277,605	312,305	-	347,006	832,814	763,413
(2,952,776)	(1,750,330)	289,013	1,542,427	766,244	2,499,362	1,420,443	1,021,387
(1.78)	15.76	23.33	19.04	14.70	15.62	18.14	20.87
	13.16	19.24	15.44	12.03	12.94	15.92	18.50
8	18	19	13	15	14	13	14
64	81	69	45	61	65	57	47
277.00	177.77	212.77	327.94	327.51	252.49	232.61	269.46
10.85	35.30	53.95	85.00	89.65	140.50	115.50	196.65
26.72	32.09	38.73	44.25	62.25	71.95	82.05	89.41
11.70	17.78	33.08	39.35	58.02	68.39	73.95	82.12
(6.03)	7.55	4.04	15.40	4.37	8.65	11.01	15.29
-	5.67	4.17	-	2.79	4.27	4.76	2.80
-	48.99	16.84	-	12.19	36.96	52.45	42.77
(118.59)	24.05	40.40	14.03	35.34	23.74	14.18	15.66
78:22	67:33	49:51	42:58	0:100	0:100	0:100	0:100
1.43	1.11	1.17	1.36	1.41	1.10	1.29	1.44
0.54	0.51	0.56	0.67	0.71	0.56	0.73	0.98
0.42	1.80	2.72	3.11	12.38	6.72	8.44	28.42
(1.80)	4.68	13.36	5.52	20.51	16.23	10.49	12.86
-	2.00	2.25	-	2.50	6.00	5.50	5.50
-	2.04	6.68	2.45	8.20	2.71	1.91	2.34

Notice is hereby given that the Fifty-Sixth Annual General Meeting of ICI PAKISTAN LIMITED will be held on Friday, 28 March 2008 at 10.00 a.m. at the Registered Office of the Company, ICI House, 5 West Wharf, Karachi, to transact the following business:

1. To receive, consider and adopt the accounts of the Company for the year ended 31 December 2007, the report of the Auditors thereon and the report of the Directors.
2. To declare and approve Final cash dividend @ 35% i.e., Rs 3.50 per ordinary share of Rs 10/- each for the year ended 31 December 2007 as recommended by the Directors, payable to the Members whose names appear in the Register of Members as at 19 March 2008.
3. To appoint the Auditors of the Company and to fix their remuneration.
4. To elect 10 Directors as fixed by the Board in accordance with the provisions of the Companies Ordinance 1984 for a period of three years commencing from 29 April 2008.

The retiring Directors are Messrs M J Jaffer, Waqar A Malik, Mueen Afzal, David R Carter, Philip Gillett, Pervaiz A Khan, Tariq Iqbal Khan, Feroz Rizvi, M Nawaz Tiwana and Muhammad Zahir.

By the Order of the Board



Nasir Jamal
Company Secretary

21 February 2008
Karachi

Notes:

1. Share Transfer Books of the Company will remain closed from 19 March 2008 to 28 March 2008 (both days inclusive). Transfers received in order at the office of our Shares Registrar, M/s. Ferguson Associates (Pvt) Ltd. State Life Building 2-A, 4th Floor, Wallace Road, 11 Chundrigar Road, Karachi-74000, by the close of business on 18 March 2008 will be in time to entitle the transferees to the final dividend and to attend the Meeting.
 2. All Members are entitled to attend and vote at the Meeting.
 3. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend, speak and vote for him/her. A proxy must be a Member of the Company.
 4. An instrument of proxy applicable for the Meeting (in which you can direct the proxy how you wish him to vote) is being provided with the notice sent to Members. Further copies of the instrument of proxy may be obtained from the Registered Office of the Company during normal office hours.
 5. An instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notariately certified copy of such power or authority, must, to be valid, be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.
 6. Members are requested to notify immediately changes, if any, in their registered address to our Shares Registrar, M/s. Ferguson Associates (Pvt) Ltd.
 7. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
- A. For Attending the Meeting:**
- (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original National Identity Card (NIC) or original passport at the time of attending the meeting.
 - (ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.
- B. For Appointing Proxies:**
- (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
 - (ii) The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.
 - (iii) Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - (iv) The proxy shall produce his original NIC or original passport at the time of the Meeting.
 - (v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
8. Any person who seeks to contest the election of Directors shall file with the Company at its registered office not later than fourteen days before the above said meeting his / her intention to offer himself / herself for election as a Director in terms of Section 178 (3) of the Companies Ordinance, 1984 together with (a) consent in Form 28, (b) a Declaration with consent to act as a Director in the manner as provided under clause (ii) of the Code of Corporate Governance, (c) a Declaration in terms of clause (iii), (iv) and (v) of the Code of Corporate Governance.



ICI Pakistan Limited

**ICI Pakistan Limited
and its Subsidiary Company**

The Directors are pleased to present their report together with the audited Group results of ICI Pakistan Limited for the year ended 31 December 2007. The 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 year ended 31 December 2007 has been presented separately.

Following the bullish trend in crude oil prices, domestic furnace oil prices rose to Rs 33,600 per tonne at end of the year from an average Rs 19,900 per tonne at end of Q4 2006.

Net sales income for the year improved by 3% over last year with increase in operating rate of Polyester plant. Post Asset Modernization and Improvement Project (AMIP) in 2006, electricity consumption improved by 13% over last year while substantial increase in furnace oil prices was partially offset by reduction in gas prices. Administration and general expenses increased over last year on account of higher legal charges (increase of authorized share capital and issuance of certificate). The Company incurred an operating loss of Rs 146.8 million for the year ended 31 December 2007 compared with an operating loss of Rs 132.4 million last year. As a result, loss before taxation for the year ended 31 December 2007 was Rs 164.3 million compared to a loss of Rs 141.4 million last year.

Work on the combined waste heat recovery & power plant project generally known as Co-Gen at a cost of Rs 550 million is progressing as per plan and the project is expected to commission in July 2008.

OUTLOOK

Furnace oil prices are expected to remain at high level during Q1 2008. Gas prices have increased by 5.25% from 1 January 2008 onwards. The increase in gas price and continued high price of furnace oil along with gas curtailment is expected to affect Q1 2008 results.



M. J. Jaffer
Chairman

Dated: 14 February 2008
Karachi



Waqar A. Malik
Chief Executive

We have audited the annexed consolidated financial statements of ICI Pakistan Limited and its subsidiary (the "Group") comprising consolidated balance sheet as at 31 December 2007 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, for the year then ended.

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

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

In our opinion, the consolidated financial statements present fairly the consolidated financial position of the Group as at 31 December 2007, and the consolidated results of its operations, its consolidated cash flows and consolidated changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Date: 14 February 2008
Karachi

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

Amounts in Rs '000

	Note	2007	2006
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised capital			
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	4	1,388,023	1,388,023
Capital reserves	5	465,845	465,845
Unappropriated profit		<u>9,230,229</u>	<u>8,248,185</u>
Total equity		11,084,097	10,102,053
Surplus on Revaluation of Property, Plant and Equipment	6	1,034,851	1,161,004
LIABILITIES			
Non-current liability			
Deferred liability	7	119,809	104,444
Current Liabilities			
Short-term financing	8	-	144,438
Trade and other payables	9	6,338,820	5,478,731
		<u>6,338,820</u>	<u>5,623,169</u>
Contingencies and Commitments	10		
Total equity and liabilities		<u>18,577,577</u>	<u>16,990,670</u>

Consolidated Balance Sheet
as at 31 December 2007

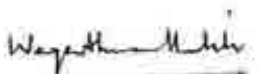
Amounts in Rs '000

	Note	2007	2006
ASSETS			
Non-current assets			
Property, plant and equipment	11	8,775,213	8,620,119
Intangible asset	12	39,737	71,774
		<u>8,814,950</u>	<u>8,691,893</u>
Deferred tax asset - net	13	354,456	1,029,589
Long-term investment	14	2,500	2,500
Long-term loans	15	109,768	104,761
Long-term deposits and prepayments	16	59,888	72,919
		<u>526,612</u>	<u>1,209,769</u>
		<u>9,341,562</u>	<u>9,901,662</u>
Current Assets			
Stores and spares	17	647,784	750,116
Stock-in-trade	18	2,328,375	2,361,722
Trade debts	19	1,074,950	756,039
Loans and advances	20	114,640	133,125
Trade deposits and short-term prepayments	21	345,000	288,819
Other receivables	22	687,291	569,842
Taxation recoverable		335,875	437,559
Cash and bank balances	23	3,702,100	1,791,786
		<u>9,236,015</u>	<u>7,089,008</u>
Total assets		<u><u>18,577,577</u></u>	<u><u>16,990,670</u></u>

The annexed notes 1 to 45 form an integral part of these consolidated financial statements.



