

Akzo Nobel Pakistan Limited

Colors of Performance

Report for the quarter and half year ended June 30, 2015

AkzoNobel



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Akzo Nobel Pakistan Limited

Condensed Interim Financial Information

For the quarter and half year ended June 30, 2015

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Company Information

Board of Directors

Mueen Afzal	<i>Chairman (Independent)</i>	Michiel Franse	<i>Non-Executive</i>
Jehanzeb Khan	<i>Chief Executive</i>	Peter Tomlinson	<i>Non-Executive</i>
Bart Kaster	<i>Non-Executive</i>	Harris Mahmood	<i>Executive</i>
Zia Ur Rehman	<i>Non-Executive (Independent)</i>		

Audit Sub Committee

Zia Ur Rehman	<i>Chairman</i>
Mueen Afzal	<i>Member</i>
Bart Kaster	<i>Member</i>
Michiel Franse	<i>Member</i>

Human Resource & Remuneration Sub Committee

Mueen Afzal	<i>Chairman</i>
Peter Tomlinson	<i>Member</i>
Jehanzeb Khan	<i>Member</i>

Share Transfer Committee

Jehanzeb Khan	<i>Chief Executive</i>
Harris Mahmood	<i>Chief Financial Officer</i>
Saira Soofi	<i>Company Secretary</i>

Chief Financial Officer

Harris Mahmood

Company Secretary

Saira Soofi

Executive Management Team

Jehanzeb Khan	<i>Chief Executive</i>	Harris Mahmood	<i>Chief Financial Officer</i>
Rizwan Afzal	<i>Operations Manager</i>	Bashar Rasheed	<i>Supply Chain Manager</i>
Shahid Sultan Butt	<i>Technical Manager (R&D)</i>	Saad Mehmood Rashid	<i>Business Manager - Decorative Business</i>
Usman Ali Jamil	<i>HR Business Partner</i>	Imran Qureshi	<i>Business Manager - Performance Coatings Business</i>

Bankers

Citibank N.A.
Deutsche Bank Limited A.G
United Bank Limited

Habib Metropolitan Bank Limited
Habib Bank Limited

Internal Auditors

Ernst & Young Ford Rhodes Sidat Hyder,
Chartered Accountants

External Auditors

KPMG Taseer Hadi & Co.,
Chartered Accountants

Registered Office

346, Ferozpur Road,
Lahore - 54600
Tel: (042) 111-551-111
Fax: (042) 35835011
www.akzonobel.com/pk/paints

Shares Registrar

FAMCO Associates (Pvt) Ltd
8-F, Nursery, Block 6, P.E.C.H.S
Shahrah-e-Faisal, Karachi - 74000
Tel: (021) 34380101-5
Fax: (021) 34380106

Review of the Directors

For the quarter and six months ended June 30, 2015

The Directors are pleased to present their review along with the reviewed condensed interim financial statements of the Company for six months ended June 30, 2015.

Financial Performance

Turnover for the first half was 2% above the same period last year; however gross profit increased by 16% primarily due to lower raw material costs as a result of significant reduction in petroleum prices. The company employed savings in raw material costs by introducing effective promotional schemes to secure volumes. Focus on cost efficiencies continued as manufacturing and general admin expenses were 1% below last year. Operating results were 12% higher as compared to last year and EPS for H1 at PKR 5.45 was 10% higher than same period last year.

	PKR million					
	Quarter ended 30 June 2015	Quarter ended 30 June 2014	Increase (Decrease) %	Six months ended 30 June 2015	Six months ended 30 June 2014	Increase (Decrease) %
Turnover	1,952	1,869	4	3,603	3,518	2
Net Sales Income	1,360	1,308	4	2,509	2,495	1
Gross Profit	574	469	22	1,029	889	16
Operating Results	208	183	14	354	316	12
Profit Before Tax	225	188	19	393	353	11
Profit After Tax	140	123	14	253	230	10
Earnings Per Share - Rs	3.01	2.64	14	5.45	4.94	10

The company contributed PKR 338 million and PKR 563m to the national exchequer through taxes, duties and other levies during Q2 2015 and H1 2015 respectively. Successful government efforts to expand tax collection will level the playing field for companies paying their fair share of taxes, and this is likely to result in an improved quality of business environment for all business entities.

