

Akzo Nobel Pakistan Limited

Colors of performance

Report for the quarter ended June 30, 2014

AkzoNobel



Akzo Nobel Pakistan Ltd.

Financial Statements for the period ended
June 30, 2014

Contents

- Company Information
- Review of the Directors
- Independent Auditors' Report on Review of
Condensed Interim Financial Information
- Condensed Interim Balance Sheet
- Condensed Interim Profit and Loss Account
- Condensed Interim Statement of Comprehensive Income
- Condensed Interim Statement of Changes in Equity
- Condensed Interim Cash Flow Statement
- Notes to the Condensed Interim Financial Information

Company Information

Board of Directors

Mueen Afzal	<i>Chairman (Non-Executive)</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>	Zia U Syed	<i>Executive</i>
Asad I A Khan	<i>Non-Executive</i>		

Audit Sub Committee

Asad I A Khan	<i>Chairman (Non-Executive)</i>
Mueen Afzal	<i>Non-Executive</i>
Bart Kaster	<i>Non-Executive</i>

Human Resource & Remuneration Sub Committee

Mueen Afzal	<i>Chairman (Non-Executive)</i>
Peter Tomlinson	<i>Non-Executive</i>
Jehanzeb Khan	<i>Chief Executive</i>

Share Transfer Committee

Jehanzeb Khan	<i>Chief Executive</i>
Zia U Syed	<i>Chief Financial Officer</i>
Saira Soofi	<i>Company Secretary</i>

Chief Financial Officer

Zia U Syed

Company Secretary

Saira Soofi

Executive Management Team

Jehanzeb Khan	<i>Chief Executive</i>	Zia U Syed	<i>Chief Financial Officer</i>
Rizwan Afzal	<i>Operations Manager</i>	Mohsin Raza Naqvi	<i>Business Manager - Performance Coatings</i>
Shahid Sultan Butt	<i>Technical Manager (R&D)</i>	Imran Qureshi	<i>Business Manager - Decorative Business</i>
Muddassir Khalid	<i>HR Business Partner</i>	Bashar Rasheed	<i>Supply Chain Manager</i>

Bankers

Citibank N.A.
Deutsche Bank Limited A.G
Barclays Bank PLC

Habib Metropolitan 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, 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 & six months ended June, 30 2014

The Directors are pleased to present their review along with the un-audited financial statements of the Company for the quarter & six months ended June, 30 2014.

Financial Performance

Net sales income for the first half was lower by 10% compared to the same period last year as the market remained subdued, impacting end user demand. The effect of lower sales was partially mitigated through strict cost controls (10% lower than last year) which enabled the business to post operating results at PKR 316m which was 3% lower than last year. Profit on bank deposits reduced sharply as the Company had paid out a significant dividend to the shareholders which had reduced cash. Accordingly EPS for H1 at PKR 4.94 was 14% lower than same period last year.

	PKR million					
	Quarter ended 30 June 2014	Quarter ended 30 June 2013	Increase (Decrease) %	Six months ended 30 June 2014	Six months ended 30 June 2013	Increase (Decrease) %
Turnover	1,869	2,002	(7)	3,518	3,735	(6)
Net Sales Income	1,308	1,493	(12)	2,495	2,775	(10)
Gross Profit	469	556	(16)	889	978	(9)
Operating Results	183	221	(17)	316	326	(3)
Profit Before Tax	188	319	(41)	353	501	(30)
Profit After Tax	123	153	(20)	230	267	(14)
Earnings Per Share - Rs	2.64	3.29	(20)	4.94	5.74	(14)

The company contributed PKR 250 million and PKR 544m to the national exchequer through taxes, duties and other levies during Q2 2014 and H1 2014 respectively.

Business Performance

Decorative business faced headwinds with intensifying competition with increasing discounts being offered by competitors. A number of promotional schemes have been launched to support volumes; however the business volumes remained lower compared to the same period last year.

The Company was able to secure new orders in the Protective Coatings range and performed strongly in the Industrial OEM and Vehicle Refinish market due to improved market coverage and favourable product mix. The company continues its focus on developing a market for new technologies and products from the global AkzoNobel portfolio. Specialty Chemicals business continued to grow, making inroads to several new customers.

Future Outlook

The Decorative market is likely to remain affected in the coming months due to the current political uncertainties along with the traditional low season due to the monsoons. The Business will continue with promotional schemes targeted towards channel partners to encourage off-take and will take initiatives to increase brand awareness and equity. As the next traditional painting period commences in September, business expects its volume to pick up through its ongoing influencer and channel engagement schemes.