M J Jaffer
Chairman / Director



Waqar A Malik
Chief Executive



Feroz Rizvi
Chief Financial Officer

	Note	Amounts in Rs '000	
		2007	2006
Turnover	24	25,973,009	21,947,688
Sales tax, commission and discounts	24	(2,977,795)	(2,406,979)
Net sales and commission income		22,995,214	19,540,709
Cost of sales	25	(18,331,111)	(15,589,557)
Gross profit		4,664,103	3,951,152
Selling and distribution expenses	26	(1,074,549)	(876,075)
Administration and general expenses	27	(763,048)	(726,459)
		2,826,506	2,348,618
Financial charges	28	(154,101)	(323,980)
Other operating charges	29	(222,488)	(171,266)
		(376,589)	(495,246)
Other operating income	30	154,267	123,023
Profit before taxation		2,604,184	1,976,395
Taxation	31	(984,880)	(664,531)
Profit after taxation		1,619,304	1,311,864
		(Rupees)	(Rupees)
Earnings per share - Basic and diluted	32	11.67	9.45

The annexed notes 1 to 45 form an integral part of these consolidated financial statements.



M. J. Jaffer
Chairman / Director



Waqar A. Malik
Chief Executive



Feroz Rizvi
Chief Financial Officer

Consolidated Cash Flow Statement
for the Year Ended 31 December 2007

Amounts in Rs.'000

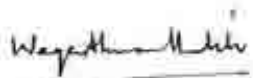
	2007	2006
Cash Flows from Operating Activities		
Profit before taxation	2,604,184	1,976,395
Adjustments for:		
Depreciation and amortisation	933,124	829,280
Gain on disposal of property, plant and equipment	(1,100)	(6,701)
Provision for non-management staff gratuity and eligible retired employees' medical scheme	26,292	27,899
Mark-up on bank deposits	(35,327)	(30,035)
Interest / mark-up expense	127,585	258,027
	<u>3,654,758</u>	<u>3,054,865</u>
Movement in:		
Working capital	580,129	398,903
Long-term loans	(5,006)	43,929
Long-term deposits and prepayments	13,030	(50,709)
Cash generated from operations	<u>4,242,911</u>	<u>3,446,988</u>
Payments for :		
Non-management staff gratuity and eligible retired employees' medical scheme	(10,926)	(14,426)
Taxation	(208,064)	(64,980)
Net cash generated from operating activities	<u>4,023,921</u>	<u>3,367,582</u>
Cash Flows from Investing Activities		
Payments for capital expenditure	(1,117,892)	(1,120,843)
Proceeds from disposal of property, plant and equipment	7,514	7,442
Profit / mark-up received	26,551	30,035
Net cash used in investing activities	<u>(1,083,827)</u>	<u>(1,083,366)</u>

	Amounts in Rs '000	
	2007	2006
Cash Flows from Financing Activities		
Repayment of liability under finance lease	-	(1,239,200)
Interest / mark-up paid	(121,906)	(337,486)
Dividend paid	(763,436)	(763,443)
Net cash used in financing activities	(885,342)	(2,340,129)
Net increase / (decrease) in cash and cash equivalents	2,054,752	(55,913)
Cash and cash equivalents at 1 January	1,647,348	1,703,261
Cash and cash equivalents at 31 December	3,702,100	1,647,348
Movement in Working Capital		
<i>(Increase) / decrease in current assets</i>		
Stores and spares	102,332	(16,087)
Stock-in-trade	33,347	167,458
Trade debts	(318,910)	(83,611)
Loans and advances	18,485	(20,541)
Trade deposits and short-term prepayments	(56,180)	(93,171)
Other receivables	(108,674)	(276,252)
	(329,600)	(322,204)
Increase / (decrease) in current liabilities		
Trade and other payables	909,729	721,107
	580,129	398,903
Cash and cash equivalents at 31 December comprise of:		
Cash and bank balances - note 23	3,702,100	1,791,786
Running finances utilised under mark-up arrangements - note 8	-	(144,438)
	3,702,100	1,647,348

The annexed notes 1 to 45 form an integral part of these consolidated financial statements.



M. J. Jaffer
Chairman / Director



Waqar A. Malik
Chief Executive



Feroz Rizvi
Chief Financial Officer

Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2007

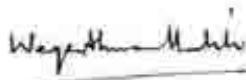
Amounts in Rs '000

	Issued, subscribed and paid-up capital	Capital reserves	Unappropriated profit	Total
Balance as on 1 January 2006	1,388,023	465,845	7,620,011	9,473,879
Changes in equity for 2006				
Final dividend for the year ended 31 December 2005 @ Rs 3.00 per share	-	-	(416,407)	(416,407)
Profit for the year ended 31 December 2006	-	-	1,311,864	1,311,864
Transfer from surplus on revaluation of property, plant and equipment net of deferred tax - note 6	-	-	79,723	79,723
Total recognised income and expense for the year	-	-	1,391,587	1,391,587
Interim dividend for the year 2006 @ Rs 2.50 per share	-	-	(347,006)	(347,006)
Balance as on 31 December 2006	1,388,023	465,845	8,248,185	10,102,053
Changes in equity for 2007				
Final dividend for the year ended 31 December 2006 @ Rs 3.00 per share	-	-	(416,407)	(416,407)
Profit for the year ended 31 December 2007	-	-	1,619,304	1,619,304
Transfer from surplus on revaluation of property, plant and equipment net of deferred tax - note 6	-	-	126,153	126,153
Total recognised income and expense for the year	-	-	1,745,457	1,745,457
Interim dividend for the year 2007 @ Rs 2.50 per share	-	-	(347,006)	(347,006)
Balance as on 31 December 2007	1,388,023	465,845	9,230,229	11,084,097

The annexed notes 1 to 45 form an integral part of these consolidated financial statements.



M. J. Jaffer
Chairman / Director



Waqar A Malik
Chief Executive



Feroz Rizvi
Chief Financial Officer

1. Status and Nature of Business

The Group consists of:

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

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

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

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

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

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

2. Basis of preparation**2.1 Statement of compliance**

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

2.2 Basis of measurement

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

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

Judgments and estimates made by the management that may have a significant risk of material adjustments to the financial statements in subsequent years are discussed in note 41.

3. Summary of Significant Accounting Policies**3.1 Consolidation**

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

3.2 Staff retirement benefits

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

Defined benefit plans

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

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

Defined contribution plans

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

3.3 Provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the present value of the expected expenditures, discounted at a tax rate that reflects current market assessment of the time value of money and the risk specific to the obligation.

3.4 Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost using the effective interest method.

3.5 Dividend

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

3.6 Taxation

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

Current

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

Deferred

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

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

3.7 Property, plant and equipment and depreciation

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

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

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

Surplus on revaluation of property, plant and equipment is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets the related surplus on revaluation of property, plant and equipment (net of deferred taxation) is transferred directly to unappropriated profit.

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

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

3.8 Intangible assets

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

Computer software

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

3.9 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect of the estimated future cash flows of that asset.

Non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the recoverable amount is estimated. An impairment loss is recognised, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.10 Investments

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

3.11 Stores and spares

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

3.12 Stock-in-trade

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

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

3.13 Trade debts and other receivables

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

3.14 Foreign currency translation

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

All exchange differences are taken to the profit and loss account.

3.15 Functional and presentation currency

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

3.16 Revenue recognition

- Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the customer. For those products which are often sold with a right of return, accumulated experience is used to estimate and provide for such returns at the time of sale.
- Commission income is recognised on date of shipment from suppliers.
- Profit on short-term deposits is accounted for on a time-apportioned basis using the effective interest method.
- Dividend income is recognised when the right to receive payment is established.

3.17 Financial expense

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

3.18 Segment reporting

A segment is a distinguishable component within a Group that is engaged in providing products under a common control environment (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments.

3.19 Finance lease

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

3.20 Operating lease

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

3.21 Cash and cash equivalents

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

3.22 Borrowings and their cost

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

3.23 Financial liabilities

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

3.24 Derivative financial instruments

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

3.25 Off-setting

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

Amounts in Rs '000

4. Issued, Subscribed and Paid-up Capital

2007 (Numbers)	2006		2007	2006
125,840,190	125,840,190	Ordinary shares of Rs 10 each fully paid in cash	1,258,402	1,258,402
318,492	318,492	Ordinary shares of Rs 10 each issued as fully paid for consideration other than cash under scheme of arrangement for amalgamation	3,185	3,185
25,227	25,227	Ordinary shares of Rs 10 each issued as fully paid bonus shares	252	252
12,618,391	12,618,391	Ordinary shares issued pursuant to the Scheme as fully paid for consideration of investment in associate (note 4.1)	126,184	126,184
<u>138,802,300</u>	<u>138,802,300</u>		<u>1,388,023</u>	<u>1,388,023</u>

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

4.2 ICI Omicron B.V. which is a wholly owned subsidiary of Imperial Chemical Industries PLC, UK, held 105,229,125 (2006: 105,229,125) ordinary shares of Rs 10 each at 31 December 2007. Effective 2 January 2008 Akzo Nobel N.V. has completed its acquisition of ICI PLC, UK, the parent company of ICI Omicron B.V. Accordingly with effect from 2 January 2008 Akzo Nobel has become the ultimate holding company of ICI Pakistan Limited. ICI Pakistan Limited continues to be the direct subsidiary of ICI Omicron B.V.

