Akzo Nobel Pakistan Limited

Colors of performance

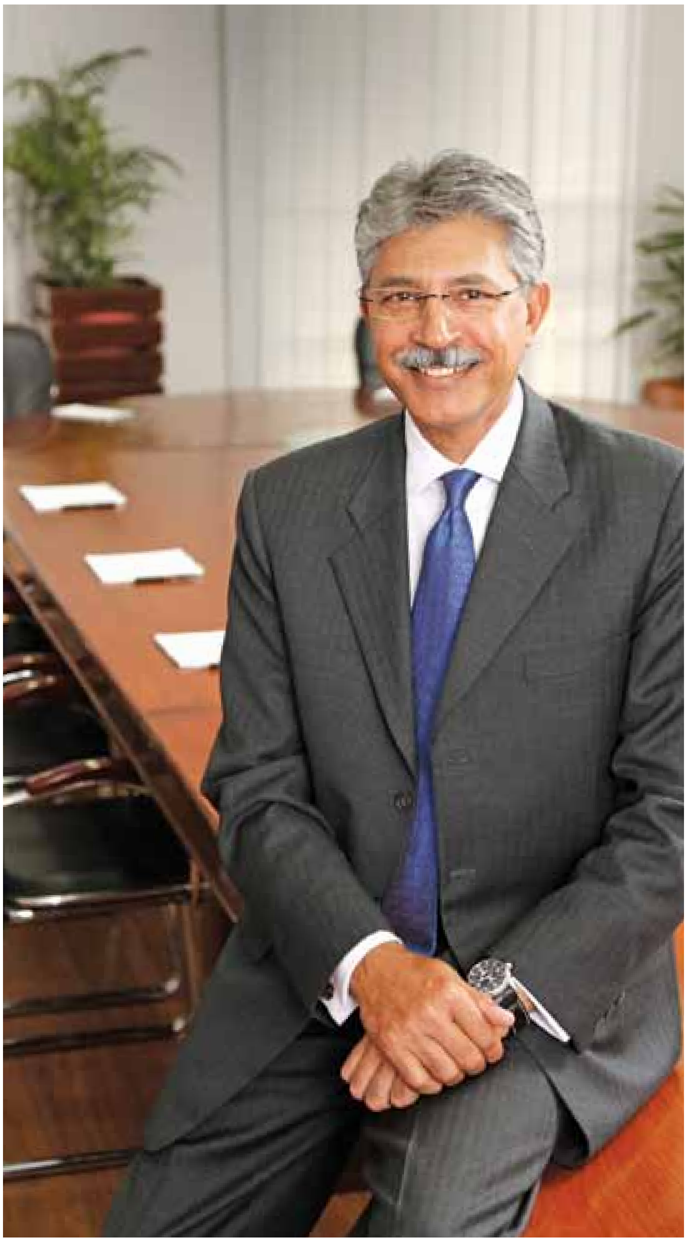
Annual Report 2013

AkzoNobel

Contents

Chief Executive's Statement

Dear Stakeholders,



Following demerger in 2012 AkzoNobel Pakistan has consolidated its status as a viable, independent public limited company that can stand on its own strength. Amongst the biggest assets it draws this strength from is its close and two-way interface with the AkzoNobel Middle East organization, and in many cases directly from the global headquarter. The enthusiasm with which the Middle East Region has embraced AkzoNobel Pakistan as a key market has been exceedingly encouraging to us, and clearly has set the foundation for many aspects of bilateral cooperation and support. No doubt this will help us win locally.

AkzoNobel Pakistan has begun the process of integrating the company's core principles and values into the organization and these will further align it with AkzoNobel. By adopting these values, reflected in appropriate behavior, we aim to bring out first-rate performance throughout the organization by focusing not only on what we do, but also on how we do things. Although there was one unfortunate incident in which one of our contractors sustained injuries in a road accident, we consider this to be one too many, and we continue to work hard every day at making our workplace safer. Our focus on governance and control, and ensuring the company operates in an accountable manner are key to the responsibilities that senior management are liable for.

The Board of Directors has steered the company well through their wisdom and guidance, and their counsel gives strength to the strategy and sustainability of the company. The Executive Management Team consists of qualified senior managers, fully capable of leading the company to identify opportunities and deliver the best performance our business climate offers, and this is adequately demonstrated by delivering a sterling performance in 2013. Every one of our employees has a part to play in delivering results, and it would be remiss of me to not recognize their inputs.

We continue to remain responsible corporate citizens, and completely 'above board' and transparent in all our dealings internally and externally, and we support and look forward to fruition of the government's efforts to level the playing field for all players in our industry. Challenging business conditions are likely to persist in coming years; however with AkzoNobel's support we commit ourselves to bringing latest technologies, product lines and knowledge to the Pakistan market and develop new businesses in the areas of Performance Coatings and Specialty Chemicals. As we grow we will also bring in internationally successful new concepts and ideas to our Decorative Paints business locally where we lead the field in innovative products and services.

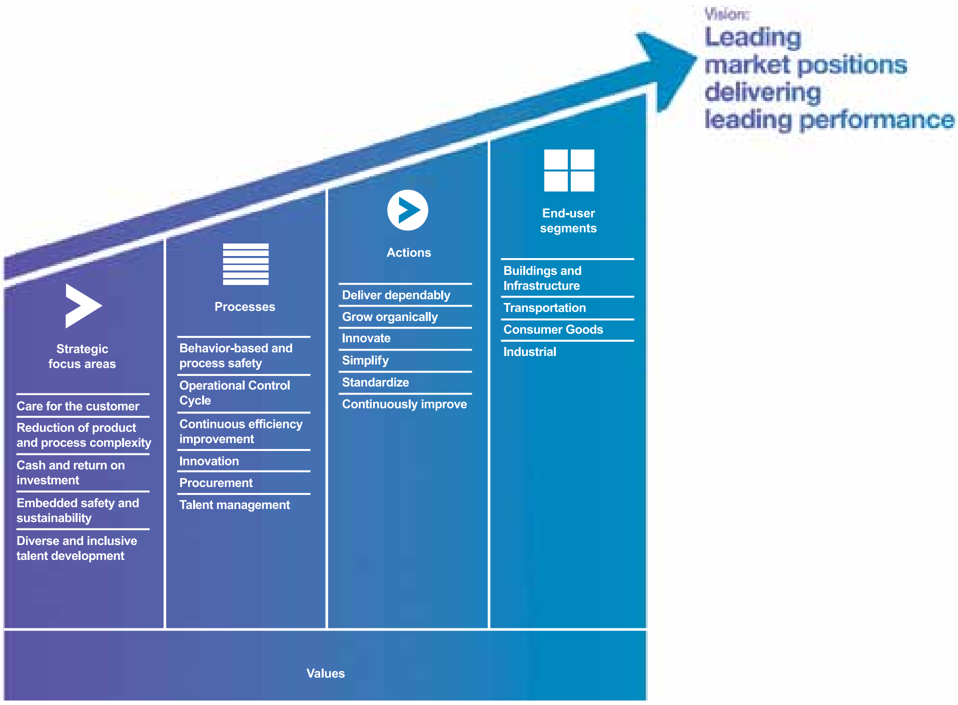
I would like to thank our shareholders for their support and confidence in management.

With my warm regards,

Jehanzeb Khan
Chief Executive

Overview and Strategy

In 2013, AkzoNobel announced a new vision, targets and strategy. Since then, it has been fine-tuned and cascaded throughout the company. Key enablers such as aligned core principles and values have now been developed.



AkzoNobel is a leading global paints and coatings company and a major producer of specialty chemicals. We supply industries and consumers worldwide with innovative products and are passionate about developing sustainable answers for our customers. Our portfolio includes well-known brands such as Dulux, Sikkens, International and Eka. Headquartered in Amsterdam, the Netherlands, we are consistently ranked as one of the leaders in the area of sustainability. With operations in more than 80 countries, our 50,000 people around the world are committed to delivering leading products and technologies to meet the growing demands of our fast-changing world.

