

Akzo Nobel Pakistan Limited

Colors of Performance

Report for the quarter and nine months ended September 30, 2015

AkzoNobel



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Akzo Nobel Pakistan Limited

Condensed Interim Financial Information

For the quarter and nine months ended September 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 & Acting Company Secretary</i>

Chief Financial Officer & Acting Company Secretary

Harris Mahmood

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>
Usman Ali Jamil	<i>HR Business Partner</i>	Saad Mehmood Rashid	<i>Business Manager - Decorative Business</i>

Bankers

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

Internal Auditors

Ernst & Young Ford Rhodes Sidat Hyder,
Chartered Accountants

External Auditors

KPMG Taseer Hadi & Co.,
Chartered Accountants

Registered Office

346, Ferozepur 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 & nine months ended September 30, 2015

The Directors are pleased to present their review along with the un-audited financial statements of the Company for the quarter & nine months ended September 30, 2015.

Financial Performance

Turnover for the first nine months was 3% above the same period last year. However, gross profit increased by 13% due to favorable raw material mix as a result of a significant reduction in petroleum prices. The company used higher contribution margins to introduce effective promotional schemes to secure volumes; consequently selling and distribution expenses were 22% higher compared to last year. The company's focus on cost controls continued and as a result manufacturing, administrative and general expenses were 3% below last year's. Hence, operating results at PKR 548m were 17% higher than these were last year.

Other income declined by 26% because last year's results included a one-off gain due to the reversal of provisions which were no longer required. Accordingly, EPS for nine months at PKR 8.55 was 7% higher than the same period last year.

	PKR million					
	Quarter ended Sep 30,		Increase (Decrease) %	Nine months ended Sep 30,		Increase (Decrease) %
	2015	2014		2015	2014	
Turnover	1,820	1,769	3	5,423	5,288	3
Net Sales Income	1,231	1,266	(3)	3,740	3,761	(1)
Gross Profit	510	473	8	1,539	1,362	13
Operating Results	194	153	27	548	468	17
Profit Before Tax	210	215	(3)	603	568	6
Profit After Tax	144	141	2	397	371	7
Earnings Per Share - Rs	3.10	3.04	2	8.55	7.99	7

The company contributed PKR 246 million (Q3 2014: PKR 246million) and PKR 809 million (YTD Q3 2014: PKR 827 million) to the national exchequer through taxes, duties and other levies during the quarter and nine months ended September 30, 2015 respectively.

Business Performance

Competition in decorative paint market remained aggressive and the major players continued to invest savings, from lower raw materials costs, on channel partners and influencers by offering higher discounts and lucrative promotional schemes. Your Company also introduced promotional schemes to engage the trade channel and to support volumes during the quarter. Our media campaign was restarted on major television and radio channels of the country to strengthen overall brand equity.

The Company took advantage of opportunities in the Automotive OEM and Protective Coatings markets, achieving healthy volume growth and adding a new customer in the tractors segment. Specialty Chemicals portfolio also continued to deliver good growth and continued its focus on adding new products and adding customers to this portfolio.

Future Outlook

The security situation continued to improve throughout the country and particularly in Karachi. Following the budget announced in June, the government succeeded in stabilizing the macro economic scenario by continuing to comply with IMF conditions. Foreign exchange reserves have steadily strengthened and inflation is low.

After particularly wet monsoon season, the company expects to exploit the improving business environment by further improving shareholder value. This will be a considerable challenge, given the strong competition from other players in the field and continued prevalence of a large non-tax paying actors in the informal market.

Efforts for new product and customer development in Protective Coatings and Specialty Chemicals market are likely to yield positive results in the short to medium term for the Company.



Mueen Afzal
Chairman / Director



Jehanzeb Khan
Chief Executive

Akzo Nobel Pakistan Limited
Condensed Interim Balance Sheet (Un-audited)
As at September 30, 2015