5. Capital Reserves

Share premium - note 5.1	465,259	465,259
Capital receipts - note 5.2	586	586
	<u>465,845</u>	<u>465,845</u>

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

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

Amounts in Rs '000

	2007	2006
6. Surplus on Revaluation of Property, Plant and Equipment		
Balance as on 1 January	1,161,004	494,315
Revaluation surplus	-	704,751
Reversal of net deferred tax liability on surplus earlier recognised	-	41,661
	-	746,412
Less: Transfer to retained earnings (unappropriated profit) in respect of incremental depreciation charged during the year net of deferred tax	(126,153)	(79,723)
Balance as on 31 December	<u>1,034,851</u>	<u>1,161,004</u>
7. Deferred Liability		
Provisions for non-management staff gratuity and eligible retired employees' medical scheme	<u>119,809</u>	<u>104,444</u>

7.1 Staff Retirement Benefits

	2007				2006			
	Funded		Unfunded		Funded		Unfunded	
	Pension	Gratuity	Total		Pension	Gratuity	Total	
7.1.1 The amounts recognised in the profit and loss account against defined benefit schemes are as follows:								
Current service cost	21,658	20,464	42,122	5,175	23,048	19,297	42,345	4,943
Interest cost	81,443	30,945	112,388	17,438	80,165	27,451	107,616	15,719
Expected return on plan assets	(93,010)	(25,008)	(118,018)	-	(89,043)	(24,991)	(114,034)	-
Termination cost	1,896	-	1,896	-	17,233	-	17,233	479
Recognition of actuarial loss	14,116	4,318	18,432	3,678	16,859	1,826	20,885	6,758
Charge for the year	<u>26,103</u>	<u>30,717</u>	<u>56,820</u>	<u>26,291</u>	<u>50,262</u>	<u>23,583</u>	<u>73,845</u>	<u>27,899</u>
7.1.2 Movements in the net asset / (liability) recognised in the balance sheet are as follows:								
Opening balance	130,793	(6,469)	124,324	(104,444)	71,205	(8,417)	62,788	(90,971)
Charge for the year - note 7.1.1	(26,103)	(30,717)	(56,820)	(26,291)	(50,262)	(23,583)	(73,845)	(27,899)
Contributions / payments during the year	85,501	55,957	141,458	10,926	109,856	25,531	136,387	14,426
Closing balance	<u>190,191</u>	<u>18,771</u>	<u>208,962</u>	<u>(119,809)</u>	<u>130,793</u>	<u>(6,469)</u>	<u>124,324</u>	<u>(104,444)</u>
7.1.3 The amounts recognised in the balance sheet are as follows:								
Fair value of plan assets - note 7.1.5	1,038,068	274,870	1,312,938	-	842,376	224,733	1,067,109	-
Present value of defined benefit obligation - note 7.1.4	(977,855)	(373,060)	(1,350,915)	(204,472)	(778,855)	(293,785)	(1,072,640)	(163,843)
Surplus / (Deficit)	60,213	(98,190)	(37,977)	(204,472)	63,521	(69,052)	(5,531)	(163,843)
Unrecognised actuarial loss	129,978	116,961	246,939	84,663	67,272	62,583	129,855	59,099
Recognised asset / (liability)	<u>190,191</u>	<u>18,771</u>	<u>208,962</u>	<u>(119,809)</u>	<u>130,793</u>	<u>(6,469)</u>	<u>124,324</u>	<u>(104,444)</u>
7.1.4 Movement in the present value of defined benefit obligation:								
Opening balance	778,855	293,785	1,072,640	163,844	780,301	266,191	1,046,492	152,858
Service cost	21,658	20,464	42,122	5,175	23,048	19,297	42,345	4,943
Interest cost	81,443	30,945	112,388	17,438	80,165	27,451	107,616	15,719
Benefits paid	(78,983)	(25,599)	(104,582)	(10,926)	(75,245)	(23,702)	(98,947)	(14,426)
Termination cost	1,896	-	1,896	-	17,233	-	17,233	479
Actuarial loss / (gain)	172,986	53,465	226,451	28,941	(46,647)	4,548	(42,099)	4,269
Present value of the defined benefit obligation at the end of the year	<u>977,855</u>	<u>373,060</u>	<u>1,350,915</u>	<u>204,472</u>	<u>778,855</u>	<u>293,785</u>	<u>1,072,640</u>	<u>163,843</u>

Amounts in Rs '000

	2007				2006			
	Funded			Unfunded	Funded			Unfunded
	Pension	Gratuity	Total		Pension	Gratuity	Total	
7.1.5 Movement in the fair value of plan assets:								
Opening balance	842,376	224,733	1,067,109	-	783,507	230,935	1,014,442	-
Expected return	93,010	25,008	118,018	-	89,043	24,991	114,034	-
Contributions	85,501	55,957	141,458	-	109,850	25,531	135,381	-
Benefits paid	(78,983)	(25,599)	(104,582)	-	(75,245)	(23,702)	(98,947)	-
Actuarial gain / (loss)	96,164	(5,229)	90,935	-	(54,779)	(33,022)	(97,801)	-
Fair value of plan assets at the end of the year	1,038,068	274,870	1,312,938	-	842,376	224,733	1,067,109	-

7.1.6 Historical information

As at 31 December	2007	2006	2005	2004	2003
Present Value of defined benefit obligation	1,555,387	1,239,483	1,199,351	1,220,952	1,288,235
Fair value of plan assets	1,312,938	1,067,109	1,014,442	810,995	910,391
Deficit	242,449	169,374	184,909	309,957	378,854
Experience adjustments on plan liabilities	16%	1%	8%	(2%)	12%
Experience adjustments on plan assets	7%	(9%)	7%	(2%)	1%

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

	2007	2006
Debt instruments	63%	62%
Equity	13%	10%
Mixed Funds	18%	16%
Cash	6%	12%

These figures are based on the latest actuarial valuation, as at 31 December 2007. The valuation uses the Projected Unit Credit method. Actuarial gains and losses are amortised over the expected future service of current members.

The return on plan assets was assumed to equal the discount rate. Actual return on plan assets during 2007 was Rs 208.953 million (2006: Rs 16.233 million).

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

Discount rate	11.0%	11.0%
Expected return on plan assets	11.0%	11.0%
Future salary increases	8.9%	8.9%
Future pension increases	6.0%	6.0%

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

	2007	Increase	Decrease
Effect on the aggregate of the current service cost and interest cost	12,152	13,890	10,733
Effect on the defined benefit obligation	111,337	124,590	100,243

7.1.10 The Group contributed Rs 41.256 million (2006: Rs 39.395 million) and Rs 18.491 million (2006: Rs 17.430 million) to the provident fund and the defined contribution superannuation fund respectively during the year.

		Amounts in Rs '000	
		2007	2006
8.	Short-Term Financing		
	Running finances utilised under mark-up arrangements - note 8.1	-	144,438
	Term finances - note 8.2	-	-
		<u>-</u>	<u>144,438</u>
8.1	The facilities for running finance available from various banks amounted to Rs 2,731 million (2006: Rs 2,731 million) and carry mark-up during the period ranging from 9.59 - 11.63 percent per annum (2006: 8.76 - 12.31 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.		
8.2	The facilities for term finance available from various banks amount to Rs 550 million (2006: Rs 550 million). However no such facility was utilised as on 31 December 2007.		
9.	Trade and Other Payables		
	Trade creditors - note 9.1	2,101,169	2,015,959
	Bills payable	2,215,106	1,507,723
	Sales tax, excise and custom duties	96,058	56,819
	Mark-up accrued on short-term financing	13,217	9,519
	Accrued interest / return on unsecured loan - note 9.2	354,709	352,728
	Accrued expenses	651,943	590,821
	Technical service fee	40,269	19,755
	Workers' profit participation fund - note 9.3	150,790	113,788
	Workers' welfare fund	98,944	42,356
	Distributors' security deposits - payable on termination of distributorship - note 9.4	56,092	56,670
	Contractors' earnest / retention money	8,599	9,217
	Advances from customers	185,049	211,155
	Unclaimed dividends	4,550	4,574
	Payable for capital expenditure	110,205	165,500
	Payable for staff retirement benefit schemes	-	6,469
	Provision for compensated absences	20,000	20,000
	Others	232,120	295,678
		<u>6,338,820</u>	<u>5,478,731</u>
9.1	The above balances include amounts due to following associated undertakings:		
	Pakistan PTA Limited	1,197,090	168,974
	ICI Paints UK	3,770	917
	ICI Paints Asia Pacific	11,600	5,168
	ICI Paints Malaysia Limited	21	-
	National Starch and Chemicals	657	830
	ICI India Limited	937	-
		<u>1,214,075</u>	<u>175,889</u>
9.2	This represents amount payable to Mortar Investments International Limited.		