AkzoNobel Pakistan being a part of the AkzoNobel Group

At AkzoNobel Pakistan, we carry with us the traditions and expertise of one of Pakistan's oldest and most successful companies; ICI Pakistan Limited. The AkzoNobel Group acquired ICI in 2008 bringing together the innovation, leadership and expertise of both companies. Through a scheme of demerger, the Paints Business at ICI was separated into a separate legal entity. As of June 1, 2012, we are now operating as AkzoNobel Pakistan.

With our head office in Lahore and branches across the country, the AkzoNobel Pakistan family consists of over 250 talented people and many others associated indirectly, all committed to excellence and passionate about providing sustainable solutions to our customers.

Our mission

To be a growing, sustainable OneAkzoNobel operation that exceeds customer expectations by leveraging our strong heritage, global knowledge base and world class talent

Our strategic targets

To achieve our mission, we will:

- Give priority to health, safety, environment and ethical matters
- Ensure our products deliver 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 lowest cost, and expand the business through new product launches and by tapping into new markets
- Develop and retain a team of highly capable people dedicated to delivering the mission

Code of Conduct and Values

At AkzoNobel Pakistan we conduct our business in line with a strong sense of principles. These principles, in the form of our Code of Conduct, are a part of our philosophy and our culture. This Code is intended to provide a clear overview of the obligations that each employee in the company needs to understand and practice.

A brief overview of the code:

Business principles

- Each employee should implement our core values, comply with and observe applicable laws, support fundamental human rights and give due regard to health, safety and environment

Business integrity

- We insist on integrity and fairness in all aspects of our business operations
- Bribery and any other forms of unethical business practice are prohibited
- Our employees are expected to maintain confidentiality at all times and act in the company's interests
- All business transactions shall be accurately and completely recorded in accordance with the company's accounting principles and local laws and may be subject to audit

Company responsibilities

AkzoNobel Pakistan is committed to creating long-term value for customers, shareholders, employees, and society. In line with this aim, the Code of Conduct encourages us to:

- Adopt openness, integrity and reliability in all communications
- Provide equal opportunities, and a healthy, safe and secure environment for all employees
- Ensure the rights of employees to join unions/associations
- Protect the personal data of all employees
- Engage actively in performance and development dialog

Employee responsibilities

The Code of Conduct provides employees with guidance on their responsibilities regarding:

- Media relations and disclosures
- Inside information
- Corporate identity
- Protecting ANPL's intellectual property
- Internet use
- Business travel
- Substance abuse

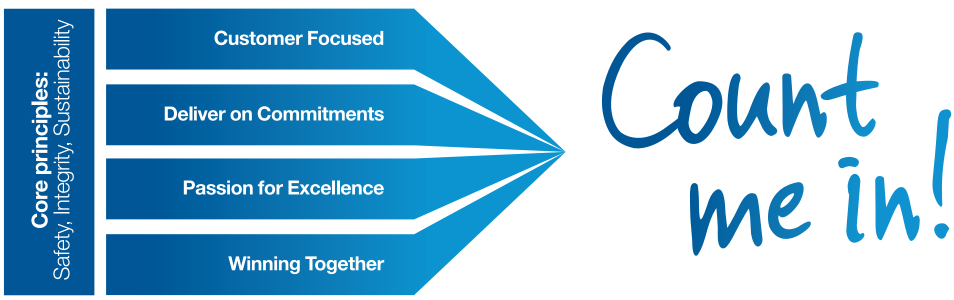
AkzoNobel has great brands, good people, and leading positions in our markets and to ensure that we continue to deliver leading performance, AkzoNobel introduced an updated strategy that focuses on operational excellence and organic growth. With it, a new set of values and associated behaviors were also introduced to ensure that all our employees live up to the new strategy on a day to day basis.

The common thread running through our strategy is the need to change our mindset, assumptions, and general way we do things. This in turn has led us to develop new values and behaviors. If the strategy is considered as the 'what' we need to do, then these values provide the 'how' for the successful implementation of our strategy.

Today we have four clear and simple values: Customer Focused, Deliver on Commitments, Passion for Excellence and Winning Together.

These are supported by three "core principles": Safety, Integrity and Sustainability. The core principles apply to everyone in the company and are our 'permission to play'.

Together, the values and principles outline how we must conduct ourselves to succeed in a changed and changing world.



Our Passion for People

At AkzoNobel, we believe our business will grow if our people grow too. We are committed to professional and personal development for all employees.

We have a vision to become a Talent Factory, recognized for development opportunities for our people and strong leadership practices. We believe that improved management capability is the key enabler of a high performance culture, a better environment for employees and ultimately our business success.

This requires that we develop our leaders at all levels. We believe in developing and training our people, to enable them to excel, and of course, we take care of our people. We aim to provide a work environment conducive to development and wellbeing, and strive to cultivate the talents of our people. In short, we have a Passion for People, which motivates us to bring out the best in our people, creating stronger grounds for sustainable growth.

P&D Dialog - All employees perform and develop themselves in line with our strategy and values towards delivering leading performance. The P&D Dialog is a transparent evaluation process that promotes active dialog and feedback; incorporates both development planning and performance review.

Talent management - We aim to provide opportunity for growth, as well as various challenging career experiences for all our employees. Through timely delivered development solutions, we'll do all we can to develop existing talent, nurture new skills and help our employees progress within AkzoNobel.

AkzoNobel Academy - Our aim is to develop the natural expertise of our people and improve skills and behavioral aspects based on our values and behaviors. In addition to regular training needs identification, the AkzoNobel Academy – an intranet based portal available to AkzoNobel employees globally – provides a platform for learning and development, giving all employees access to exceptional learning experiences based on best practices from across AkzoNobel.

Employee engagement - For AkzoNobel, employee engagement is not just a score; it is a practice. Engaged employees feel valued and supported. In return, they take responsibility and are committed to achieving our ambitions. Our engagement scores of 2013 showed a GrandMean of 4.08, on a 5-point scale; and our participation rate of nearly 97% is one of the highest within AkzoNobel globally.

Diversity and Inclusion - At AkzoNobel Pakistan we strive to attract, motivate and retain our employees in a stimulating environment which brings out the best in people. We aim to create an inclusive environment where diversity and differences are valued, and everyone has the opportunity to develop skills and talents consistent with our company's values and ambitions.

Recruitment - We want our people – and those looking to join us – to recognize AkzoNobel as a place where they can grow; a place where strong leaders are developed, who can make an impact on our business performance and market value.

Health Safety and Environment Performance

AkzoNobel's vision for accelerated growth is closely linked with our ambition to ensure that the growth is sustainable. We have embedded a strong focus on HSE and OEE into our regular business operations as a means to achieving our goals and we aim to continuously improve our first class HSE performance through corporate leadership, the dedication of our staff and application of the highest professional standards in our work.

Beliefs and principles

Increasing stakeholder value through implementation of sustainable processes and solutions is crucial for our success to the extent that sustainable business operations are a prerequisite for meeting our challenging targets. Our goal is to increase stakeholder value by delivering sustainable solutions to our customers. We believe in making our business operations sustainable in order to meet our needs today while protecting resources and rights for future generations.

We believe that:

- All work-related injuries and illnesses are preventable. Therefore, we protect people on our sites, the community we operate in and the environment at large from accidental or deliberate harm, damage or loss
- All emissions of hazardous materials can be prevented and as products and technologies develop;will progressively be reduced
- The continuous improvement of our HSE performance through leadership of line management, the dedication of staff and the application of the highest professional standards in our work lead to the achievement of our goals and the maintenance of the business
- Transparency in our processes demonstrates our belief that stakeholders have a right to information about our operations and HSE performance.

HSE management system

HSE Assurance

HSE Procedures | **Engineering Standards**

Legislation

Process	Structure
Learning Events/ Incident Report	Site/Locations HSE Committee
Competence	Specialist HSE Forum
Procedures Compliances	Executive HSE Forum Management Team
Management of Change	Site Communication Sessions
HSE Communications	
Auditing	

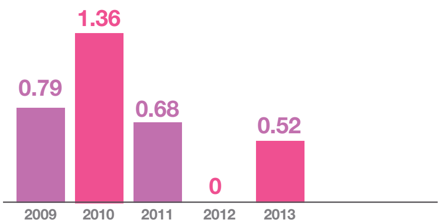
The process and structure illustrated above for our HSE management system underlines that continuous improvement in Health, Safety and Environment and Product Stewardship is the keystone to achieving sustainability as well as providing value, opportunities and competitive advantage.