		Amounts in Rs '000	
		(Un-audited)	(Audited)
		September 30, 2015	December 31, 2014
ASSETS	Note		
Non-current assets			
Property, plant and equipment	4	1,241,024	1,277,471
Intangibles		3,522	6,397
Long term loans	5	76,754	64,591
Long term deposits and prepayments		5,520	5,754
Deferred tax asset - net		213,396	184,101
		<u>1,540,216</u>	<u>1,538,314</u>
Current assets			
Stores and spares		18,898	19,368
Stock-in-trade	6	492,156	359,589
Trade debts	7	615,223	509,976
Loans and advances		71,854	33,098
Trade deposits and short term prepayments		24,514	17,347
Interest accrued		2,585	3,116
Other receivables	8	16,647	12,637
Cash and bank balances	9	1,459,934	1,479,922
		<u>2,701,811</u>	<u>2,435,053</u>
		<u>4,242,027</u>	<u>3,973,367</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized 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		1,416,713	1,249,630
		<u>1,881,146</u>	<u>1,714,063</u>
Surplus on revaluation of property, plant and equipment		877,907	880,198
Non-current liabilities			
Deferred liabilities		47,566	44,227
Current liabilities			
Trade and other payables	10	1,423,749	1,278,991
Provision for taxation		11,659	55,888
		<u>1,435,408</u>	<u>1,334,879</u>
Contingencies and commitments	11		
		<u>4,242,027</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 nine months period ended September 30, 2015

		Amounts in Rs '000			
		Three months ended		Nine months ended	
	Note	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Turnover		1,820,184	1,769,493	5,423,506	5,287,780
Sales tax, excise duty and discounts		(588,978)	(503,687)	(1,683,064)	(1,526,778)
Net Sales		1,231,206	1,265,806	3,740,442	3,761,002
Cost of sales	12	(720,921)	(793,143)	(2,201,213)	(2,399,079)
Gross profit		510,285	472,663	1,539,229	1,361,923
Selling and distribution expenses		(230,580)	(208,664)	(719,359)	(589,582)
Administrative and general expenses		(85,618)	(111,387)	(271,857)	(304,060)
Operating profit		194,087	152,612	548,013	468,281
Finance cost		(1,630)	(2,073)	(5,165)	(7,740)
Other charges		(20,922)	(16,898)	(52,472)	(44,368)
		(22,552)	(18,971)	(57,637)	(52,108)
Other income		38,292	81,735	112,308	151,831
Profit before taxation		209,827	215,376	602,684	568,004
Taxation	13	(66,081)	(73,960)	(205,675)	(197,035)
Profit after taxation		143,746	141,416	397,009	370,969
Earnings per share					
- Basic and diluted - Rupees		3.10	3.04	8.55	7.99

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 Statement of Comprehensive Income (Un-audited)
For the nine months period ended September 30, 2015

Amounts in Rs '000

	Three months ended		Nine months ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Profit for the period	143,746	141,416	397,009	370,969
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	143,746	141,416	397,009	370,969

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

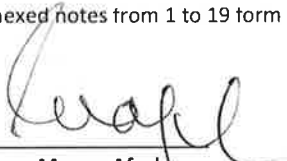

Harris Mahmood
 Chief Financial Officer

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

Amounts in Rs '000

	Capital reserves		Revenue reserve	Total	
	Share capital	Share premium	Capital receipts		Unappropriated profit
Balance at January 01, 2014	464,433	156,006	196	1,374,519	1,995,154
Total comprehensive income for the nine months period ended September 30, 2014					
Profit for the period	-	-	-	370,969	370,969
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income	-	-	-	370,969	370,969
Incremental depreciation charge during the period - net of deferred tax	-	-	-	2,234	2,234
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 September 30, 2014	464,433	156,006	196	981,405	1,602,040
Profit for the period	-	-	-	87,887	87,887
Other comprehensive income for the period	-	-	-	23,376	23,376
Total comprehensive income for the three months period ended December 31, 2014	-	-	-	111,263	111,263
Incremental depreciation charge during the period - net of deferred tax	-	-	-	760	760
Balance at December 31, 2014	464,433	156,006	196	1,093,428	1,714,063
Profit for the period	-	-	-	397,009	397,009
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the nine months period ended September 30, 2015	-	-	-	397,009	397,009
Incremental depreciation charge during the period - net of deferred tax	-	-	-	2,291	2,291
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 September 30, 2015	464,433	156,006	196	1,260,511	1,881,146

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 Cash Flow Statement (Un-audited)
For the nine months period ended September 30, 2015