Business Performance

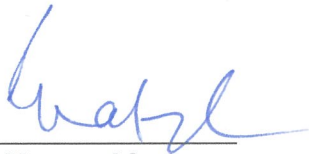
Due to lower raw material prices, major players in the paints industry remained aggressive and continued to pass on the cost benefit to the trade channel in the form of lucrative discounts and special schemes in order to secure shelf space. The Company also offered highly lucrative promotional schemes and ran an extensive media campaign to increase brand awareness and to keep the trade channel and consumers engaged.

The Company was able to expand its customer base in the Protective Coatings and Metal Coatings range and was able to convert one of the major existing customers in the tractor segment to higher technology products. The passenger car sector posted a growth due to a Taxi Scheme launched by the Government. The Company also continued its focus on business development for new products in the Specialty Chemicals portfolio, which continues to deliver good growth.

Future Outlook

The economic environment for the business remains challenging in a very competitive market. The major macro-economic indicators for Pakistan's economy indicate a degree of stabilisation, which augurs well for the future. However, GDP growth projections envisage moderate growth, and the law and order situation is still volatile. Uncertainty still remains in the retail market regarding the application of withholding tax to banking transactions.

The company will continue to look at strategic directions to ensure increased shareholder value.



Mueen Afzal
Chairman / Director



Jehanzeb Khan
Chief Executive



KPMG Taseer Hadi & Co.
Chartered Accountants
2nd Floor,
Servis House
2-Main Gulberg Jail Road,
Lahore Pakistan

Telephone + 92 (42) 3579 0901-6
Fax + 92 (42) 3579 0907
Internet www.kpmg.com.pk

Independent Auditor's Report on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **AkzoNobel Pakistan Limited** ("the Company") as at 30 June 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim cash flow statement and notes to the condensed interim financial information for the six months period then ended (here-in-after referred as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at 30 June 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarter ended 30 June 2015 and 30 June 2014 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion thereon.

Lahore

Date: 26 August 2015

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

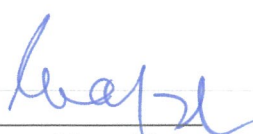
Akzo Nobel Pakistan Limited
Condensed Interim Balance Sheet (Un-audited)

As at June 30, 2015

		(Un-audited) June 30, 2015	(Audited) December 31, 2014
ASSETS			
<i>----- Rupees in thousands -----</i>			
<u>Non-current assets</u>			
Property, plant and equipment	4	1,255,107	1,277,471
Intangibles		4,401	6,397
Long term loans	5	71,786	64,591
Long term deposits and prepayments		4,985	5,754
Deferred tax asset - net		203,290	184,101
		<u>1,539,569</u>	<u>1,538,314</u>
<u>Current assets</u>			
Stores and spares		19,094	19,368
Stock-in-trade	6	435,997	359,589
Trade debts	7	604,615	509,976
Loans and advances		50,336	33,098
Trade deposits and short term prepayments		38,732	17,347
Interest accrued		1,488	3,116
Other receivables	8	19,520	12,637
Cash and bank balances	9	1,203,619	1,479,922
		<u>2,373,401</u>	<u>2,435,053</u>
		<u>3,912,970</u>	<u>3,973,367</u>
EQUITY AND LIABILITIES			
<u>Share capital and reserves</u>			
Authorised share capital 100,000,000 (2014: 100,000,000) ordinary shares of Rs. 10 each		<u>1,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid-up capital 46,443,320 (2014: 46,443,320) ordinary shares of Rs. 10 each		464,433	464,433
Reserves		<u>1,272,196</u>	<u>1,249,630</u>
		1,736,629	1,714,063
Surplus on revaluation of property, plant and equipment		878,678	880,198
<u>Non-current liabilities</u>			
Deferred liabilities		46,168	44,227
<u>Current liabilities</u>			
Trade and other payables	10	1,172,872	1,278,991
Provision for taxation		78,623	55,888
		1,251,495	1,334,879
Contingencies and commitments	11	<u>3,912,970</u>	<u>3,973,367</u>

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.





Mueen Afzal
Chairman / Director



Jehanzeb Khan
Chief Executive



Harris Mahmood
Chief Financial Officer

Akzo Nobel Pakistan Limited

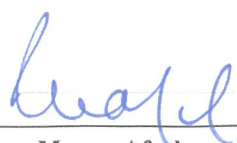
Condensed Interim Profit and Loss Account (Un-audited)