At AkzoNobel Pakistan, the implementation of the HSE policy across the organization is ensured through our Health, Safety and Environment Management System and its integration into the company's organization scheme.

Achievements during 2013

Plant housekeeping - 5S implementation
Good housekeeping is essential for a safe working environment. Our aim is to provide employees a safe working environment which is also visually pleasing. In line with this vision, during 2013, we transformed our plant areas by housekeeping drives. The result was a safer and aesthetically pleasing workplace. Taking this concept one step ahead, key plant areas were chosen for pilot implementation of 5S housekeeping project. Implementation of 5S means a turnaround in the workplace culture and the way people operate, making its sustained implementation harder to achieve, however the complete alignment of all employees with the company's vision turned this project into a great success. The results of the pilot phase implementation motivated similar implementation to other plant areas, the target being complete site conformance to 5S standards. The aim is to nurture our site into an even safer work place for its employees.

Total reportable injury rate



Total Reportable Incidents Per Million Man-hours worked by Employees & Supervised Contractors

Asset integrity improvement with new racking at raw material store
In order to ensure sustainable operations and improve the integrity of the racking structure at raw materials store, AkzoNobel Pakistan undertook the replacement of the existing racking structure. The newly installed racking structure increases pallet space and provides a combination of 'drive-in' and 'selective pallet' racking for efficient storage and retrieval of raw material.

Launch of safe work behaviors
'Nothing we do is worth getting hurt for' explains in a nutshell AkzoNobel's stance on work related injuries. We believe all work related injuries are preventable and therefore we keep implementing measures to protect our people from harm. Another step in this direction was the launch of the 'Safe Working Behaviors' under the umbrella of the global 'Take Care' initiative.

Global Safety Day
This year the global Safety Day was marked with the engaging and transformative sessions on safe working behaviors. The key message for this year was to stay alert at all times - by which safety can be ensured. Employees were coached on the eight basic safe behaviors that can help them stay injury free both at work and home. At the closing of the day employees signed pledge cards, vowing to make safety a part of their behaviors and lifestyle.

Fork lift truck and pedestrian movement segregation
In line with our vision of 'zero injuries' and the ambition of top quartile safety performance, a system for segregating fork lift truck (FLT) and pedestrian movement at plant site was implemented.The movement of FLTs in production, stores and warehousing areas is unavoidable thus the risk of accidents remained very high.
To minimize this risk, all areas were assessed for the possibility of safer yet seamless operations. A solution to this was found in clear segregation of the primary FLT operation areas and pedestrian walkways. High visibility jackets were also made mandatory for pedestrian entering into manufacturing areas. This reduces the overall risk in our production and related areas and has made our operations safer.

TakeCare
Global Safety AkzoNobel

Sustainability and Energy Efficiency

Delivering more value with fewer resources is the essence of our strategy and we at AkzoNobel Pakistan are proud of what we have achieved. Over the course of 2013, all sustainability indicators showed a marked improvement over 2012. In every manner, AkzoNobel Pakistan has strived for and succeeded in becoming a greener and more eco-friendly organization in 2013.

One of our key sustainability indicators is waste generation, compared to 2012 this year we recorded a marked decrease in the waste produced. Another key indicator is the water consumed in the manufacture of our products and again a reduction of about 30 percent over 2012 was achieved during 2013. Most importantly energy consumption was reduced significantly over 2012. Reduction of energy consumption directly affects our carbon footprint as well as our operational costs. In every manner, AkzoNobel Pakistan has strived to and succeeded in becoming a greener and more eco-friendly organization.

Achieving these targets required focused efforts in all quarters. A number of capital projects were launched targeting one or more of the pillars of sustainable operations.

High efficiency motors project

One of the key projects of 2013 was the High Efficiency Motors Project. The operations team evaluated the efficiencies of the motors currently installed on site, and based on the evaluation, purchased 50 high-efficiency motors. The project resulted in a net reduction of 7 percent in energy consumption.

Water chiller project

Q2 was marked with the successful execution of the Water Chiller Project. The site replaced its obsolete water chiller unit with a state of the art new unit. The new unit has not only increased capacity to cater for future demands and an improved design, but is also environmentally friendly. The unit uses the latest environmentally safe refrigerants and produces low noise during operation. Furthermore, owing to its improved design the new unit consumes about 28 percent less energy compared to its predecessor.

Dust extraction system

Another highlight of the year was the installation of a dust extraction system. The target of the project was to reduce occupational exposure to dust and powders. The MSD area, where the new system was installed, was an area which had high dust content owing to the nature of operations there. The new extraction system, through its improved design and automatic operation, has made the MSD area a dust free zone. Moreover owing to its automatic operation, the new system consumes approximately 25 percent less energy compared to legacy equipment.

Fume extraction system

Following the same theme, a new fume extraction system was installed at our plant's single tank filling area which is one of the highly occupied areas of the plant. The installation of this new extraction system has directly impacted the occupational hazard levels in the area and made the area even safer for work. By installing the new fume extraction system the Volatile Organic Compound (VOC) levels in the area have been reduced by 90 percent and the occupational exposure hazards for operators in the area have been greatly minimized.

We take pride in the fact that the work area VOC levels are compliant to international safety standards such as OSHAS.

At AkzoNobel Pakistan we make environmentally conscious decisions and then we reflect on our own performance and in turn strive to outperform ourselves, aiming to do better than we did previously. The above projects and many others to follow are all a part of our strategy to build a sustainable future, we started sowing the seeds of sustainability years ago and we are seeing it flourish and evolve across the company.

Planet Possible™

When people ask us what sustainability means to AkzoNobel, we tell them that our success depends on it.
We know only too well that our future hinges on our ability to do radically more while using less.
More innovation, less traditional solutions; more renewable energy and materials, less fossil-based; more value chain focus, less introverted thinking.

We are determined to turn what is an obvious challenge into a clear opportunity and bring more value to our customers and society in general.

OEE performance

Waste 7%	Energy -17%	Direct CO_2 -28%
Indirect CO_2 -19%	Fresh Water -28%	COD 0%
VOC -2%	NOx 0%	SOx -100%

Corporate Social Responsibility

Giving back to our communities

Since our early days, we have been working to ensure a positive impact on our surrounding communities and society in general; and over the years, our commitment to the development of our country, community and society has served as a guiding principle of the way we work.

This is because we recognize that we cannot have a healthy and growing business unless the communities we serve are also healthy and sustainable. Our rich history of community investment has evolved to meet the complexities and challenges of a developing society. We support a broad range of initiatives in the areas of community development, health, education and environment protection.

Adding color to people's lives

Every year, we reach out to add color to lives made bleak by less fortunate circumstances. While our paint brings color to the surroundings, we know very well that there is no hue brighter than the warmth and love extended by our employees volunteering their time to these noble causes.

We're as committed to our communities as we are to our customers, shareholders and employees. Social responsibility is a way of life at AkzoNobel Pakistan. We endeavor to ensure that we qualify as responsible corporate citizens by ensuring sustainable improvement in the lives of the communities where we operate.

While we painted the Special Education and Training Centre (SETC) run by the National Society for Mentally & Emotionally Handicapped Children, we know that we left a deeper mark on the 180 students who joined us for fun activities and the musical and dance performances.The NSMEHC joins a list of institutes that share a colorful relationship with AkzoNobel Pakistan but SOS Village is one that enjoys a strong and special bond. This year, AkzoNobel Pakistan upheld their duty to their neighbor by entering into a three phase paint donation program; repainting the offices, administration building and also, the SOS Youth Wing in Model Town, Lahore, much to the delight of over one hundred deserving adolescents who call it home. AkzoNobel Pakistan also co-sponsored the SOS Carnival in Lahore. Many employees and their families joined in the festivities, making it a memorable occasion for children and adults alike.