Reduction in GST on tractors is expected to have a favourable impact and is expected to help the tractor segment to consolidate its lost volumes in the coming months. Volumes of Vehicle Refinishes will be under pressure in the northern region due to the continuing military operations in Waziristan.



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 June 30, 2014 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 June 30, 2014 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 June 30, 2014 and June 30, 2013 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: 27 AUG 2014


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

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

As at June 30, 2014

		Un-audited June 30, 2014	Audited December 31, 2013
	Note	----- Rupees in thousands -----	
ASSETS			
<u>Non-current assets</u>			
Fixed assets	4	1,331,254	1,380,927
Long term loans	5	71,084	63,411
Long term deposits and prepayments		5,833	5,855
Deferred tax asset - net		146,618	123,725
		1,554,789	1,573,918
<u>Current assets</u>			
Stores and spares		21,919	24,282
Stock-in-trade	6	499,734	593,710
Trade debts	7	660,829	546,949
Loans and advances		54,215	52,154
Trade deposits and short term prepayments		36,733	8,176
Interest accrued		712	9,482
Tax refund due from the Government		11,331	-
Other receivables	8	26,024	35,453
Cash and bank balances	9	729,720	1,404,506
		2,041,217	2,674,712
		3,596,006	4,248,630
EQUITY AND LIABILITIES			
<u>Share capital and reserves</u>			
Authorised share capital 100,000,000 (2013: 100,000,000) ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid-up capital 46,443,320 (2013: 46,443,320) ordinary shares of Rs. 10 each		464,433	464,433
Reserves		995,499	1,530,721
		1,459,932	1,995,154
Surplus on revaluation of fixed assets		881,649	883,192
<u>Non-current liabilities</u>			
Deferred liabilities		37,201	34,817
<u>Current liabilities</u>			
Trade and other payables	10	1,217,224	1,329,665
Provision for taxation		-	5,802
		1,217,224	1,335,467
Contingencies and commitments	11	3,596,006	4,248,630

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

MUEEN AFZAL



Mueen Afzal
Chairman / Director



Jehanzeb Khan
Chief Executive



Zia U Syed
Chief Financial Officer

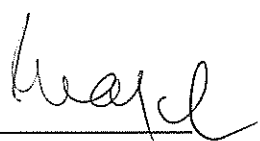
Akzo Nobel Pakistan Limited
Condensed Interim Profit and Loss Account (Un-audited)

For the six months period ended June 30, 2014

	Three months ended		Six months ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	(----- Rupees in thousands -----)			
Turnover	1,868,650	2,001,797	3,518,287	3,735,252
Sales tax, excise duty and discounts	(560,568)	(508,953)	(1,023,091)	(960,060)
Net Sales	1,308,082	1,492,844	2,495,196	2,775,192
Cost of sales	13 (838,967)	(936,414)	(1,605,936)	(1,796,704)
Gross profit	469,115	556,430	889,260	978,488
Selling and distribution expenses	(191,018)	(245,937)	(380,918)	(472,265)
Administrative and general expenses	(95,259)	(89,982)	(192,673)	(179,987)
Operating result	182,838	220,511	315,669	326,236
Finance cost	254	(3,947)	(7,947)	(9,218)
Other charges	(14,794)	(31,306)	(27,470)	(46,209)
	(14,540)	(35,253)	(35,417)	(55,427)
Other income	19,794	133,750	72,376	230,306
Profit before taxation	188,092	319,008	352,628	501,115
Taxation	14 (65,563)	(166,369)	(123,075)	(234,421)
Profit after taxation	122,529	152,639	229,553	266,694
Earnings per share - Basic and diluted - Rupees	2.64	3.29	4.94	5.74

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

MUEEN AFZAL



Mueen Afzal
Chairman / Director



Jehanzeb Khan
Chief Executive



Zia U Syed
Chief Financial Officer

Akzo Nobel Pakistan Limited

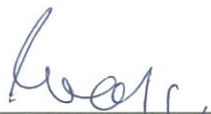
Condensed Interim Statement of Comprehensive Income (Un-audited)

For the six months period ended June 30, 2014

	Three months ended		Six months ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	(----- Rupees in thousands -----)			
Profit after taxation	122,529	152,639	229,553	266,694
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	122,529	152,639	229,553	266,694