For the six months period ended June 30, 2015

	Three months ended		Six months ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	----- Rupees in thousands -----			
Turnover	1,951,853	1,868,650	3,603,322	3,518,287
Sales tax, excise duty and discounts	(591,910)	(560,568)	(1,094,086)	(1,023,091)
Net Sales	1,359,943	1,308,082	2,509,236	2,495,196
Cost of sales	12 (785,801)	(838,967)	(1,480,292)	(1,605,936)
Gross profit	574,142	469,115	1,028,944	889,260
Selling and distribution expenses	(271,562)	(191,018)	(488,779)	(380,918)
Administrative and general expenses	(94,968)	(95,259)	(186,239)	(192,673)
Operating profit	207,612	182,838	353,926	315,669
Finance cost	(621)	254	(3,535)	(7,947)
Other charges	(16,887)	(14,794)	(31,550)	(27,470)
	(17,508)	(14,540)	(35,085)	(35,417)
Other income	34,510	19,794	74,016	72,376
Profit before taxation	224,614	188,092	392,857	352,628
Taxation	13 (84,745)	(65,563)	(139,594)	(123,075)
Profit after taxation	139,869	122,529	253,263	229,553
Earnings per share - Basic and diluted - Rupees	3.01	2.64	5.45	4.94

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

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Mueen Afzal
Chairman / Director



Jehanzeb Khan
Chief Executive



Harris Mahmood
Chief Financial Officer

Akzo Nobel Pakistan Limited

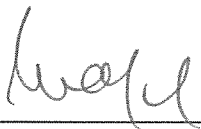
Condensed Interim Statement of Comprehensive Income (Un-audited)

For the six months period ended June 30, 2015

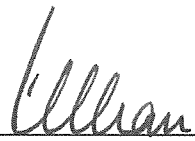
	<u>Three months ended</u>		<u>Six months ended</u>	
	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	-----Rupees in thousands-----			
Profit for the period	139,869	122,529	253,263	229,553
Other comprehensive income	-	-	-	-
Total comprehensive				
income for the period	<u>139,869</u>	<u>122,529</u>	<u>253,263</u>	<u>229,553</u>

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

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Mueen Afzal
Chairman / Director



Jehanzeb Khan
Chief Executive



Harris Mahmood
Chief Financial Officer

Akzo Nobel Pakistan Limited
Condensed Interim Statement of Changes in Equity (Un-audited)
For the six months period ended June 30, 2015

	Share capital	Capital reserves		Revenue reserve	Total
		Share premium	Capital receipts	Unappropriated profit	
-----Rupees in thousands-----					
Balance at January 01, 2014	464,433	156,006	196	1,374,519	1,995,154
Total comprehensive income for the six months period ended June 30, 2014					
Profit for the period	-	-	-	229,553	229,553
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income	-	-	-	229,553	229,553
Incremental depreciation charge during the period - net of deferred tax	-	-	-	1,542	1,542
Transactions with owners of the Company recognised directly in equity					
Final dividend for the year ended December 31, 2013 @ Rs. 2.50 per share	-	-	-	(116,111)	(116,111)
Interim dividend for the year ended December 31, 2014 @ Rs. 14.00 per share	-	-	-	(650,206)	(650,206)
Balance at June 30, 2014	464,433	156,006	196	839,297	1,459,932
Profit for the period	-	-	-	229,303	229,303
Other comprehensive income for the period	-	-	-	23,376	23,376
Total comprehensive income	-	-	-	252,679	252,679
Incremental depreciation charge during the period - net of deferred tax	-	-	-	1,452	1,452
Balance at December 31, 2014	464,433	156,006	196	1,093,428	1,714,063
Profit for the period	-	-	-	253,263	253,263
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income	-	-	-	253,263	253,263
Incremental depreciation charge during the period - net of deferred tax	-	-	-	1,520	1,520
Transactions with owners of the Company recognised directly in equity					
Final dividend for the year ended December 31, 2014 @ Rs. 5.00 per share	-	-	-	(232,217)	(232,217)
Balance at June 30, 2015	464,433	156,006	196	1,115,994	1,736,629

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

Mueen


Mueen Afzal
Chairman / Director


Jehanzeb Khan
Chief Executive


Harris Mahmood
Chief Financial Officer

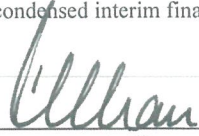
Akzo Nobel Pakistan Limited
 Condensed Interim Cash Flow Statement (Un-audited)
 For the six months period ended June 30, 2015