Let's Colour initiatives

Patriotic spirit runs deep within AkzoNobel Pakistan and our employees found no better way to celebrate Pakistan Day 2013 than by volunteering to paint Wagha Stadium in vibrant colors. The painting of Wagha Stadium was a Let's Colour initiative – through which the Decorative Business at AkzoNobel does its part for country and community.

And that does not mean waiting for an opportunity to do so, but rather going out to look for them instead. The Deco Team at AkzoNobel Pakistan reached out via social media to try and improve the studying experience in schools that could use a colorful revival. Through the 'Colourful Classrooms Contest', nominations for schools were received and employees from AkzoNobel Pakistan volunteered to paint the winning institution – which in this case was Roshni Model School.

Supporting local art and culture

Literature and art are the cornerstones of building a colorful future – which is why AkzoNobel was proud to be a part of the Children's Literary Festival in Islamabad, sponsored by the Embassy of the Kingdom of the Netherlands. The event was attended by the who's who of the country's literary scene and by our participation through the mural painting activity we knew that we were infact painting the courage of self-expression in the hearts of the young attendees.

The Embassy of the Kingdom of Netherlands needed to look no further than AkzoNobel Pakistan to support their endeavor to bring the World Press Photo Exhibition to Pakistan. The prestigious international photography exhibition showcases work of photographers from around the world. The exhibition displayed at the Lahore Arts Council in Alhamra put Pakistan on centerstage, giving it a chance to showcase its hidden art treasures.

'Ilm o Hunar' training program

We believe that a good education can take many forms; which is what motivated AkzoNobel Pakistan to partner with the acclaimed Technical Education & Vocational Training Authority (TEVTA)

Over the years, our commitment to the development of our country, community and society has served as a guiding principle of the way we work.

to train unskilled workers as building painters to reduce poverty while building painter loyalty. The program, titled "Ilm-o-Hunar" has recently seen the graduation of two talented batches of painters, which was celebrated with a certificate distribution ceremony organized by the ICI Dulux team.

The joy of giving

The warmth and kindness of our people is the greatest gift that we can give. On Eid-ul-Fitr, AkzoNobel started a simple fund-raising activity for an orphanage. Employees went the extra mile and collected toys, books, sweet treats, clothes, shoes along with funds. It was a proud moment when our employees took a trip to the Jannat-ul-Firdous Charity Trust Orphanage to set up their very own library complete with furniture and books for children of all ages. After some fun paint activities and an enthralling magic show for the children, customized gift bags and treats were distributed to each child. For us at AkzoNobel Pakistan, it was an Eid to remember, indeed.

Colorful collaborations in Let's Colour Week

Undertaken by the Decorative Business, Let's Colour Week is another avenue by which we realize our mission of adding color to people's lives.
It gives us great encouragement to see that each step taken by us is supported by many other institutions and initiatives who share the vision of bringing positive change to the community. Together with leading architects and artists, AkzoNobel played it part to help restore the Karachi Railway Cantt. Station to its' original glamour. The project is part of an initiative by the name of 'Pur Sakoon Karachi'

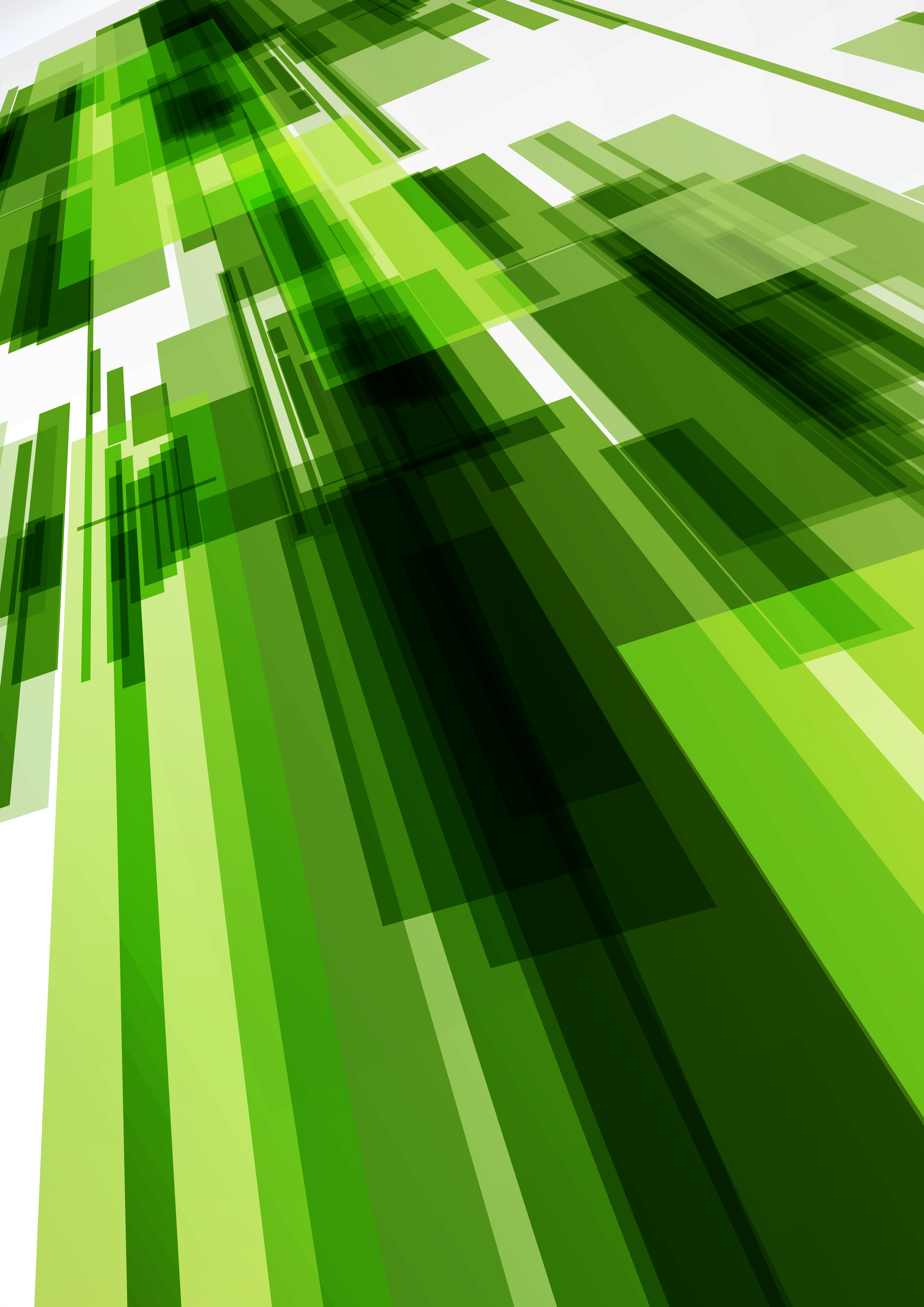
which aims to highlight the positive aspects of Pakistan's port city.

Meanwhile, in the capital city, the Dulux team joined hands with the students of NUST School of Arts, Design & Architecture to paint an orphanage by the name of 'Children's Planet'. The team did not hold back in getting completely hands-on and after a full days' work, were successful in transforming the orphanage to a bright and colorful living space.

Community Program

The Deco Team at AkzoNobel Pakistan was extremely proud when the AkzoNobel Community Program approved our Community Project – 'Hope Uplift Foundation (HUF) School Renovations and Teachers Training'– helping us turn a painting activity into a transformative experience for HUF as well as the employees who participated.

With the help of our global colleagues, the Deco team painted one HUF school, partially renovated another, carried out a Teacher Training Program for all the teachers in the vast HUF school network while our local Dulux team organized a meal distribution amongst the students.AkzoNobel Pakistan plans to continue its collaboration with HUF well into the new year as well.



Business Performance

Decorative Paints

Overview

ICI Dulux is the world's leading brand of premium quality paint. Drawing on a keen understanding of our markets' needs and latest technologies, we aim to enrich people's lives by bringing visual delight and lasting care to their surroundings. ICI Dulux is the pioneer of Tinting Systems in Pakistan under the label of ICI Dulux Colour Solutions which offers over 2,000 shades available all over Pakistan at designated dealer outlets. Color consistency and quality is our forte and our customers can be confident that the color they bring home is exactly what they paid for.