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

11/07/14



Mueen Afzal
Chairman / Director



Jehanzeb Khan
Chief Executive



Zia U Syed
Chief Financial Officer


Akzo Nobel Pakistan Limited
Condensed Interim Statement of Changes in Equity (Un-audited)

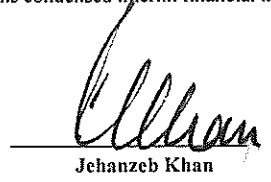
For the six months period ended June 30, 2014

	Capital reserves		Revenue reserve	Total	
	Share capital	Share premium	Unappropriated profit		
	(----- Rupees in thousands-----)				
Balance at January 01, 2013	464,433	156,006	196	4,485,743	5,106,378
Profit for the period	-	-	-	266,694	266,694
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the six months period ended June 30, 2013	-	-	-	266,694	266,694
Incremental depreciation charge during the period - net of deferred tax	-	-	-	1,475	1,475
Transactions with owners of the Company, recognised directly in equity					
Distributions:					
Final dividend for the year ended December 31, 2012 @ Rs. 78.60 per share	-	-	-	(3,650,445)	(3,650,445)
Balance at June 30, 2013	464,433	156,006	196	1,103,467	1,724,102
Profit for the period	-	-	-	339,032	339,032
Other comprehensive loss for the period	-	-	-	(69,453)	(69,453)
Total comprehensive income for the six months period ended December 31, 2013	-	-	-	269,579	269,579
Incremental depreciation charge during the period - net of deferred taxation	-	-	-	1,473	1,473
Balance at December 31, 2013	464,433	156,006	196	1,374,519	1,995,154
Profit for the period	-	-	-	229,553	229,553
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the six months period ended June 30, 2014	-	-	-	229,553	229,553
Incremental depreciation charge during the period - net of deferred taxation	-	-	-	1,542	1,542
Transactions with owners of the Company, recognised directly in equity					
Distributions:					
Final dividend for the year ended December 31, 2013 @ Rs. 2.50 per share	-	-	-	(116,111)	(116,111)
Interim dividend for the year ending 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

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

20/06/14


Mueen Afzal
 Chairman / Director


Jehanzeb Khan
 Chief Executive


Zia U Syed
 Chief Financial Officer

Akzo Nobel Pakistan Limited
Condensed Interim Cash Flow Statement (Un-audited)

For the six months period ended June 30, 2014

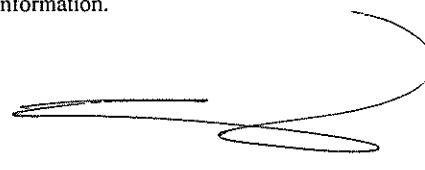
	Six months ended	
	June 30, 2014	June 30, 2013
---- Rupees in thousands ----		
<u>Cash flows from operating activities</u>		
Profit before taxation	352,628	501,115
<i>Adjustments for:</i>		
Depreciation and amortisation	82,259	83,590
Loss on disposal of fixed assets	715	8,695
Provision for / reversal of provision for employee benefits	2,930	(9,640)
Provision for / reversal of provision for doubtful debts	28,569	(8,403)
Reversal of provision against stock in trade	(2,856)	(5,693)
Interest income	(41,902)	(135,637)
	422,343	434,027
<u>Movement in working capital:</u>		
<i>Decrease / (increase) in current assets</i>		
Stores and spares	2,363	147
Stock-in-trade	96,832	66,700
Trade debts	(142,449)	(263,848)
Loans and advances	(2,061)	(20,362)
Trade deposits and short-term prepayments	(28,557)	(24,487)
Other receivables	9,429	4,496
	(64,443)	(237,354)
<i>(Decrease) / increase in current liabilities</i>		
Trade and other payables	(112,216)	144,900
Long term loans	(7,673)	(2,695)
Long term deposits and prepayments	22	(2,860)
Net cash generated from operations	238,033	336,018
Employee benefits paid	(546)	(651)
Tax paid	(163,101)	(187,726)
Net cash generated from operating activities	74,386	147,641
<u>Cash flows from investing activities</u>		
Payments for capital expenditure	(34,484)	(62,837)
Proceeds from disposal of fixed assets	548	1,920
Interest received	50,672	202,055
Net cash generated from investing activities	16,736	141,138
<u>Cash flows from financing activities</u>		
Dividend paid	(765,908)	(3,648,592)
Net cash used in investing activities	(765,908)	(3,648,592)
Net cash utilised during the period	(674,786)	(3,359,813)
Cash and cash equivalents at the beginning of the period	1,404,506	4,560,719
Cash and cash equivalents at the end of the period	729,720	1,200,906

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

Mueen Afzal


Mueen Afzal
Chairman / Director


Jehanzeb Khan
Chief Executive


Zia U Syed
Chief Financial Officer

Akzo Nobel Pakistan Limited
Notes to the Condensed Interim Financial Information (Un-audited)
For the six months period ended June 30, 2014

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, 2013.