Amounts in Rs '000

	2007	2006
9.3 Workers' profit participation fund		
Balance as on 1 January	113,788	89,180
Allocation for the year - note 29	145,964	111,571
	259,752	200,751
Interest on funds utilised in the Company's business at 41.25 percent (2006: 37.5 percent) per annum - note 28	4,774	2,058
	264,526	202,809
Less:		
- Amount paid to and on behalf of the Fund	10,192	10,846
- Deposited with the Government of Pakistan	103,544	78,175
	113,736	89,021
Balance as on 31 December	150,790	113,788

9.4 Interest on security deposits from certain distributors is payable at 7.5 percent (2006: 7.5 percent) per annum as specified in the respective agreements.

10. Contingencies and Commitments

10.1 Claims against the Group not acknowledged as debts are as follows:

Local bodies	28,573	28,055
Sales tax authorities	97,192	97,192
Others	92,130	85,474
	217,895	210,721

10.2 Guarantees issued by the Company in respect of financial and operational obligations of Pakistan PTA Limited pursuant to the Scheme amounting to Rs 2,460 million (2006: Rs 2,550 million) against which Pakistan PTA Limited has issued counter guarantees to the Company.

10.3 Guarantee issued by the Company in respect of financing obtained by Senior Executives amounted to Rs 18 million (2006: Rs 32 million), in accordance with the terms of employment.

10.4 Commitments in respect of capital expenditure - Rs 692.668 million (2006: Rs 32.884 million).

10.5 Commitments for rentals under operating lease agreements in respect of vehicles amounting to Rs 115.989 million (2006: Rs 108.389 million) are as follows:

Year		
2007	-	40,396
2008	45,786	32,852
2009	37,269	22,219
2010	28,768	12,922
2011	4,166	-
	115,989	108,389
Payable not later than one year	45,786	40,396
Payable later than one year but not later than five years	70,203	67,993
	115,989	108,389

10.6 Outstanding foreign exchange contracts as at 31 December 2007 entered into by the Group to hedge the anticipated future transactions amounted to Rs 962.468 million (2006: Rs 1,321.424 million).

Amounts in Rs '000

2007 2006

11 Property, Plant and Equipment**11.1** The following is a statement of property, plant and equipment:

Operating property, plant and equipment - note 11.2	7,948,701	7,420,725
Capital work-in-progress - note 11.7	826,512	1,199,394
	<u>8,775,213</u>	<u>8,620,119</u>

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

	Land		Leasehold land	Buildings		Plant and machinery	Railway sidings	Floating stock and vehicles	Furniture and equipment	Total
	Freehold	Leasehold		On freehold land	On leasehold land					
2007										
Net carrying value basis										
Year ended 31 December 2007										
Opening net book value (NBV)	836,702	106,459	75,337	260,863	356,613	5,631,466	-	25,052	128,233	7,420,725
Additions/transfer (at cost)	-	-	-	6,400	186,197	1,205,836	-	4,591	32,453	1,439,477
Disposals/transfer (at NBV)	-	-	-	-	(664)	(2,856)	-	(2,403)	(489)	(6,414)
Depreciation charge	-	(78,549)	(6,011)	(24,303)	(56,586)	(693,574)	-	(5,751)	(36,333)	(901,067)
Closing net book value (NBV)	836,702	27,910	69,326	242,960	485,580	6,140,870	-	21,489	123,864	7,948,701
Gross carrying value basis										
At 31 December 2007										
Cost/Revaluation	836,702	667,799	118,322	857,245	965,162	15,348,947	297	141,079	575,667	19,410,220
Accumulated Depreciation	-	(539,889)	(48,996)	(614,285)	(479,582)	(9,208,077)	(297)	(119,590)	(449,803)	(11,461,519)
Net book value	836,702	27,910	69,326	242,960	485,580	6,140,870	-	21,489	123,864	7,948,701
Depreciation rate % per annum	-	2 to 4	3.33 to 7.5	5 to 10	2.5 to 10	3.33 to 10	3.33	10 to 25	10 to 33.33	
2006										
Net carrying value basis										
Year ended 31 December 2006										
Opening net book value (NBV)	49,706	25,904	81,314	191,721	383,276	4,048,547	-	11,612	126,960	4,919,042
Additions/transfer (at cost)	-	-	50	122,825	10,766	2,338,175	-	20,307	45,992	2,538,115
Revaluation	788,996	90,841	-	-	-	(173,085)	-	-	-	704,752
Disposals/transfer (at NBV)	-	-	-	-	-	(41)	-	(437)	(263)	(741)
Depreciation charge	-	(10,286)	(6,027)	(53,683)	(37,431)	(562,130)	-	(8,430)	(42,456)	(738,443)
Closing net book value (NBV)	836,702	106,459	75,337	260,863	356,613	5,631,466	-	25,052	128,233	7,420,725
Gross carrying value basis										
At 31 December 2006										
Cost/Revaluation	836,702	667,799	118,322	850,845	780,442	14,202,546	297	140,705	565,448	18,063,107
Accumulated Depreciation	-	(461,340)	(42,985)	(589,982)	(423,829)	(8,571,080)	(297)	(115,653)	(437,216)	(10,642,382)
Net book value	836,702	106,459	75,337	260,863	356,613	5,631,466	-	25,052	128,233	7,420,725
Depreciation rate % per annum	-	2 to 4	3.33 to 7.5	5 to 10	2.5 to 10	3.33 to 10	3.33	10 to 25	10 to 33.33	

Amounts in Rs '000

11.3 Subsequent to revaluation on 1 October 1959 and 30 September 2000, which had resulted in a surplus of Rs 14,207 million and Rs 1,569,869 million respectively, the land and plant and machinery were revalued again on 15 December 2006 resulting in a net surplus of Rs 667,967million. The valuation was conducted by independent valuers. Valuations for plant and machinery was the open market value of the asset based on estimated gross replacement cost, depreciated to reflect the residual service potential of the asset having paid due regard to age, condition and obsolescence. Land was valued on the basis of fair market value.

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

	2007	2006
Net Book Value		
Freehold land	20,929	20,929
Leasehold land	32	37
Plant and machinery	5,818,526	5,243,469
Rolling stock and vehicles	21,489	25,052
Furniture and equipment	123,864	128,233
	<u>5,984,840</u>	<u>5,417,720</u>

11.5 The depreciation charge for the year has been allocated as follows:

Cost of sales - note 25	866,616	705,219
Selling and distribution expenses - note 26	1,068	947
Administration and general expenses - note 27	33,403	32,277
	<u>901,087</u>	<u>738,443</u>

11.6 Assets held under finance lease

The depreciation charge of Rs Nil (2006: Rs 58.8 million) has been allocated to the cost of sales - note 25.

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

Designing, consultancy and engineering fee	23,770	30,965
Civil works and buildings	92,707	164,844
Plant and machinery	541,647	923,024
Miscellaneous equipment	51,006	52,950
Advances to suppliers / contractors	117,382	27,611
	<u>826,512</u>	<u>1,199,394</u>

Amounts in Rs '000

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

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Particulars of buyers
Building					
Scrapped	1,250	721	529	2	Shahbaz & Company, Malakwal
Plant and machinery					
Sold by negotiations	181	59	122	128	Shaz Services, Karachi
Scrapped	17,088	14,478	2,610	321	Shahbaz & Company, Malakwal
Rolling stock and vehicles					
Sold by negotiations	225	-	225	800	M/s Asif Brothers, Karachi
Sold by auction	2,260	82	2,178	4,365	Various
Furniture and equipment					
Sold by negotiations	15,384	14,944	420	764	Various

12. Intangible Assets	2007	2006
Net carrying value basis		
Year ended 31 December		
Opening net book value (NBV)	71,774	103,811
Additions (at cost)	-	-
Amortisation charge	(32,037)	(32,037)
Closing net book value (NBV)	<u>39,737</u>	<u>71,774</u>
Gross carrying amount		
At 31 December		
Cost	168,781	168,781
Accumulated amortisation	(129,044)	(97,007)
Net book value	<u>39,737</u>	<u>71,774</u>

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

Cost of sales - note 25	15,128	15,128
Selling and distribution expenses - note 26	2,657	2,657
Administration and general expenses - note 27	14,252	14,252
	<u>32,037</u>	<u>32,037</u>