Analysis

The year 2013 started with the country facing many crises at the same time. Economic problems, energy shortages and law and order remained major concerns throughout the year. Despite the challenges, positive sentiment associated with new government provided some impetus to the paint industry.

Highlights

As the world's leading paint manufacturer, we realize that a sustainable business needs to be responsible. Last year we launched an eco-friendly product, ICI Dulux Inspire Emulsion. The paint has near zero volatile organic compounds (VOC's), is odour-less and is NPE (Nonylphenol Ethoxylates) free. With the wide range of trendy colors, superior matt finish and high washability, this luxurious product will be found on most walls in your home. This follows our break-through launch of ICI Dulux Weathershield SunReflect, an exterior paint that reflects sun light making the exterior walls upto 5 degrees cooler.

Committed to sustainability, ICI Dulux has converted all water based products under ICI Dulux umbrella to being Low VOC and NPE/APEO Free; which is harmful to the aquatic environment, a benchmark unmet by any other paint producing company in Pakistan.

New media campaign – Make A Colourful Start

The business initiated a new media campaign themed "Make a Colourful Start". ICI Dulux's mission of 'Adding colour to people's lives' is lived out by inspiring and enabling people around the world to decorate more easily and more often and that is exactly what we were able to achieve through this campaign wherein we made our consumers realise the uplifting effect that colors can provide in people's life.

Decorative centers

To meet each individual's unique needs, ICI Dulux has set up these first of their kind Decorative Centers in Karachi and Lahore that offer customers interior decoration solutions, technical advice and free color consultancy. Upon setting foot in these avant-garde centers, customers are greeted by the ingenious interior design, impressive mixture of colors and outstanding customer service, all of which generates the desire 'to be part of this colourful innovation'.

The 'Be Inspired Seminars' are also conducted at these decorative centers. During these events, color experts speak to the audience and share their insights on current color and design trends with homeowners, architects and interior designers.

Let's Colour projects

Being a socially responsible company, ICI Dulux believes in adding colour to everyone's lives. This ideology translates into the concept of 'Let's Colour Projects', a corporate social responsibility platform, under which ICI Dulux has redecorated and rejuvenated various public schools, heritage buildings and hospitals. Projects like Hope Uplift Foundation Junior School (Lahore), Roshni Model School (Lahore), Children's Planet Orphanage (Islamabad) and Railway Station (Karachi Cantt) were carried out in close collaboration with various architects, artists and non-profit organizations.

Transforming the world and making it a more colorful place is at the heart of AkzoNobel Pakistan. Color is what we breathe, what we live and who we are.

Colour Futures 2014

Colour Futures 2014 was launched in high style in Karachi through an extravagant event for top architects and interior designers. It was an event where the Colour of the Year 2014, 'Teal', was unveiled via great visuals, humour and a memorable performance by Zoe Viccaji.

Color Stories

Drawing from our strength as the color authority, ICI Dulux has created a local Colour Futures Team of recognized experts to identify color palettes that embody latest color, style and design trends, driven by society's evolving moods and interests.

Our team consists of top color authorities of Pakistan – industry groups and design influencers from the worlds of art, fashion, technology, architecture, music and popular culture – who have shared their color journeys and trend forecasts with us.

The stories published during 2013 include the following color experts:

- Saeed Akhtar (Renowned Artist)
- Maria B. (Fashion Designer)
- Amina Raja (Make-up artist)
- Nayyar Ali Dada (Architect)
- Shammal Qureshi (Fashion Stylist)
- Khadija Shah (Fashion Designer)
- Mariam & Aabroo (Make-up Artist)

Innovation and Sustainability

The most recent innovative additions to the ICI Dulux range is ICI Dulux Light & Space, equipped with Lumitec Technology that makes smaller living spaces look brighter and bigger, ICI Dulux Weathershield Roof, a paint for the roof which reduces the roof temperature by 7ºC, ICI Dulux Weathershield Water Repellent, an invisible protective barrier against moisture for unpainted surfaces, and ICI Dulux Wood Care Stains and ICI Dulux PU Lacquer to complete the Wood Care range.

Brands of the year Award 2013 IT'S ALL ABOUT CHAMPIONS

Brand of the Year - Consumers Choice Award

ICI Dulux was once again awarded Brand of the Year 2013 title in the decorative paints category. This is the third consecutive year in which the brand has received this reward. The award is in recognition of being the color authority and market leader in the decorative paints industry in Pakistan. In addition, the brand has also been awarded the 'Consumers Choice Award' for the year 2013 for being the first choice for home-owners and other users of decorative paints.

Performance Coatings

Overview

Overall the Performance Coatings business delivered strong results despite facing difficult market conditions in 2013. A number of new products were commercialized in new business segments which enabled the business to gain share on various new fronts. Careful operational management, cost controls and new business development helped the business deliver strong results. The business took the lead on the sustainability front by becoming the first Performance Coatings business to phase out Lead and Chrome based formulations and move to safer alternatives.

Analysis

2013 proved to be a transformative year for the Vehicle Refinishes business where not only was the business able to achieve growth in volumes as well as contribution margin, but also turned from being in loss for many years into a profitable segment. A number of new business developments that we commercialized, played a vital role in helping the business to gain share opposite competition. In our largest target segment, Automotive, the business suffered significantly as demand for our customer's output remained under pressure. Careful operational planning resulted in improvement on our operational KPIs, most notably the team did well to improve working capital management through a more robust 'sales & operation planning process'. This was the first full year with the combined reporting and activities of Industrial Coatings and Vehicle Refinishes business, which outperformed its revenue targets, strengthened by the increasing customer base.

> The business took the lead on the sustainability front by becoming the first Performance Coatings business to phase out lead and chrome based formulations and move to safer alternatives.

Highlights

The performance of our Vehicle Refinishes business was particularly impressive as new avenues of business have also been explored with the re-launch of Dynacoat. The team focused on increasing market coverage to gain volume growth.

The VR segment also initiated marketing campaigns with ambitions to increase brand awareness and induce purchase intent for Sikkens and DynaCoat. The segment also introduced its first foreign scheme for the dealers of Sikkens and Dulac to motivate channel partners to promote our brands. In addition to the sales and marketing initiatives, the VR segment also focused on the customer's technical needs by conducting a number of training sessions with the help of the R&D department.

The Industry business, which was worst hit by the automotive decline, gained significant ground over competitors through a series of successes on the new business development front, most notable of which were in protective coatings, packaging and marine segments, and was able to capitalize on some institutional business in commercial vehicles.

Developments

The Vehicle Refinishes business won the Total Parco oil tankers repainting project at Pakistan Vehicle Engineering and the GT project at Hino Pak Motors amongst fierce competition. In Protective Coatings we began supplying products for a wind power project. As the leading paints and coatings company, we also lead the way in sustainability by locally producing the paints that are free from added lead and chromate for the tractors market in partnership with Millat Tractors, which are now the first tractors that are painted with eco-friendly paint, in keeping with our role as the leading company on the Dow Jones Sustainability Index. Other major projects included Hunza Sugar Mills, JDW Sugar Mills, Makori Gas Field, Sawan Gas Field and Uch II Thermal power Project. The Marine Coatings Segment was initiated with a first ever project of Pakistan Navy Fleet Tanks.

Our team continues to explore new avenues in collaboration with our global team so that we can bring the latest technologies required to better serve our valuable customers in Pakistan.

Specialty Chemicals

Overview

AkzoNobel has a wide range of speciality chemicals that help serve a number of customers in different market segments, ranging from manufacturing to agriculture. Although this segment has continued to grow and has generated significant value, this is an area that remains very exciting and continues to go from strength to strength, leveraging on our high quality products and strong service level support for our valued customers in a number of applications.

Looking back, 2013 was a year with a mix of challenges and achievements for the Specialty Chemicals business. This was the first full year for the Specialty Chemicals business operating with a local footprint in Pakistan since AkzoNobel Pakistan came into existence. Though the business existed before in fragments, the fact that now AkzoNobel was operating with local presence helped the business to launch a range of new products, add on new customers and ensure existing businesses were sustained. The business grew its market share in segments such has Chelates, Performance Additives and Salt Specialties significantly. Our margins, however, did come under pressure due to rapid appreciation of the US Dollar against the Pakistan Rupee.