	Six months ended	
	June 30, 2015	June 30, 2014
-----Rupees in thousands-----		
Cash flows from operating activities		
Profit before taxation	392,857	352,628
<i>Adjustments for:</i>		
Depreciation and amortization	63,812	82,259
Loss on disposal of property, plant and equipment	2,355	715
Provision for employee benefits obligation	18,297	22,649
Provision for doubtful debts	24,413	28,569
Reversal of provision for obsolete stock	(6,802)	(2,856)
Interest income	(37,803)	(41,902)
	457,129	442,062
Movement in working capital:		
<i>Decrease / (increase) in current assets:</i>		
Stores and spares	274	2,363
Stock-in-trade	(69,606)	96,832
Trade debts	(119,052)	(142,449)
Loans and advances	(17,238)	(2,061)
Trade deposits and short term prepayments	(21,385)	(28,557)
Other receivables	(6,883)	9,429
	(233,890)	(64,443)
<i>(Decrease) in current liabilities:</i>		
Trade and other payables	(110,456)	(116,737)
Net cash generated from operations	112,783	260,882
Long term loans	(7,195)	(7,673)
Long term deposits and prepayments	769	22
Employee benefits paid	(13,822)	(15,744)
Tax paid	(136,050)	(163,101)
Net cash (used in) / generated from operating activities	(43,515)	74,386
Cash flows from investing activities		
Payments for capital expenditure	(42,831)	(34,484)
Proceeds from disposal of property, plant and equipment	549	548
Interest received	39,431	50,672
Net cash (used in) / generated from investing activities	(2,851)	16,736
Cash flows from financing activities		
Dividend paid	(229,937)	(765,908)
Net cash used in financing activities	(229,937)	(765,908)
Net cash (utilized) during the period	(276,303)	(674,786)
Cash and cash equivalents at the beginning of the period	1,479,922	1,404,506
Cash and cash equivalents at the end of the period	1,203,619	729,720

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

مبین


 Mueen Afzal
 Chairman / Director


 Jehanzeb Khan
 Chief Executive


 Harris Mahmood
 Chief Financial Officer

Akzo Nobel Pakistan Limited

Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended June 30, 2015

1 Reporting entity

Akzo Nobel Pakistan Limited ("the Company") was incorporated in Pakistan on August 25, 2011 as a public unlisted company under the Companies Ordinance, 1984 and was subsequently listed on the Karachi and Islamabad Stock Exchanges on July 11, 2012 and Lahore Stock Exchange on July 17, 2012. The registered office of the Company is situated at 346, Ferozepur Road, Lahore. The Company is primarily involved in the manufacturing of paints and trading of specialty chemicals.

2 Basis of preparation

2.1 Statement of compliance

This condensed interim financial information has been presented in condensed form in accordance with the requirements of the International Accounting Standard (IAS) 34 - Interim Financial Reporting and provisions of and the directives issued under the Companies Ordinance, 1984. In case where requirements of Companies Ordinance 1984 differ, the provisions of or directives issued under the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan (SECP) have been followed.

This condensed interim financial information is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges. This condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with audited financial statements of the Company, for the year ended December 31, 2014.

The comparative balance sheet presented in this condensed interim financial information has been extracted from the audited financial statements of the Company for the year ended December 31, 2014, whereas comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity have been extracted from the un-audited condensed interim financial information for the six months period ended June 30, 2014.

2.2 Judgments and estimates

In preparing this condensed interim financial information, management makes judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation were the same as those that applied to the financial statements as at and for the year ended December 31, 2014.

2.2.1 Measurement of fair values

The Company has an established control framework with respect to the measurement of fair values. The management regularly reviews significant observable and unobservable inputs and valuation adjustments. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

KPMG

- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.3 Functional and presentation currency

This condensed interim financial information is presented in Pakistan Rupees which is also the Company's functional currency.

3 Significant accounting policies

The accounting policies applied in this condensed interim financial information are the same as those applied in the Company's financial statements as at and for the year ended December 31, 2014.

3.1 The Company has adopted the following amendments and annual improvements to IFRSs, which became effective for the current period:

- Defined Benefit Plans: Employees contributions (Amendments to IAS 19);
- Annual Improvements to IFRSs 2010-2012 cycle; and
- Annual Improvements to IFRSs 2011-2013 cycle.

The adoption of above amendments and improvements did not have any effect on the condensed interim financial information.