Amounts in Rs '000

	2006	Charge/ (reversal)	2007	
13. Deferred Tax Asset - net				
<i>Deductible temporary differences</i>				
Tax losses carried forward	1,880,628	591,479	1,289,149	
Provisions for retirement benefits, doubtful debts and others	149,395	(20,494)	169,889	
<i>Taxable temporary differences</i>				
Property, plant and equipment	(1,000,434)	104,148	(1,104,582)	
	<u>1,029,589</u>	<u>675,133</u>	<u>354,456</u>	
14. Long-Term Investment		2007	2006	
<i>Unquoted</i>				
Equity security available for sale				
Arabian Sea Country Club Limited		<u>2,500</u>	<u>2,500</u>	
15. Long-Term Loans - Considered good				
Due from Executives and Employees - note 15.1		<u>109,768</u>	<u>104,761</u>	
15.1 Due from Executives and Employees				
	Motor car	Housing building	Total	Total
Due from Executives	37,463	34,450	71,913	75,682
Less: Receivable within one year	5,164	12,840	18,004	17,682
	<u>32,299</u>	<u>21,610</u>	<u>53,909</u>	<u>58,000</u>
Due from Employees			<u>83,696</u>	<u>74,097</u>
Less: Receivable within one year			<u>27,837</u>	<u>27,336</u>
			<u>55,859</u>	<u>46,761</u>
			<u>109,768</u>	<u>104,761</u>
Outstanding for period:				
- less than three years but over one year			<u>58,706</u>	<u>59,886</u>
- more than three years			<u>51,062</u>	<u>44,875</u>
			<u>109,768</u>	<u>104,761</u>

Amounts in Rs '000

2007 2006

15.2 Reconciliation of the carrying amount of loans to Executives:

Opening balance at beginning of the year	75,682	63,891
Disbursements	30,893	56,551
Repayments	(34,662)	(44,760)
Balance at end of the year	<u>71,913</u>	<u>75,682</u>

The loan to executives includes an amount of Rs 4,145 million (2006: Rs 5,420 million) in respect of house building relating to key management personnel. Loan outstanding during the year relates to Mr. Ali A. Aga, who was provided this loan as per his terms of employment.

15.3 Loans for purchase of motor cars and house building are repayable between two to ten years. These loans are interest free and granted to the employees including executives of the Group in accordance with their terms of employment.

15.4 The maximum aggregate amount of long-term loans and advances due from the Executives at the end of any month during the year was Rs 83,397 million (2006: Rs 75,682 million).

16. Long-Term Deposits and Prepayments

Deposits	21,120	54,987
Prepayments	38,768	17,932
	<u>59,888</u>	<u>72,919</u>

17. Stores and Spares

Stores (include in-transit Rs 30,528 million; 2006: Rs 19,579 million)	65,530	47,751
Spares	575,450	686,555
Consumables	80,165	89,171
	<u>721,145</u>	<u>823,477</u>
Less: Provision for slow moving and obsolete items	73,361	73,361
	<u>647,784</u>	<u>750,116</u>

18. Stock-in-Trade

Raw and packing material (include in-transit Rs 244,416 million; 2006: Rs 355,587 million)	1,133,792	954,652
Work-in-process	192,127	141,151
Finished goods (include in-transit Rs 28,068 million; 2006: Rs 56,948 million)	1,120,188	1,333,205
	<u>2,446,107</u>	<u>2,429,008</u>
Less: Provision for slow moving and obsolete stock		
- Raw materials	89,363	31,046
- Finished goods	28,369	36,240
	<u>117,732</u>	<u>67,286</u>
	<u>2,328,375</u>	<u>2,361,722</u>

Amounts in Rs '000

	2007	2006
19. Trade Debts		
<i>Considered good</i>		
- Secured	317,228	303,281
- Unsecured	901,183	543,957
	<u>1,218,411</u>	<u>847,238</u>
<i>Considered doubtful</i>	146,457	111,734
	<u>1,364,868</u>	<u>958,972</u>
Less: Provision for:		
- Doubtful debts	146,457	111,734
- Discount payable	143,461	91,199
	<u>289,918</u>	<u>202,933</u>
	<u>1,074,950</u>	<u>756,039</u>
20. Loans and Advances		
<i>Considered good</i>		
Loans due from:		
Executives - note 15.1	18,004	17,682
Employees - note 15.1	27,837	27,336
	<u>45,841</u>	<u>45,018</u>
Advances to:		
Directors and Executives	8,903	1,679
Employees	1,434	3,090
Contractors and suppliers	55,106	80,968
Others	3,356	2,370
	<u>68,799</u>	<u>88,107</u>
	<u>114,640</u>	<u>133,125</u>
<i>Considered doubtful</i>	8,120	8,120
	<u>122,760</u>	<u>141,245</u>
Less: Provision for doubtful loans and advances	8,120	8,120
	<u>114,640</u>	<u>133,125</u>

20.1 The maximum aggregate amount of advances due from the Directors and Executives at the end of any month during the year was Rs 1.992 million and Rs 8.068 million (2006: Rs Nil and Rs 7.782 million) respectively.

	Amounts in Rs '000	
	2007	2006
21. Trade Deposits and Short-Term Prepayments		
Trade deposits	12,323	4,208
Short-term prepayments	307,705	270,266
Balances with statutory authorities	24,972	14,345
	<u>345,000</u>	<u>288,819</u>
22. Other Receivables		
<i>Considered good</i>		
Duties, sales tax and octroi refunds due	335,275	205,021
Due from Associate - note 22.1	67,582	67,582
Insurance claims	21,267	-
Commission receivable	22,560	23,354
Interest income receivable	8,775	-
Rebates receivable	108,414	194,627
Others	123,418	79,258
	<u>687,291</u>	<u>569,842</u>
<i>Considered doubtful</i>	15,904	20,733
	<u>703,195</u>	<u>590,575</u>
Less: Provision for doubtful receivables	15,904	20,733
	<u>687,291</u>	<u>569,842</u>
22.1 The maximum aggregate amount due from ICI Omicron B.V. at the end of any month during the year was Rs 67.582 million (2006: Rs 67.582 million).		
23. Cash and Bank Balances		
Deposit accounts	1,950,000	520,000
Current accounts	1,472,454	1,075,105
In hand		
- Cheques	262,972	183,976
- Cash	16,674	12,705
	<u>3,702,100</u>	<u>1,791,786</u>

Amounts in Rs '000

24. Operating Results

	Polyester		Soda Ash		Paints		Life Sciences		Chemicals		Others - PowerGen		Group	Group
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Sales	-	-	-	-	-	-	-	-	883,496	642,877	264,658	256,127	-	-
Inter-segment Overs	10,344,658	8,458,475	4,936,218	4,394,676	5,812,097	5,071,975	2,710,278	3,236,181	2,063,499	1,723,943	-	-	25,892,750	21,885,250
Commission income	10,344,658	8,458,475	4,936,218	4,394,676	5,812,097	5,071,975	2,710,278	3,236,181	2,372,998	2,168,820	264,658	256,127	25,892,750	21,885,250
Turnover	10,344,658	8,458,475	4,936,218	4,394,676	5,812,097	5,071,975	2,710,278	3,236,181	2,633,254	2,229,298	264,658	256,127	25,973,000	21,947,668
Sales tax	3,042	2,208	701,218	686,525	717,841	626,464	-	-	182,183	145,551	34,521	33,498	1,643,664	1,338,698
Commissions and discounts to distributors and customers	61,546	43,885	71,037	81,795	754,714	600,370	402,882	221,416	123,322	110,692	-	-	1,335,811	1,068,371
Net sales and commissions - income	44,868	46,203	772,353	626,262	1,472,255	1,225,644	302,896	221,501	310,484	258,733	34,521	33,498	2,877,733	2,406,376
Cost of sales - note 26	16,256,770	8,412,273	4,183,865	3,774,388	4,339,442	3,843,141	2,407,384	3,914,688	2,342,776	1,972,508	236,137	252,719	22,995,214	16,546,796
Gross profit (loss)	9,420,388	7,782,208	2,922,549	2,898,314	2,831,788	2,434,777	1,599,024	1,314,128	1,898,364	1,814,134	273,884	309,778	18,331,111	15,089,267
Selling and distribution expenses - note 26	41,816	-33,956	122,486	30,788	487,410	297,498	293,772	236,678	129,065	87,943	-	-	1,074,548	876,075
Administration and general expenses - note 27	146,717	146,652	226,236	289,886	167,734	158,386	115,667	114,488	183,847	83,246	3,687	318	763,548	708,456
Operating result	841,852	888,436	863,554	655,327	852,509	870,370	403,621	329,184	211,484	177,160	(148,344)	(132,378)	2,826,506	2,348,640
24.1 Segment assets	6,593,830	4,801,207	5,117,075	4,524,663	2,282,076	2,031,346	780,798	732,723	868,722	633,383	351,286	351,470	15,833,588	14,881,464
24.2 Unallocated assets													2,643,948	2,000,176
													16,577,577	16,881,670
24.3 Segment liabilities	2,780,698	2,462,403	680,582	988,635	811,225	882,399	1,653,928	738,673	495,470	382,367	82,955	44,416	6,098,679	5,320,462
24.4 Unallocated liabilities													559,951	507,211
													6,658,630	5,827,673
24.5 Non-cash items (excluding depreciation)	5,858	10,669	15,256	7,522	1,281	932	2,494	3,898	1,231	2,899	86	86	26,292	27,899
24.6 Depreciation and amortisation	352,961	342,695	426,203	366,241	49,381	39,238	14,725	18,145	18,119	15,284	58,735	49,567	933,124	829,280
24.7 Capital expenditure	219,417	244,188	675,424	836,173	73,411	101,172	12,225	42,841	21,767	26,582	30,352	31,081	1,082,566	1,249,888
24.8 Inter-segment sales														
Inter-segment sales have been eliminated from the total.														
24.9 Inter-segment pricing														
Transactions among the business segments are accounted at arm's length prices using accessible valuation methods.														