Analysis

The business focused on two main business units with relevance to local market i.e Functional Chemicals and Surface Chemistry. Our Functional Chemicals portfolio showed positive growth against last year along with securing some new sustainable wins for our Chelates business in the agriculture industry. The Agriculture sector which is the mainstay of Pakistan's economy was one of our main focus areas for the year 2013. Though performance of the sector remained weak primarily due to unfavourable weather conditions, yet positive trends of important crop prices indicate a favourable scenario for farmer incomes in the years to come, which will indeed give a boost to our work on expanding the market coverage for our agrochemicals.

Our Performance Additives business experienced some significant initial breakthroughs within the paint industry, and will prove to be a major contributor to our business in years to come. In the case of our Amines and Organic Peroxides business, it was more of a mixed picture due to fierce competition from Chinese players and price sensitive nature of the market. Furthermore the team was also able to open up new business avenues for our surfactants range for the personal care, agriculture and road construction segments. We have also initiated introduction of eco-friendly products within our surfactants range as the company aims to put sustainability high on its agenda. The chemicals market has its fair share of opportunities and threats, all of which keep us on our toes to achieve the bottom-line objective of meeting our targets.

This segment remains very exciting and continues to go from strength to strength, leveraging on our high quality products and strong service level support for our valued customers in a number of applications.

We see high growth and high potential for our products catering to the Construction sector, and going forward, we intend to begin work on developing markets for our construction-grade chemicals provided economic conditions remain favourable.

Highlights

The success of our Chelates range, specifically for soap, detergents and agriculture markets, continued in the year 2013. Volumes from our existing customers, including major FMCGs in the country grew and are expected to continue growing.

Similarly, the business was also able to capitalize the market for our Salt Specialties range for application in the pharmaceutical industry. Not only did we experience increased volumes but also enjoyed a high market share in this segment owing to our superior product quality, customer service levels, all of which attracted our customers in the market.

Developments

Significant developments were made for our Surface Chemistry range, whereby new products were launched catering to the cleaning chemicals and personal care markets. New developments in the Functional Chemicals range were made primarily in the Agriculture and Horticulture markets, as well as the Soap & Detergents markets.

We developed first-time new customers for our Performance Additives range, which was a breakthrough in the paints industry considering the technical and commercial hurdles that are faced by new entrants in the paints market. Going forward, after establishment of our new manufacturing site in Ningbo, China we will have the advantage of supplying our products from the new facility which will allow our customers to avail Free Trade Agreement (FTA) advantage and allow us to be more competitive in the market.

We successfully re-established the micronutrients business and developed our emulsifiers range for the Agriculture sector, ensuring that we will be able to play our part in adding value to the major contributing sector of our GDP. Providing high quality and environment-friendly agricultural solutions to our farmers will not only educate the farmers of our superior products but also help them in improving the crop yield significantly.

Corporate Governance and Compliance

AkzoNobel Pakistan's corporate governance structure is based on the company's articles of association, statutory, regulatory and other compliance requirements applicable to companies listed on the stock exchanges, complemented by several internal procedures. These procedures include a risk assessment and control system, as well as a system of assurances on compliance with the applicable laws, regulations and company's code of conduct.

Corporate Governance Statement

The Board of Directors is responsible for setting the goals, objectives and strategies the company has to adopt and for formulating the policies and guidelines towards achieving those goals and objectives. The Board is accountable to the shareholders for the discharge of its fiduciary function. The management is responsible for the implementation of the aforesaid goals and strategies in accordance with the policies and guidelines laid down by the Board of Directors. In order to facilitate a smooth running of the day to day affairs of the company, the Board entrusts the Chief Executive with necessary powers and responsibilities. The Board is also assisted by a number of sub-committees comprising mainly non-executive directors.

Code of Conduct and SpeakUp!

Akzo Nobel Pakistan Limited has always held in high esteem the best practices of corporate governance and believes in widely propagating the values and the ethics for strict adherence by all the employees, contractors, suppliers and others while doing business for the company. In order to apprise the employees of the Code of Conduct, the company organizes training sessions and induction programs on a regular basis to ensure compliance at all levels. Besides this, every employee and director of the company is required to sign, on an annual basis, a statement to the effect that he or she understands the Code of Conduct and that he or she abides by it at all times while doing business for the company.

In order to facilitate strict adherence to the Code of Conduct, the employees also have access to a 'Speak Up' program whereby any employee can report any unethical dealing by any company employee on a confidential basis either through telephone or e-mail. Complete anonymity of the person using this facility is assured and all complaints are thoroughly investigated either by the company internally or by assigning it to the Internal Auditors. Results of the investigation are communicated to the complainant. Whole of this process is being looked after by the Audit Sub Committee of the Board.

Internal Control

Akzo Nobel Pakistan Limited has a sound system of internal control and risk management. The internal audit function which is mainly responsible for internal controls, has been outsourced to M/s Ernst & Young Ford Rhodes Sidat Hyder & Co. and reports directly to the Chairman of the Audit Sub Committee.

Insider Trading and Competition Law

The company has a stringent policy on insider trading and securities transactions. The policy paper which is circulated to all the employees of the company from time to time, divides the employees in certain categories on the basis of their position and involvement in day-to-day decision making process and access to price sensitive information. Certain senior executives and the finance staff are categorized as "Permanent Insiders", while "Executives" (as defined in the Code of Corporate Governance) some of whom may not be "Permanent Insiders", can deal in the company's shares any time outside the closed period announced by the company on the eve of the quarterly Board meetings. The "Permanent Insiders" can deal in the company's shares only during the open period specifically announced by the company immediately after the quarterly Board meetings and the announcement of financial results. This open period does not exceed 15 calendar days in each quarter from the date of announcement of the financial results. All such transactions are required to be reported to the Company Secretary within four days of execution of the transaction with relevant details of purchase/sale of shares.

As embodied in our Code of Conduct, AkzoNobel Pakistan supports the principles of free enterprise and fair competition. The company competes vigorously but fairly with its competitors within the framework of applicable laws - all to provide better and increasingly useful products and more efficient services to our customers. All relevant employees are required to sign an additional declaration of compliance with the Competition Law. The company continues to regularly hold training sessions to ensure compliance with competition laws for relevant employees.

Akzo Nobel Pakistan Limited has always held in high esteem the best practices of corporate governance and believes in widely propagating the values and the ethics for strict adherence by all the employees, contractors, suppliers and others while doing business for the company.

Material interests of Board Members

Directors are required to disclose, at the time of appointment and on an annual basis the directorships or memberships they hold in other corporations. This is in pursuance with Section 214 of the Companies Ordinance 1984, which also requires them to disclose all material interests. We use this information to help us maintain an updated list of related parties. In case any conflict of interest arises, we refer the matter to the Board's Audit Sub Committee.

Risk Management

The company's documented and regularly reviewed procedures are designed to safeguard our assets, address risks facing the business, and ensure timely reporting to the Board and senior management.

The Board has an overall responsibility for the risk management process. The company's documented and regularly reviewed procedures are designed to safeguard our assets, address risks facing the business, and ensure timely reporting to the Board and senior management. We maintain a clear organizational structure with defined delegation of authorities. Our senior management takes the day to day responsibility for implementation of procedures; ongoing risk monitoring; and effectiveness of controls. On an ongoing basis, we monitor risks faced by the company to ensure pertinent control arrangements. Our risk and control procedures are supported through:

Internal Control self-assessment

The Internal Control Self Assessment (ICSA) exercise was carried out by the company in 2013 which assisted in the thorough assessment of controls to ensure a robust control structure. The senior management of the company led this annual self assessment exercise. Existing controls were identified, assessed and documented with the help of the online Control Self Assessment Tool (CSAT). Weaknesses highlighted through this exercise were documented through action plans which clearly defined the corresponding actions to close the identified weaknesses in the system and processes. Action plans are followed up rigorously to ensure that corrective action is timely taken for the effective functioning of controls.