		(Un-audited) June 30, 2015	(Audited) December 31, 2014
4 Property, plant and equipment	<i>Note</i>	----- Rupees in thousands -----	
Operating property, plant and equipment	4.1	1,228,389	1,247,850
Capital work-in-progress	4.2	26,718	29,621
		<u>1,255,107</u>	<u>1,277,471</u>

4.1 This includes the cost of operating property, plant and equipment that have been added / disposed off during the six months period ended June 30, 2015, detail of which is as follows:

	Additions (Un-audited)		Disposals (Un-audited)	
	Six months ended		Six months ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	----- Rupees in thousands -----			
Buildings on freehold land	3,511	4,180	2,036	-
Plant and machinery	40,961	16,672	54,012	13,826
Vehicles	-	461	-	-
Furniture and equipment	785	7,663	16,497	22,080
	<u>45,257</u>	<u>28,976</u>	<u>72,545</u>	<u>35,906</u>

	(Un-audited) June 30, 2015	(Audited) December 31, 2014
	----- Rupees in thousands -----	
4.2 The following is a detail of capital work-in-progress:		
Civil works and buildings	3,913	5,324
Plant and machinery	22,805	23,688
Equipments	-	609
	<u>26,718</u>	<u>29,621</u>

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	(Un-audited) June 30, 2015	(Audited) December 31, 2014
5 Long term loans - Considered good	---- Rupees in thousands ----	
Due from executive directors, executives and employees	95,925	95,938
Receivable within one year	<u>(24,139)</u>	<u>(31,347)</u>
	<u>71,786</u>	<u>64,591</u>

5.1 The maximum aggregate amount of long term loans due from the executive directors and other executives at the end of any month during the period was nil and Rs. 67.04 million (December 31, 2014: Rs. 0.89 million and Rs. 74.21 million) respectively.

6 Stock-in-trade

Out of the total carrying value of inventory Rs. 1.50 million (December 31, 2014: Rs. 0.71 million) is measured at net realizable value. As at June 30, 2015 stock has been written down by Rs. 0.2 million (December 31, 2014: Rs. 0.26 million) to arrive at its net realizable value.

	(Un-audited) June 30, 2015	(Audited) December 31, 2014
7 Trade debts	---- Rupees in thousands ----	
<i>Considered good:</i>		
- secured	38,738	42,050
- unsecured	1,021,009	823,042
	1,059,747	865,092
Considered doubtful	267,517	248,173
	1,327,264	1,113,265
<i>Less: provision for:</i>		
- doubtful debts	(267,517)	(248,173)
- discounts payable on sales	(455,132)	(355,116)
	(722,649)	(603,289)
	604,615	509,976

8 Other receivables

This includes balance amounting to Rs. 17.43 million (December 31, 2014: Rs. 6.80 million) receivable from associated undertakings.

	(Un-audited) June 30, 2015	(Audited) December 31, 2014
9 Cash and bank balances	---- Rupees in thousands ----	
Cash in hand	11,600	8,927
Cash at bank - current accounts	283,551	333,077
Short term deposits	908,468	1,137,918
	1,203,619	1,479,922

9.1 These represent Term Deposit Receipts placed with commercial banks. These carry mark-up at rate, ranging between 5.32% to 5.89% (December 31, 2014: 7% to 8.47%) per annum and will mature on various dates latest by July 29, 2015.

Remain

9.2 The facility for running finance and issuance of letters of credit is available from Deutsche Bank amounting to Rs. 391 million (December 31, 2014: Rs. 391 million). The facility carries mark-up at the rate of 1 month KIBOR plus 1% per annum (December 31, 2014: 1 month KIBOR plus 1% per annum) and is secured by parental guarantee from AkzoNobel N.V., first pari passu hypothecation charge over the current assets of the Company amounting to Rs. 90 million, demand promissory note and counter guarantee / indemnity duly signed and stamped by the Company.

The facility for issuance of letters of credit and discounting of local documentary bills payable is available from Habib Metropolitan Bank Limited amounting to Rs. 300 million (December 31, 2014: Rs. 300 million) carrying commission / mark-up at the rate of 0.075% (December 31, 2014: 0.075%) and relevant KIBOR per annum, respectively. The facility is secured by lien on import bills of lading / local documents and goods, import or local documents made to the order of the bank, trust receipt and accepted local documentary bills drawn under local letters of credit of approved banks without recourse to the Company.

10 Trade and other payables

This includes balance amounting to Rs. 245.38 million (December 31, 2014: Rs. 251.08 million) payable to associated undertakings.