Amounts in Rs '000

25. Cost of Sales

	Polyester		Soda Ash		Paints		Life Sciences		Chemicals		Others - PowerGen		Group	Group
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Raw and packing materials consumed														
Opening stock	421,019	749,881	127,713	88,074	191,552	202,070	86,205	141,217	83,095	91,094	12,932	17,098	923,000	1,295,205
Purchases (Inter-segment / Others)	8,056,597	6,298,152	1,000,168	868,534	483,499	3,201,521	443,677	1,673,099	524,803	418,197	692,100	462,274	172,832	150,291
	8,056,597	6,298,152	1,000,168	868,534	2,685,327	2,319,978	624,803	418,197	692,100	962,274	172,832	150,291	12,748,222	11,108,586
	8,487,816	7,096,034	1,127,881	957,507	2,876,879	2,519,546	711,199	960,414	755,195	557,239	186,568	176,829	13,671,828	11,403,791
Closing stock	(506,824)	(431,010)	(135,447)	(137,713)	(166,172)	(181,520)	(168,410)	(86,205)	(79,537)	(83,095)	(17,098)	(13,932)	(1,044,429)	(823,608)
	7,980,992	6,665,024	1,002,434	819,794	2,710,707	2,338,026	551,788	874,109	675,658	474,159	169,528	162,927	12,627,399	10,580,183
Salaries, wages and benefits	217,285	184,348	148,444	329,129	86,261	68,000	2,625	8,329	20,128	21,348	3,894	2,817	680,737	635,410
Stores and spares consumed	83,697	83,000	78,714	(19,290)	8,998	1,528	-	-	4,105	4,136	20,569	18,808	195,077	220,532
Consumption free paid to contract manufacturers	-	-	-	-	-	-	134,795	103,190	4,874	3,549	-	-	189,699	126,848
Oil, gas and electricity - note 25.2	453,213	460,468	604,066	758,102	12,046	11,307	-	-	6,820	9,073	100,029	109,038	1,120,628	1,065,469
Rent, rates and taxes	1,318	546	499	328	424	445	-	-	176	180	742	684	3,178	2,880
Insurance	40,516	33,228	26,285	53,393	14,508	17,807	8	8	370	381	2,910	2,889	83,035	112,909
Repairs and maintenance	740	848	837	441	12,173	12,078	-	-	1,940	1,561	183	120	15,842	15,103
Depreciation and amortisation - note 11.5 & 12.1	359,755	333,901	413,407	382,612	39,799	30,730	662	681	8,286	8,405	58,738	48,569	881,744	778,143
Extra duty	-	-	-	-	23,998	998	-	-	-	8	2,297	3,178	26,293	3,174
Technical fees	-	-	-	-	31,210	29,474	-	-	-	-	-	-	31,210	29,474
Royalty fee	-	-	-	-	11,024	-	-	-	12,924	8,838	-	-	24,948	8,839
General expenses - note 25.5	74,864	61,408	53,494	42,779	21,893	20,329	1,438	801	6,698	11,703	829	815	169,534	137,016
Opening stock of work-in-progress	80,102	93,195	-	-	80,576	25,213	-	-	2,470	4,665	-	-	141,151	113,101
Closing stock of work-in-process	(72,892)	(98,700)	-	-	(115,205)	(50,570)	(3,084)	-	(948)	(3,478)	-	-	(192,127)	(141,331)
Cost of goods manufactured	8,223,279	7,801,802	2,728,168	2,484,201	2,926,874	2,408,454	688,220	868,026	747,769	962,406	373,894	354,778	15,948,317	15,615,760
Opening stock of finished goods	572,009	503,229	99,353	86,838	150,975	53,138	285,909	279,095	180,013	184,898	-	-	1,296,866	1,120,674
Finished goods purchased	-	3,186	141,783	834,978	-	-	951,148	180,008	1,106,050	1,005,899	-	-	2,249,001	2,173,968
	6,805,288	8,334,217	2,969,310	2,902,673	3,077,549	2,561,592	1,925,307	1,502,651	2,092,829	1,903,193	373,894	354,778	19,494,283	18,910,223
Closing stock of finished goods	(375,903)	(573,008)	(12,878)	(88,288)	(188,092)	(110,675)	(330,283)	(285,909)	(184,805)	(189,073)	-	-	(1,091,819)	(1,296,905)
Provision for obsolete stocks - note 27	-	-	(3,885)	(15,000)	(57,688)	(6,108)	-	(2,889)	(9,800)	-	-	-	(71,253)	(29,701)
	9,429,385	7,761,209	2,955,549	2,880,514	2,831,769	2,434,777	1,595,024	1,214,025	1,883,364	1,614,104	373,894	354,778	18,321,111	17,583,527

25.1 Inter-segment purchases

Inter-segment purchases have been eliminated from the total.

25.2 Oil, gas and electricity includes inter-segment purchases of Rs 264,658 million (2006: Rs 256,127 million) which have been eliminated from the total.**25.3 Staff retirement benefits**

Salaries, wages and benefits include Rs 45,524 million (2006: Rs 48,256 million) in respect of staff retirement benefits.

25.4 Severance cost

Salaries, wages and benefits include Rs nil (2006: Rs 10,754 million) in respect of severance cost.

25.5 Service Charges from subsidiary

This includes amount Rs 1,740 million charged by the Company for certain administrative service charges in accordance with the service level agreement which have been eliminated from the total.

Amounts in Rs. '000

26. Selling and Distribution Expenses

	Polyester		Soda Ash		Paints		Life Sciences		Chemicals		Others - PowerGen		Group 2007	Group 2006
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006		
Salaries and benefits	26,030	30,096	13,128	38,648	140,474	109,670	119,687	111,038	42,133	41,161	-	-	341,462	341,336
Repairs and maintenance	85	16	854	1,136	1,580	1,518	1,228	1,027	511	379	-	-	4,262	4,126
Advertising and sales promotion	344	678	1,080	624	136,015	96,238	74,202	90,047	2,014	900	-	-	213,857	159,217
Rent, rates and taxes	-	90	1,196	1,713	3,564	3,073	3,853	4,188	570	883	-	-	15,283	10,751
Insurance	-	-	808	842	147	10	2,002	2,188	8,952	7,720	-	-	6,009	5,547
Lighting, heating and cooling	12	-	639	841	3,425	2,757	1,552	1,887	281	338	-	-	8,130	5,850
Depreciation and amortisation - note 11.5 & 12.1	248	248	330	200	-	-	1,670	1,671	1,477	1,476	-	-	3,725	3,608
Outlet freight and handling	7,148	4,705	82,212	37,439	120,687	100,900	-	-	20,710	80,040	-	-	240,754	183,684
Provision for doubtful trade debts	-	-	-	-	-	1,300	-	2,116	-	-	-	-	-	3,216
Travelling expenses	3,695	5,679	2,848	1,597	49,410	45,534	45,168	87,661	13,772	7,627	-	-	113,995	84,681
Postage, telegraph, telephone and telex	457	400	879	748	5,487	5,508	4,877	4,211	3,550	2,559	-	-	18,046	12,638
General expenses	1,796	1,769	3,230	7,067	18,610	7,195	28,632	28,889	41,415	18,398	-	-	112,748	96,387
	<u>41,818</u>	<u>53,069</u>	<u>122,428</u>	<u>90,789</u>	<u>487,410</u>	<u>307,408</u>	<u>283,772</u>	<u>258,878</u>	<u>120,069</u>	<u>87,943</u>	<u>-</u>	<u>-</u>	<u>1,074,546</u>	<u>878,076</u>

26.1 Staff retirement benefits

Salaries, wages and benefits include Rs 38,171 million (2006: Rs 31,471 million) in respect of staff retirement benefits.

26.2 Severance cost

Salaries and benefits include Rs nil (2006: Rs 20,938 million) in respect of severance cost.