Enterprise Risk Management

The Enterprise Risk Management (ERM) methodology is part of AkzoNobel's effort to clearly and structurally prioritize the risks affecting our operations and organizations, in order to focus the efforts on those risks that are not controlled in an acceptable manner. For this purpose, ERM workshops are conducted on a periodic basis. The purpose and goal of the ERM workshops is to identify, assess and develop responses to the main risks that are affecting or could in the future affect the company in achieving its strategy and objectives (financial and non-financial). A cross-functional Executive Team identifies a detailed list of overall business risk exposures. This exercise is performed by all businesses and functions; and the main outcome of these workshops is the development of a current and complete risk profile upon which necessary action plans are developed to take, treat or transfer (3T's) the identified risks. These action plans are monitored on a regular basis.

Company Information

Board of Directors

Mueen Afzal	Chairman (Non-Executive)
Jehanzeb Khan	Chief Executive
Bart Kaster	Non-Executive
Asad I A Khan	Non-Executive
James Thick	Non-Executive
Peter Tomlinson	Non-Executive
Zia U Syed	Executive

Audit Sub Committee

Asad I A Khan	Chairman (Non-Executive)
Mueen Afzal	Non-Executive
Bart Kaster	Non-Executive

Human Resource & Remuneration Sub Committee

Mueen Afzal	Chairman (Non-Executive)
Peter Tomlinson	Non-Executive
Jehanzeb Khan	Chief Executive

Share Transfer Committee

Jehanzeb Khan	Chief Executive
Zia U Syed	Chief Financial Officer
Saira Soofi	Company Secretary

Chief Financial Officer

Zia U Syed

Company Secretary

Saira Soofi

Executive Management Team

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

Bankers

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

Internal Auditors

Ernst & Young Ford Rhodes Sidat Hyder,
Chartered Accountants

External Auditors

KPMG Taseer Hadi & Co.,
Chartered Accountants

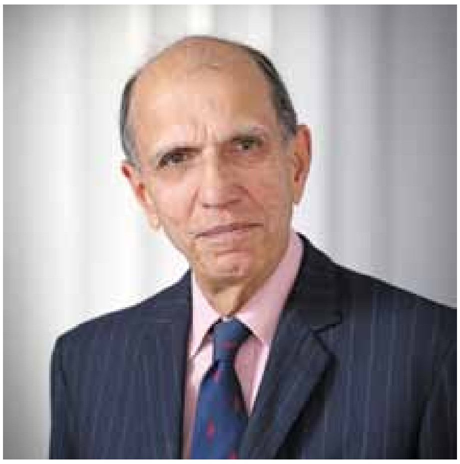
Registered Office

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
Tel: (021) 34380101-5
Fax: (021) 34380106

Our Board of Directors



Mueen Afzal (Non-Executive)

Appointed to the Board of Directors of Akzo Nobel Pakistan Limited on May 23, 2012, Mr. Mueen Afzal is also the Chairman of Akzo Nobel Pakistan Limited. Mr. Afzal joined the Civil Service of Pakistan in 1964 and held important positions, including Finance Secretary in Balochistan (1981-1984) and in the Punjab (1984-1986). He was also the Economic Minister in the Pakistan Embassy, Washington, DC, USA (1987-1990), Health Secretary for the Government of Pakistan (1995-1996), Finance Secretary for the Government of Pakistan (1996-1998), and Secretary General, Finance and Economic Affairs from 1999-2002. Mr. Afzal has been awarded Hilal-e- Imitaz for distinguished public service in 2002.

Additionally, Mr. Mueen Afzal is the Chairman of Pakistan Tobacco Company Limited and Sanjan Nagar Public Education Trust, Lahore and currently holds directorships of Murree Brewery Company Limited Rawalpindi, Pakistan Philanthropy Centre, Islamabad, Beaconhouse National University, Lahore, Children's Global Network, Islamabad, Karachi Education Initiative, Dawood Centre, Karachi. He is also a Senior Advisor in Pakistan for Faber Industries Spa, an Italian company which produces CNG cylinders for road transport; and member of the advisory committee on South Asian issues at Wolfson College, Oxford University, and on the advisory committee at F.C.College, Lahore. Mr. Afzal is also a member of the pension committees for the management and staff at the Pakistan Tobacco Company.

Asad I Khan (Non-Executive)

Appointed to the Board of Directors of Akzo Nobel Pakistan Limited on May 21, 2012, Mr. Asad I. A. Khan, an architect by profession, graduated from the National College of Arts, Lahore and obtained a Master's degree in Architecture from the University of Illinois, Chicago, USA. Asad joined NESPAK in 1985 and from 1999 to 2009 served as Head of the Architecture & Planning Division. In 2009, Mr. Khan took charge as the President and Managing Director of NESPAK till the year 2013.

Asad brings with him 32 years rich and varied experience of architectural planning and design, interior design, landscape architecture, construction supervision and project management with a wide range of outstanding and often award-winning projects of national significance, including the Prime Minister's house, the Secretariat building, the Stock Exchange building and the Telecom Towers in Islamabad and Expo Centre and the Arabian Sea Country Club in Karachi.

Asad is also an avid sportsman having represented Pakistan in various golf championships, having served as Secretary and Vice President of the Sindh Golf Association. He has been the captain at the Karachi Golf Club and the Arabian Sea Country Club. Presently, Asad is the President of Sindh Golf Association.

Peter Tomlinson (Non-Executive)

Appointed to the Board of Directors of Akzo Nobel Pakistan Limited on May 23, 2012, Peter Tomlinson a graduate of University of York (UK) with a degree in Chemistry 1984, has held various sales and marketing management positions for Courtaulds PLC (UK) within Decorative and Yacht Coatings from 1984-1990.

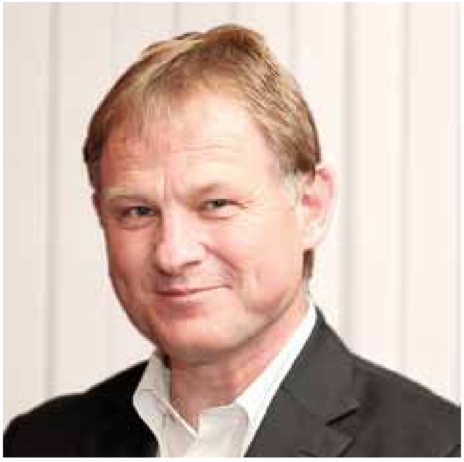
From 1990-1992, Peter acted as the General Manager Courtaulds Yacht Coatings (Italy). In the years 1992-2003 Peter held various General Management Operations/R&D and Commercial positions in AkzoNobel UK. Peter was the Aerospace General Manager, from 2003-2005, in AkzoNobel, The Netherlands. Moreover, Peter was also the SBU Director EMEA Marine & Protective Coatings (UK) 2005-2011 (board member of UK, German, French, Netherlands, Belgian and East Russian companies).

Currently since 2011 Peter is the Managing Director of AkzoNobel Middle East and on the board of management for Akzo Nobel UAE (Paints) LLC, Akzo Nobel Saudi Arabia, and International Warba (Kuwait) and Akzo Nobel Oman SAOC. Mr. Tomlinson is also on the board of Akzo Nobel Qatar since January 2014.

James Thick (Non-Executive)

Appointed to the Board of Directors of Akzo Nobel Pakistan Limited on May 23, 2012, Mr. James Thick, a UK national, studied at Brunel University gaining a Bsc (hons) in Applied Chemistry before joining the company in 1988. He has held numerous roles in AkzoNobel and is currently Director Performance Coatings Middle East.

James Thick is currently also the Director of the following companies AkzoNobel UAE (Paints) LLC, International Paint Saudi Arabia Ltd and Akzo Nobel Powder Coatings FZE.



Bart Kaster (Non-Executive)

Appointed to the Board of Directors of Akzo Nobel Pakistan Limited on May 23, 2012, Bart has been associated with the AkzoNobel Group since 1980, during which he has held senior positions and various business and corporate assignments in Europe and Asia.