11 Contingencies and commitments

11.1 Claims against the Company not acknowledged as debts are as follows:

	(Un-audited) June 30, 2015	(Audited) December 31, 2014
---- Rupees in thousands ----		
Sales Tax authorities	91,087	91,087
Others	10,000	10,887
	<u>101,087</u>	<u>101,974</u>
11.2 Commitments in respect of capital expenditure	<u>10,090</u>	<u>8,304</u>
11.3 Commitments in respect of forward foreign exchange contracts	<u>44,972</u>	<u>7,290</u>

11.4 Commitments for rentals under operating lease / Ijarah contracts in respect of vehicles are as follows:

	(Un-audited) June 30, 2015	(Audited) December 31, 2014
---- Rupees in thousands ----		
Year		
2015	7,944	19,434
2016	16,390	18,724
2017	13,088	13,242
2018	6,848	6,563
2019	3,730	2,539
2020	698	-
	<u>48,698</u>	<u>60,502</u>
Payable not later than one year	16,143	19,434
Payable later than one year but not later than five years	32,555	41,068
	<u>48,698</u>	<u>60,502</u>

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	Three months ended (Un-audited)		Six months ended (Un-audited)	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
12 Cost of sales	----- Rupees in thousands -----			
Raw and packing materials consumed	602,289	696,501	1,185,946	1,259,090
Manufacturing costs	130,917	128,551	253,616	250,970
	<u>733,206</u>	<u>825,052</u>	<u>1,439,562</u>	<u>1,510,060</u>
Opening stock of work-in-process	12,262	23,922	10,069	18,498
Closing stock of work-in-process	(15,611)	(16,886)	(15,611)	(16,886)
Cost of goods manufactured	<u>729,857</u>	<u>832,088</u>	<u>1,434,020</u>	<u>1,511,672</u>
Opening stock of finished goods	201,890	210,511	165,826	260,776
Finished goods purchased	51,646	38,353	78,038	75,473
Closing stock of finished goods	(197,592)	(241,985)	(197,592)	(241,985)
	<u>785,801</u>	<u>838,967</u>	<u>1,480,292</u>	<u>1,605,936</u>
13 Taxation				
Current	96,360	89,525	158,783	145,968
Deferred	(11,615)	(23,962)	(19,189)	(22,893)
	<u>84,745</u>	<u>65,563</u>	<u>139,594</u>	<u>123,075</u>

14 Transactions with related parties

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

	Three months ended (Un-audited)		Six months ended (Un-audited)	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
<u>Holding company</u>	----- Rupees in thousands -----			
Dividend paid - net of tax	158,443	522,864	158,443	522,864
<u>Associates</u>				
Purchase of goods, materials and services	74,541	73,445	133,966	145,261
Indenting commission income	5,715	1,647	7,591	2,541
Sale of goods and services	247	653	724	1,062
Reimbursement of expenses	2,218	2,344	5,551	7,482
Royalty paid	115,199	-	115,199	16,180
Contribution to staff retirement benefit plans	21,610	24,031	28,642	38,372

The above transactions were carried out at an arm's length basis, in accordance with the Company's accounting policy.

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Transactions with key management personnel

Salaries and benefits of key management personnel for the six months period ended June 30, 2015 amounted to Rs. 61.87 million (June 30, 2014: Rs. 74.66 million) out of which Rs. 8.37 million (June 30, 2014: Rs. 8.24 million) relates to post employment benefits.

15 Operating segments

- 15.1 These financial statements have been prepared on the basis of single reportable segment.
- 15.2 Revenue from sale of paints represents 98.04% (June 30, 2014: 98.82%) of the total revenue of the Company.
- 15.3 99.70% (June 30, 2014: 99.63%) sales of the Company relate to customers in Pakistan.
- 15.4 All non-current assets of the Company as at June 30, 2015 are located in Pakistan.

16 Fair value of financial assets and liabilities

The carrying amounts of long term loans equal their fair value and are determined using valuation model that considers the present value of expected future cash flows, discounted using a market rate of interest. As the input is unobservable market data, it is classified under level 3.

In case of other financial assets and financial liabilities that are expected to be settled within one year, carrying amounts are the reasonable approximation of the fair values.

17 Financial risk management

The Company's financial risk management objective and policies are consistent with that disclosed in the financial statements for the year ended December 31, 2014.

18 Date of authorization

The condensed interim financial information was authorized for issue in the Board of Directors meeting held on August 26, 2015.

19 General

- 19.1 Figures have been rounded off to the nearest thousand rupees except as stated otherwise.
- 19.2 Corresponding figures have been rearranged or reclassified wherever necessary for the purpose of comparison. However, no significant rearrangement or reclassification has been made during the six months period ended June 30, 2015.

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Mueen Afzal
Chairman / Director


Jehanzeb Khan
Chief Executive


Harris Mahmood
Chief Financial Officer