27. Administration and General Expenses

Salaries and benefits	68,840	109,618	141,059	146,388	72,233	81,795	53,240	64,600	62,287	54,356	8	-	408,387	420,707
Repairs and maintenance	1,917	2,241	2,892	2,779	5,295	4,331	1,254	1,246	928	571	-	-	12,207	11,168
Advertising and sales promotion	1,455	1,793	3,418	4,613	-	373	935	1,378	776	841	-	-	6,584	8,291
Rent, rates and taxes	2,876	2,871	2,495	2,145	605	331	451	368	513	609	85	-	7,000	7,744
Insurance	734	848	3,197	3,444	420	903	5,877	3,558	443	507	-	-	9,581	7,669
Lighting, heating and cooling	2,489	2,481	4,037	4,296	2,530	2,143	2,477	1,843	832	948	-	-	13,305	11,540
Depreciation and amortisation - note 11.5 & 12.1	3,956	5,258	14,466	10,020	3,582	8,509	12,393	13,793	5,258	5,493	-	-	47,665	46,520
Provision for doubtful trade debts	36,100	-	-	-	-	-	-	-	-	-	-	-	36,100	-
Provision for obsolete stock	-	-	3,895	15,000	57,668	6,198	-	2,589	8,906	-	-	-	71,352	29,701
Travelling expenses	3,114	6,908	9,147	10,729	10,063	9,524	9,185	7,607	4,006	3,600	-	-	37,514	30,857
Postage, telegraph, telephone and telex	965	1,303	1,715	1,881	7,919	5,982	2,202	2,388	947	561	6	-	13,786	10,245
General expenses - note 27.3	19,868	15,288	41,110	35,194	1,119	50,308	17,653	14,905	18,349	19,673	3,009	313	100,569	154,818
	<u>146,717</u>	<u>148,000</u>	<u>326,236</u>	<u>329,996</u>	<u>187,734</u>	<u>170,089</u>	<u>115,687</u>	<u>114,489</u>	<u>103,847</u>	<u>82,216</u>	<u>3,087</u>	<u>313</u>	<u>763,048</u>	<u>729,440</u>

27.1 Staff retirement benefits

Salaries, wages and benefits include Rs 57,267 million (2006: Rs 61,12 million) in respect of staff retirement benefits.

27.2 Severance cost

Salaries and benefits include Rs 4,554 million (2006: Rs 43,148 million) in respect of severance cost.

27.3 Service Charges from subsidiary

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

		Amounts in Rs '000	
		2007	2006
28.	Financial Charges		
	Mark-up on short-term financing and others	28,589	13,599
	Interest on:		
	- Workers' profit participation fund - note 9.3	4,774	2,058
	- Finance lease	-	143,166
	Discounting charges on receivables	92,241	99,204
	Exchange losses	22,192	61,023
	Interest on security deposits	3,928	3,967
	Others	2,377	963
		<u>154,101</u>	<u>323,980</u>
29.	Other operating charges		
	Auditors' remuneration - note 29.1	5,331	7,891
	Donations - note 29.2	14,692	9,448
	Workers' profit participation fund - note 9.3	145,964	111,571
	Workers' welfare fund	56,501	42,356
		<u>222,488</u>	<u>171,266</u>
29.1	Auditors' remuneration		
	Audit fee	2,470	2,249
	Group reporting and SOX audit review	1,573	4,469
	Half yearly review and other certifications	890	810
	Out-of-pocket expenses	398	363
		<u>5,331</u>	<u>7,891</u>
29.2	Donations include Rs 11,277 million (2006: Rs 8,539 million) to ICI Pakistan Foundation (Head office, Karachi) Mr. Waqar A Malik, Chief Executive; Mr. Pervaiz A. Khan and Mr. Feroz Rizvi, Directors of the Company and Mr. Ali Asrar Aga and Mr. Nasir Jamal, Executives of the Company are amongst the Trustees of the Foundation.		
30.	Other operating income		
	Return from financial assets		
	Profit on short-term and call deposits	35,327	30,035
	Income from non-financial assets		
	Scrap sales	41,475	35,831
	Gain on disposal of property, plant and equipment	1,100	6,701
	Others		
	Provisions and accruals no longer required written back	20,962	1,655
	Income on technical assistance	27,903	7,298
	Service fees from related parties - note 30.1	6,002	5,097
	Sundries	21,498	36,406
		<u>154,267</u>	<u>123,023</u>
30.1	This represents amount charged by the Group for certain management and other services rendered to its related party (Pakistan PTA Limited), in accordance with the Service Agreement based on commercial terms between the companies.		

Amounts in Rs '000

	2007	2006
31. Taxation		
Current	127,702	2,362
Prior years	182,045	-
Total current tax charge - note 31.1	309,747	2,362
Deferred - note 13 & 31.1	675,133	662,169
Net tax charged - note 31.2	984,880	664,531

31.1 This represents tax charge on income taxable under Final Tax Regime (FTR) and the revision of tax calculations in respect of current and prior years as the Group's tax liability under FTR is higher than the turnover tax. The revision has also resulted in an increase in deferred tax asset of prior years amounting to Rs 231,199 million recognised in the current year. Current tax charge also includes turnover tax payable relating to the subsidiary company.

31.2 Tax reconciliation

Profit for the year	2,604,184	1,976,395
Tax @ 35%	911,464	691,738
Tax impact on adoption of IFRIC 4	-	(41,685)
Additional net deferred tax asset available after adjustment of FTR for prior years	(231,199)	(12,950)
Prior years' tax charge	182,045	-
Permanent difference	5,142	3,284
Tax impact on losses of subsidiary - note 31.3	57,519	49,491
Tax impact on income under FTR of the current year	16,893	-
Turnover tax	1,157	2,362
Others	41,859	(27,709)
Net tax charged	984,880	664,531

31.3 The profit and losses derived from power generation are exempt from tax under clause 132 of part I of the second schedule of the Income Tax Ordinance 2001.

32. Earnings per Share - Basic and diluted

Profit after taxation for the year	1,619,304	1,311,864
	Number of shares	
Weighted average number of ordinary shares in issue during the year	138,802,300	138,802,300
	Rupees	
Earnings per share	11.67	9.45

Amounts in Rs '000

33. Remuneration of Directors and Executives

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

	Chairman		Chief Executive		Directors		Executives		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Managerial remuneration	1,000	1,068	16,380	12,370	32,485	20,283	331,976	340,783	381,841	374,482
Retirement benefits	-	-	3,396	3,173	5,451	4,322	71,949	81,867	80,796	89,362
Group insurance	-	-	30	30	90	88	2,421	2,574	2,541	2,572
Rent and house maintenance	-	-	5,424	8,480	-	4,113	77,754	80,125	83,178	92,718
Utilities	-	-	670	1,213	-	818	19,166	19,680	19,836	21,808
Medical expenses	-	-	2,836	121	1,361	114	7,716	9,522	11,913	9,757
Leave passage	-	-	257	624	-	750	-	150	257	1,524
	1,000	1,068	28,993	26,011	39,387	30,546	510,982	634,701	580,362	592,324
Number of persons	1	1	1	1	5	8	212	212	219	220

- 33.1** The Directors and certain Executives are provided with free use of Company cars in accordance with their entitlement. The Chief Executive is provided with Company owned and maintained furnished accommodation and free use of Company car.
- 33.2** Aggregate amount charged in the financial statements for fee to three Directors was Rs 2.276 million (2006: Rs 2.408 million), and for the remuneration of one director seconded by Pakistan PTA Limited amounted to Rs nil (2006: Rs 6.794 million)
- 33.3** The above balances include an amount of Rs 78.079 million (2006: Rs 105.693 million) on account of remuneration of key management personnel out of which Rs 13.255 million (2006: Rs 12.844 million) relates to post employment benefits.

34. Transactions with Related Parties

The related parties comprise parent company (ICI Omicron B.V.), related group companies, local associated company, directors of the Company, companies where directors also hold directorship, key management employees (note 33) and staff retirement funds (note 7). Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2007	2006
Associated companies		
Purchase of goods, materials and services	6,059,706	5,600,876
Provision of services and other receipts	6,002	14,123
Sale of goods and materials	7,563	7,337
Dividends	315,687	315,678
Donations	11,277	8,539
Others		
Purchase of goods, materials and services	196	840
Provision of services and other receipts	1,705	4,826
Sale of goods and materials	58,300	18,142

Amounts in Rs '000

35. Plant Capacity and Annual Production

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

	2007		2006	
	Annual Name Plate Capacity	Production	Annual Name Plate Capacity	Production
Polyester	122,000	110,656	122,000	96,559
Soda Ash	285,000	258,320	235,000	239,500
Paints	-	39,188	-	35,564
Chemicals	-	9,259	-	8,101
Sodium Bicarbonate	20,000	22,768	20,000	20,500
PowerGen - note 35.2	122,640	59,405	122,640	58,532

35.1 The capacity of Paints and Chemicals is indeterminable because these are multi-product plants involving varying processes of manufacture.