	Amounts in Rs '000	
	Nine months ended	
	September 30, 2015	September 30, 2014
Cash flows from operating activities		
Profit before taxation	602,684	568,004
Adjustments for:		
Depreciation and amortization	91,013	122,708
Loss on disposal of property, plant and equipment	2,473	1,380
Provision for employee benefits obligation	27,445	34,504
Provision for doubtful debts	58,027	47,959
Reversal of provision for obsolete stock	(6,304)	(1,542)
Interest income	(54,817)	(55,243)
	<u>720,521</u>	<u>717,771</u>
Movement in working capital:		
Decrease / (increase) in current assets		
Stores and spares	470	504
Stock-in-trade	(126,263)	176,266
Trade debts	(163,274)	(197,420)
Loans and advances	(38,756)	12,060
Trade deposits and short term prepayments	(7,167)	(16,780)
Other receivables	(4,010)	27,805
	<u>(339,000)</u>	<u>2,435</u>
(Decrease) / increase in current liabilities		
Trade and other payables	142,792	(178,673)
Net cash generated from operations	<u>524,313</u>	<u>541,533</u>
Long term loans	(12,163)	(8,598)
Long term deposits and prepayments	234	(860)
Employee benefits paid	(21,760)	(26,198)
Tax paid	(279,201)	(212,128)
Net cash generated from operating activities	<u>211,423</u>	<u>293,749</u>
Cash flows from investing activities		
Payments for capital expenditure	(55,215)	(46,812)
Proceeds from disposal of property, plant and equipment	549	548
Interest received	55,348	62,280
Net cash generated from investing activities	<u>682</u>	<u>16,016</u>
Cash flows from financing activities		
Dividend paid	(232,093)	(764,161)
Net cash used in financing activities	<u>(232,093)</u>	<u>(764,161)</u>
Net cash utilized during the period	<u>(19,988)</u>	<u>(454,396)</u>
Cash and cash equivalents at the beginning of the period	<u>1,479,922</u>	<u>1,404,506</u>
Cash and cash equivalents at the end of the period	<u>1,459,934</u>	<u>950,110</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
Notes to the Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 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 nine months period ended September 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).
- 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.

Akzo Nobel Pakistan Limited
Notes to the Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2015

	Note	Amounts in Rs '000	
		(Un-audited)	(Audited)
		September 30, 2015	December 31, 2014
4. Property, plant and equipment			
Operating property, plant and equipment	4.1	1,222,064	1,247,850
Capital work-in-progress	4.2	18,960	29,621
		1,241,024	1,277,471

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

	Amounts in Rs '000			
	----- Un-audited -----			
	Additions		Disposals	
	Nine months ended		Nine months ended	
September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	
Buildings on freehold land	3,511	4,180	2,036	-
Plant and machinery	58,110	20,481	54,171	16,018
Vehicles	64	461	-	-
Furniture and equipment	3,640	8,681	17,187	22,246
	65,325	33,803	73,393	38,264

	Amounts in Rs '000	
	(Un-audited)	(Audited)
	September 30, 2015	December 31, 2014
4.2 The following is a detail of capital work-in-progress:		
Civil works and buildings	4,137	5,324
Plant and machinery	10,207	23,688
Equipments	4,616	609
	18,960	29,621

	Amounts in Rs '000	
	(Un-audited)	(Audited)
	September 30, 2015	December 31, 2014
5. Long term loans - Considered good		
Due from executives and employees	99,869	95,938
Recoverable within one year	(23,115)	(31,347)
	76,754	64,591

5.1 The maximum aggregate amount of long term loans due from the executive director and other executives at the end of any month during the period was nil and Rs. 67.64 million (December 31, 2014: Rs. 0.89 million and Rs. 74.21 million) respectively.

Akzo Nobel Pakistan Limited
Notes to the Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2015

6. Stock-in-trade

Out of the total carrying value of inventory Rs. 2.92 million (December 31, 2014: Rs. 0.71 million) is measured at net realizable value. As at September 30, 2015 stock has been written down by Rs. 0.99 million (December 31, 2014: Rs. 0.26 million) to arrive at its net realizable value.

	Amounts in Rs '000	
	(Un-audited) September 30, 2015	(Audited) December 31, 2014
7. Trade debts		
Considered good:		
- secured	35,431	42,050
- unsecured	1,025,032	823,042
	1,060,463	865,092
Considered doubtful	296,284	248,173
	1,356,747	1,113,265
Less: provision for:		
- doubtful debts	(296,284)	(248,173)
- discounts payable on sales	(445,240)	(355,116)
	(741,524)	(603,289)
	615,223	509,976

8. Other receivables

This includes balance amounting to Rs. 15.98 million (December 31, 2014: Rs. 6.80 million) receivable from associated undertakings.