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, 2013, 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, 2013.

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 expense. 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 uncertainty were the same as those that applied to the financial statements as at and for the year ended December 31, 2013.

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, 2013.

MS/MS/44

	<i>Note</i>	Un-audited June 30, 2014 (Rupees in thousands)	Audited December 31, 2013
4 Fixed assets			
Property, plant and equipment - at net book value	4.1	1,305,821	1,346,921
Capital work-in-progress - at cost	4.2	13,556	9,808
Intangibles - computer softwares and licenses	4.3	11,877	24,198
		<u>1,331,254</u>	<u>1,380,927</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, 2014, detail of which is as follows:

	Six months ended June 30, 2014		Six months ended June 30, 2013	
	Additions	Deletions	Additions	Deletions
	(----- Rupees in thousands -----)			
Buildings on freehold land	4,180	-	29,373	8,652
Plant and machinery	16,672	13,826	33,525	10,625
Vehicles	461	-	732	-
Furniture and equipment	7,663	22,080	11,742	7,710
	<u>28,976</u>	<u>35,906</u>	<u>75,372</u>	<u>26,987</u>

	Un-audited June 30, 2014 (Rupees in thousands)	Audited December 31, 2013
4.2 The following is a detail of capital work-in-progress:		
Civil works and buildings	4,239	1,534
Plant and machinery	9,317	7,123
Equipments	-	1,151
	<u>13,556</u>	<u>9,808</u>

4.3 This includes addition of intangible assets (computer softwares and licenses) amounting to Rs. 1.125 million during the period ended June 30, 2014 (June 30, 2013: Rs. 7.223 million).

	<i>Note</i>	Un-audited June 30, 2014 (Rupees in thousands)	Audited December 31, 2013
5 Long term loans - considered good			
Due from executive directors, executives and employees	5.1	92,862	88,175
Less: current portions shown under current assets	5.1	(21,778)	(24,764)
		<u>71,084</u>	<u>63,411</u>

5.1 Loans to employees are provided for purchase of motorcycle, motor car and construction of house. Vehicle loans are secured against registration documents of vehicles and house building loans are secured against provident fund, gratuity, pension or any other dues payable to the employee.

14/07/14

5.2 Loans for purchase of motorcycles, 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.

5.3 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 Rs. 0.89 million and Rs. 69.49 million (December 31, 2013: Rs. 3.57 million and Rs. 59.09 million) respectively.

6 Stock-in-trade

Out of the total carrying value of inventory Rs. 1.09 million (December 31, 2013: Rs. 1.08 million) is measured at net realizable value. As at June 30, 2014 stock has been written down by Rs. 0.05 million (December 31, 2013: Rs. 0.59 million) to arrive at its net realizable value.

	Un-audited June 30, 2014	Audited December 31, 2013
	(Rupees in thousands)	
7 Trade debts		
Considered good:		
- secured	24,717	17,124
- unsecured	917,083	786,601
	941,800	803,725
Considered doubtful	270,845	242,276
	1,212,645	1,046,001
Less: provision for		
- doubtful debts	(270,845)	(242,276)
- discounts payables on sales	(280,971)	(256,776)
	(551,816)	(499,052)
	660,829	546,949

8 Other receivables

This includes balance amounting to Rs. 9.28 million (December 31, 2013: Rs. 18.20 million) receivable from associated undertakings.

	Un-audited June 30, 2014	Audited December 31, 2013
	(Rupees in thousands)	
9 Cash and bank balances		
Cash in hand	15,085	17,412
Cash at bank - current accounts	314,335	324,583
Short term deposits	400,300	1,062,511
	729,720	1,404,506

Note

9.1 These represent Term Deposit Receipts placed with commercial banks, having maturity periods ranging from 7 to 31 days (December 31, 2013: 2 weeks to 3 months). These carry mark-up at the rates ranging from 8.50% to 8.97% (December 31, 2013: 7.75% to 8.25%) per annum.