35.2 Electricity by PowerGen is produced as per demand.

36. Fair Value of Financial Assets and Liabilities

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

Amounts in Rs '000

37. Interest / Mark-up Rate Risk Management

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will affect the value of financial instruments. In respect of income earning financial assets and interest / mark-up bearing financial liabilities, the following table indicate their effective interest / mark-up rates at the balance sheet date and the periods in which they will re-price or mature:

	Effective Mark-up / interest rates %	Interest / mark-up bearing			Non-interest /mark-up bearing	Total
		Maturity upto one year	Maturity one to five years	Maturity after five years		
2007						
Financial Assets						
Long term investment	-	-	-	-	2,500	2,500
Long term loans	-	-	-	-	109,768	109,768
Long term deposits	-	-	-	-	21,120	21,120
Trade debts	-	-	-	-	1,074,950	1,074,950
Loans and advances	-	-	-	-	56,178	56,178
Trade deposits	-	-	-	-	12,323	12,323
Other receivables	-	-	-	-	352,016	352,016
Cash and bank balances	8.5	1,950,000	-	-	1,752,100	3,702,100
		1,950,000	-	-	3,380,955	5,330,955
Financial Liabilities						
Trade and other payables	7.50	56,092	-	-	5,751,887	5,807,979
		56,092	-	-	5,751,887	5,807,979
Net financial assets / (liabilities)		1,893,908	-	-	(2,370,932)	(477,024)
2006						
Financial Assets						
Long term investment	-	-	-	-	2,500	2,500
Long term loans	-	-	-	-	104,761	104,761
Long term deposits	-	-	-	-	54,987	54,987
Trade debts	-	-	-	-	756,039	756,039
Loans and advances	-	-	-	-	49,787	49,787
Trade deposits	-	-	-	-	4,208	4,208
Other receivables	-	-	-	-	432,592	432,592
Cash and bank balances	8.5	520,000	-	-	1,271,786	1,791,786
		520,000	-	-	2,676,660	3,196,660
Financial Liabilities						
Trade and other payables	7.50	56,870	-	-	4,997,943	5,054,613
		56,870	-	-	4,997,943	5,054,613
Net financial assets / (liabilities)		463,330	-	-	(2,321,283)	(1,857,953)

Amounts in Rs '000

38. Credit and Concentration of Credit Risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual customer. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

The sector wise analysis of receivables, comprising trade debts, deposits, loans excluding loans to associates and other receivables is given below:

	2007	2006
Public Sector		
- Government	186,288	69,759
- Armed forces	5,038	2,835
- Communication	2,368	422
- Oil and gas	1,379	2,573
- Health	1,251	-
- Trade	63,647	63,385
- Others	24,390	45,160
	<u>284,361</u>	<u>184,134</u>
Private Sector		
- Institutional	84,991	24,052
- Trade	1,011,303	692,654
- Bank	8,775	2,148
- Others	328,857	501,886
	<u>1,433,926</u>	<u>1,220,740</u>
	<u>1,718,287</u>	<u>1,404,874</u>

39. Foreign Exchange Risk Management

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Group is exposed to foreign currency risk on sales, purchases and borrowings, if any, that are entered in a currency other than Pak Rupees. The Group uses forward foreign exchange contracts to hedge its foreign currency risk, when considered appropriate.

40. Capital Risk Management

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

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

41. Accounting Estimates and Judgements**Income Taxes**

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

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

For the assessment year 2002-2003, the Group has filed the writ petition in the Supreme Court challenging the tax department's contention that the effective date of PTA's demerger was August 6, 2001 rather than the effective date given in the Scheme of Arrangement as October 1, 2000 and reopen a settled issue through review of the tax treatment of the PTA demerger.

The Income tax department reopened the assessment for the year 1998-99 which was set aside by the Income Tax Appellate Tribunal (ITAT). The department revised its order working out an additional tax liability of Rs 298.8 million which in view of our tax consultant is contrary to the direction given by the ITAT. In his view the Company has a strong case and would be able to get the decision in its favour.

Pension and Gratuity

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

Property, plant and equipment

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

42. Initial Application of a standard or an Interpretation*Standards, amendments and interpretations effective in 2007*

Amendment to IAS 1 - Presentation of Financial Statements - Capital Disclosures, introduces new disclosures about the level of an entity's capital and how it manages capital. Adoption of this amendment has only resulted in additional disclosures given in note 40 to the financial statements.

Standards or Interpretations not yet effective

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

Revised IAS 1 - Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009). The objective of revising IAS 1 is to aggregate information in the financial statements on the basis of shared characteristics. The changes affect the presentation of owner changes in equity and of comprehensive income. It introduces a requirement to include in a complete set of financial statements a statement of financial position as at the beginning of the earliest comparative period whenever the entity retrospectively applies an accounting policy or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.

Revised IAS 23 - Borrowing costs (effective from 1 January 2009). Revised IAS 23 removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The application of the standard is not likely to have an effect on Group's financial statements.

IFRIC 11 - IFRS 2 - Group and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007). IFRIC 11 requires that a share based payment arrangement in which an entity receives goods or services as consideration for its own equity instruments to be accounted for as equity settled share based payment regardless of how the equity instruments are obtained. IFRIC 11 is not expected to have any material impact on the Group's financial statements.

IFRIC 12 - Service Concession Arrangements (effective for annual periods beginning on or after 1 January 2008). IFRIC 12 provides guidance on certain recognition and measurement issues that arise in accounting for public-to-private concession arrangements. IFRIC 12 is not relevant to the Group's operations.

IFRIC 13 - Customer Loyalty Programmes (effective for annual periods beginning on or after 1 July 2008). IFRIC 13 addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers.

IFRIC 14 IAS 19 - The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective for annual periods beginning on or after 1 January 2008). IFRIC 14 clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on minimum funding requirements (MFR) for such asset.

43. Dividend

The directors of the Company in their meeting held on 14 February 2008 have declared a final dividend of Rs 3.50 per share in respect of year ended 31 December 2007. The financial statements for the year ended 31 December 2007 do not include the effect of the above dividend which will be accounted for in the period in which it is declared.

44. Date of Authorisation

These financial statements were authorised for issue in the Board of Directors meeting held on 14 February 2008.

45. General

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

45.2 The Chemicals business, which was previously disclosed as Other business segment have now been disclosed as separate business segment due to increase in its turnover.

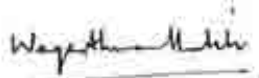
45.3 Corresponding Figures

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

Reclassification from component	Reclassification to component	Amounts in Rs '000
Other operating income-Others	Other operating income-Income on technical assistance	7,298
Other operating income-Others	Other operating income-Service fees from related parties	5,097
Financial charges-Others	Financial charges-Interest on security deposits	3,967
Other receivable-Others	Other receivable-Duties, sales tax and octroi refund due	67,771
Other receivable-Others	Other receivable-Rebates receivable	194,627
Trade payable-Others	Trade payable-Accrued expenses	29,567
Trade payable-Others	Trade payable-Technical service fee	19,755



M J Jaffer
Chairman / Director



Waqar A Malik
Chief Executive



Feroz Rizvi
Chief Financial Officer



ICI Pakistan Limited

Admission Slip

The Fifty-sixth Annual General Meeting of ICI Pakistan Limited will be held on 28 March 2008 at 10:00 a.m. at the Registered Office of the Company at ICI House, 5 West Wharf, Karachi.

Company's transport will wait at the corner of Karachi Stock Exchange Road, between 8:45 a.m. and 9:15 a.m. on the date of the Meeting. Shareholders desirous of attending the Meeting may avail this facility.

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

Company Secretary

Name _____

Shareholder No. _____ Signature _____

Note:

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

CDC Account Holders / Proxies / Corporate Entities:

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

This Admission Slip is Not Transferable

Form of Proxy

56th Annual General Meeting

I / We _____
of _____
being member(s) of ICI Pakistan Limited holding _____
ordinary shares hereby appoint _____
of _____ or failing him / her _____
of _____ who is / are also member(s) of ICI Pakistan
Limited as my / our proxy in my / our absence to attend and vote for me /
us and on my / our behalf at the Fifty-sixth Annual General Meeting of the
Company to be held on 28 March 2008 and at any adjournment thereof.

As witness my / our hand / seal this _____ day of _____ 2008

Signed by the said _____

in the presence of 1. _____

2. _____

Folio / CDC Account No.

Signature on
Revenue Stamp
of Appropriate
Value

This signature should
agree with the speci-
men registered with
the Company.

Important:

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

For CDC Account Holders / Corporate Entities:

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

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

**Affix
correct
postage**

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