	Amounts in Rs '000	
	(Un-audited) September 30, 2015	(Audited) December 31, 2014
9. Cash and bank balances		
Cash in hand	15,131	8,927
Cash at bank - current accounts	246,663	333,077
Short term deposits	1,198,140	1,137,918
	9.1	
	1,459,934	1,479,922

9.1 These represent Term Deposit Receipts placed with commercial banks, having maturity period ranging from 14 to 31 days (December 31, 2014: 2 to 33 days). The mark-up on these deposits ranges between 4.87% to 5.90% (December 31, 2014: 7.00% to 8.47%) per annum.

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.

Akzo Nobel Pakistan Limited
Notes to the Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2015

10. Trade and other payables

This includes balance amounting to Rs. 145.95 million (December 31, 2014: Rs. 255.60 million) payable to associated undertakings.

	Amounts in Rs '000	
	(Un-audited)	(Audited)
	September 30, 2015	December 31, 2014

11. Contingencies and commitments

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

Sales Tax authorities	91,087	91,087
Others	10,000	10,887
	101,087	101,974

11.2 Commitments in respect of capital expenditure

	9,862	8,304
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11.3 Commitments in respect of forward foreign exchange contracts

	43,991	7,290
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11.4 Commitments for rentals under operating lease / Ijarah contracts in respect of vehicles are as follows:

Year		
2015	4,103	19,434
2016	16,390	18,724
2017	13,088	13,242
2018	6,848	6,563
2019	3,730	2,539
2020	698	-
	44,857	60,502
Payable not later than one year	16,397	19,434
Payable later than one year but not later than five years	28,460	41,068
	44,857	60,502

Amounts in Rs '000

----- Un-audited -----			
Three months ended		Nine months ended	
September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014

12. Cost of sales

Raw and packing materials consumed	562,124	540,751	1,748,070	1,799,841
Manufacturing costs	130,520	124,492	384,136	375,462
	692,644	665,243	2,132,206	2,175,303
Opening stock of work-in-process	15,611	16,886	10,069	18,498
Closing stock of work-in-process	(20,792)	(16,413)	(20,792)	(16,413)
Cost of goods manufactured	687,463	665,716	2,121,483	2,177,388
Opening stock of finished goods	197,592	241,985	165,826	260,776
Finished goods purchased	66,541	52,187	144,579	127,660
Closing stock of finished goods	(230,675)	(166,745)	(230,675)	(166,745)
	720,921	793,143	2,201,213	2,399,079

Akzo Nobel Pakistan Limited
Notes to the Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2015

Amounts in Rs '000

	----- Un-audited -----			
	Three months ended		Nine months ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
13. Taxation				
Current	76,187	80,192	234,970	226,160
Deferred	(10,106)	(6,232)	(29,295)	(29,125)
	66,081	73,960	205,675	197,035

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:

	----- Un-audited -----			
	Three months ended		Nine months ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Holding company				
Dividend paid - net of tax	-	-	158,443	522,864
Associates				
Purchase of goods, materials and services	53,252	22,851	178,378	162,394
Indenting commission income	5,805	2,550	13,396	5,091
Sale of goods and services	432	526	1,156	1,588
Reimbursement of expenses	2,751	1,232	10,631	6,589
Royalty paid	-	21,302	115,199	37,482
Contribution to staff retirement benefit plans	19,215	23,022	47,857	61,394

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

Transactions with key management personnel

Salaries and benefits of key management personnel for the nine months period ended September 30, 2015 amounted to Rs. 87.87 million (September 30, 2014: Rs. 99.07 million) out of which Rs. 12.73 million (September 30, 2014: Rs. 12.55 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 98.10% (September 30, 2014: 98.86%) of the total revenue of the Company.

15.3 99.68% (September 30, 2014: 99.36%) sales of the Company relate to customers in Pakistan.

15.4 All non-current assets of the Company as at September 30, 2015 are located in Pakistan.

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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 October 28, 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 nine months period ended September 30, 2015.



Mueen Afzal
Chairman / Director



Jehanzeb Khan
Chief Executive



Harris Mahmood
Chief Financial Officer