UDTMS Pa

10 Trade and other payables

This includes balance amounting to Rs. 106.39 million (December 31, 2013: Rs. 127.15 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, 2014	Audited December 31, 2013
	(Rupees in thousands)	
Sales Tax authorities	91,087	91,087
Others	10,888	11,973
	<u>101,975</u>	<u>103,060</u>
11.2 Commitments in respect of capital expenditure	<u>16,837</u>	<u>12,260</u>

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

	Un-audited June 30, 2014	Audited December 31, 2013
	(Rupees in thousands)	
Year		
2014	10,470	18,727
2015	20,219	17,647
2016	19,202	13,476
2017	12,404	4,933
2018	5,299	-
2019	1,970	-
	<u>69,564</u>	<u>54,783</u>
Payable not later than one year	20,682	18,727
Payable later than one year but not later than five years	48,882	36,056
	<u>69,564</u>	<u>54,783</u>

12 Short term finances

The facility for running finance and issuance of letters of credit is available from a commercial bank amounted to Rs. 475 million at a mark-up rate of 1 month KIBOR plus 1% per annum. The facility 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 and 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 a commercial bank amounting to Rs. 300 million carrying commission / mark-up at the rate of 0.075% and relevant KIBOR per annum, respectively. The facility is secured by lien on goods purchased / related documents either local or imported, to the order of the bank, without recourse to the Company.

11/01/2014

	Un-audited		Un-audited	
	Three months ended		Six months ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	(----- Rupees in thousands -----)			
13 Cost of sales				
Raw and packing materials consumed	696,501	725,043	1,259,090	1,411,216
Manufacturing costs	128,551	134,081	250,970	261,733
	<u>825,052</u>	<u>859,124</u>	<u>1,510,060</u>	<u>1,672,949</u>
Opening stock of work-in-process	23,922	21,060	18,498	23,353
	<u>848,974</u>	<u>880,184</u>	<u>1,528,558</u>	<u>1,696,302</u>
Closing stock of work-in-process	(16,886)	(17,646)	(16,886)	(17,646)
Cost of goods manufactured	832,088	862,538	1,511,672	1,678,656
Opening stock of finished goods	210,511	212,105	260,776	220,309
Finished goods purchased	38,353	52,837	75,473	88,805
	<u>1,080,952</u>	<u>1,127,480</u>	<u>1,847,921</u>	<u>1,987,770</u>
Closing stock of finished goods	(241,985)	(191,066)	(241,985)	(191,066)
	<u>838,967</u>	<u>936,414</u>	<u>1,605,936</u>	<u>1,796,704</u>
14 Taxation				
Current	89,525	112,192	145,968	168,575
Deferred	(23,962)	54,177	(22,893)	65,846
	<u>65,563</u>	<u>166,369</u>	<u>123,075</u>	<u>234,421</u>

15 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		Un-audited	
	Three months ended		Six months ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	(----- Rupees in thousands -----)			
Holding company				
Dividend paid	<u>522,864</u>	<u>2,490,732</u>	<u>522,864</u>	<u>2,490,732</u>
Associates				
Purchase of goods, materials and services	73,445	74,471	145,261	128,169
Indenting commission income	1,647	1,609	2,541	2,564
Sale of good and services	653	633	1,062	1,288
Reimbursement of expenses	2,344	2,559	7,482	2,559
Royalty paid	-	-	16,180	-
Contribution to staff retirement benefit plans	24,031	25,443	38,372	45,526
	<u>102,120</u>	<u>104,715</u>	<u>210,898</u>	<u>180,106</u>

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

Amis P4

Transactions with key management personnel

Salaries and benefits of key management personnel for the six months period ended June 30, 2014 amounted to Rs. 74.66 million (June 30, 2013: Rs. 56.06 million) out of which Rs. 8.24 million (June 30, 2013: Rs. 7.42 million) relates to post employment benefits.

16 Operating segments

16.1 These financial statements have been prepared on the basis of single reportable segment.

16.2 Revenue from sale of paints represents 98.82% (June 30, 2013: 99.45%) of the total revenue of the Company.

16.3 99.63% (June 30, 2013: 98.91%) sales of the Company relate to customers in Pakistan.

16.4 All non-current assets of the Company as at June 30, 2014 are located in Pakistan.

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, 2013.

18 Date of authorization

The condensed interim financial information was authorized for issue in the Board of Directors meeting held on August 27, 2014.

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 and reclassified, wherever necessary, for better presentation and disclosure.

MTC 04



Mueen Afzal
Chairman / Director



Jehanzeb Khan
Chief Executive



Zia U Syed
Chief Financial Officer