Bart is also Director of Akzo Nobel Limited, AkzoNobel UK Limited, AkzoNobel Decorative Coatings Limited, ICI Limited, ICI Chemicals and Polymers Ltd and also chairman of Anholmen Fastighets AB, a Swedish AkzoNobel company and of Akzo Nobel Bygglim AB (Sweden). Bart is also on the supervisory Board member of Akzo Nobel GmbH (holding company for all AN companies in Germany).

Jehanzeb Khan

Appointed to the Board of Directors of Akzo Nobel Pakistan Limited in August 2011, Jehanzeb Khan, Chief Executive of Akzo Nobel Pakistan Limited has a career that includes more than a decade in heading commercial enterprises.

His career started at ICI Pakistan, where after joining as a Management Trainee in 1983, he held commercial positions in various businesses before taking over the Paints Business in 2010. He led the team in demerging the Business from ICI Pakistan in 2012 and in the same year established AkzoNobel Pakistan as an independent public listed company. Since then he has successfully steered AkzoNobel Pakistan in establishing itself as a successful, profitable and sustainable entity.

He received his schooling from Burn Hall in Abbottabad, and has a BS in Auto Diesel Technology from the Oregon Institute of Technology in the US. He studied Business Administration at the Darden School, University of Virginia, graduating with an MBA degree. Jehanzeb has attended several management programs including the Advanced Management Programs at INSEAD, France and the Strategic Leadership Program at Oxford University, UK.

Zia U Syed

Appointed to the Board of Directors of Akzo Nobel Pakistan Limited on May 21, 2012, Zia U Syed is also the Chief Financial Officer of Akzo Nobel Pakistan Limited.He joined ICI Pakistan in 1985 and over his 28 years of association with the company, he has worked for all the different businesses, in the capacity of finance manager.

In addition to his extensive experience in the business partner role, he has also served in Corporate Finance roles such as Shared Services and Corporate Compliance. Zia played a key role in the establishment of the Shared Services Function for HR and Finance at ICI, one of the first of its kind in Pakistan. He was also instrumental in implementation of AkzoNobel Corporate Directives on Compliance, Internal Control, Code of Conduct, Risk Management, Speak up, Assurance Process, etc.

Consequent to the demerger, Akzo Nobel Pakistan Limited as an independent entity, had to perform and execute a number of internal and external activities which were previously supported by different Corporate functions of ICI Pakistan. Through the demerger transition activities, alignment with the global organization and in developing the capability to operate autonomously, Zia has played a befitting role and has overseen their success completion.
Zia obtained his degree in Commerce from the University of Punjab and later took up a program in Accountancy at North London Polytechnic, London.

Our Executive Management Team

The Executive Management Team comprises of commercial managers and departmental heads who meet regularly for strategic business planning, decision making and overall management of the company.

(left to right)

Muddassir Khalid
HR Business Partner

Rizwan Afzal
Operations Manager

Imran Qureshi
Business Manager
Decorative Paints

(sitting)
Jehanzeb Khan
Chief Executive

Zia U Syed
Chief Financial Officer

Bashar Rasheed
Supply Chain Manager

Mohsin Raza Naqvi
Business Manager
Performance Coatings & Specialty Chemicals

Shahid Sultan Butt
Technical Manager (R&D)

Report of the Directors

For the year ended December 31, 2013

Your Directors are pleased to present the annual report together with the audited financial statements of the company for the year ended December 31, 2013.

Overview

Despite unfavorable economic conditions, energy shortages and a deteriorating law and order situation, your company performed well in 2013 compared to last year. Net sales income (NSI) at PKR 5.3 billion was up by 11 percent over last year due to higher volumes as a result of customer engagement and brand building initiatives. The operating result at PKR 644 million was also significantly higher than last year on the back of volume growth, improved unit margins, strict control over operating costs and a one off gain due to reversal of provisions no longer required. Accordingly earnings per share at PKR 13.04 were significantly higher than last year.

As a consequence of the special dividend announced by the Directors and approved by shareholders, the company paid PKR 3,649 million to the shareholders. Accordingly surplus cash arising out of the demerger settlement with ICI Pakistan Limited was significantly reduced.

The company contributed PKR 981 million to the national exchequer through taxes, duties and other levies during 2013.

A notice had been issued by the Environmental Protection Authority (EPA) against the company in 2008. Pursuant to that an order was passed by the EPA for violation of certain provisions of the 'Environmental Protection Act, 1997'. The company had filed an appeal against the order in the EPA tribunal in 2008. Subsequently, a number of hearings were held in this regard and appeal was finally allowed by the tribunal and the EPA order was set aside on September 21, 2013.

Financial Performance

			PKR million
	2013	2012	Increase
Turnover	7,125	6,335	12%
Net Sales Income	5,265	4,764	11%
Gross Profit	1,939	1,575	23%
Operating Result	644	260	148%
Profit Before Tax	937	522	80%
Profit After Tax	606	376	61%
Earnings Per Share-Rs	13.04	8.10	61%

Dividends

Your Directors are pleased to announce a final dividend of 25% i.e. PKR 2.50 per share of PKR 10 each of the issued and paid up capital for the full year 2013.

Health, Safety and Environment – HSE

As part of the company drive to improve Operational Eco Efficiency (OEE) a number of initiatives were undertaken in 2013 and resultantly consumption of fresh water, waste and energy was reduced by 31%, 17% and 9% respectively.

In line with AkzoNobel's policies, Life Saving Rules (LSR) were implemented all across the company to improve safety standards further.

Business performance

Despite the macro-economic challenges, energy shortages and the law and order situation, the company, through brand building and customer engagement initiatives, was able to secure a healthy volume and value growth when compared to 2012.

ICI Dulux was once again awarded the "Brands of the Year Award" in the Decorative Paints category based on two key criteria - current year market standing against competitors and consumer preferences.

In 2013, the company launched its fresh media campaign 'Make a Colourful Start' which was aired on top rated channels for maximum viewership and the message was consistent with the brands ideology to use the transformative power of color to influence home owners to paint with ICI Dulux colors more often.

Automotive sector was adversely affected by upward revision of GST on tractors in the fiscal year 2012-2013 while production of passenger car segment showed a decline of 7% mainly due to the adverse impact of soft duties structure on the import of used cars.

Higher sales in the decorative paint market, new opportunities in power and maintenance sectors and stronger market coverage in the Vehicle Refinish sector were able to mitigate the impact of a sluggish automotive sector. Accordingly operating result at PKR 644 million was significantly higher than last year.

Future outlook

In the short term, decorative paint market is expected to pick up momentum as the winter season comes to a close. For the coming year, the company will continue to engage influencers like channel members, paint contractors and architects to positively influence business growth. In the long term, market sentiment suggests that economic revival with development projects is expected to assist consumption of paints and coatings.

Automotive OEM segment is expected to remain under pressure in the coming months due to dwindling market demand; however the situation is expected to improve in H2 2014 with the introduction of new models by the major automotive OEMs. Uncertainty prevails in the tractors segment as the GST has been increased one more time in early 2014.

The company expects growth through increased market coverage in Vehicle Refinish and by capturing new opportunities in the power and maintenance sectors. The company will also keep its focus on new business development by introducing new products from AkzoNobel's global portfolio and increasing the customer base within Specialty Chemicals portfolio.

Acknowledgment

The results of your company are a reflection of the commitment and contribution by its strong pool of talented employees and the trust reposed in the company by its customers, suppliers and service providers.

Auditors

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

Compliance with the Code of Corporate Governance

As required under the code of corporate governance 2012, 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 result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.

- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and deviation if any from these has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance as detailed in the Listing Regulations.
- Key operating and financial data for the last three years is summarized on page F52 and F53.
- 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.

Investment in retirement benefits

The value of investments made by the staff retirement funds operated by the trustees of the funds, as per their respective audited financial statements for the year ended 31 December 2012, are as follows:

	Value in PKR '000
Akzo Nobel Pakistan Limited Management Staff Provident Fund	197,426
Akzo Nobel Pakistan Limited Management Staff Gratuity Fund	97,144
Akzo Nobel Pakistan Limited Management Staff Pension Fund	178,779
Akzo Nobel Pakistan Limited Management Staff Defined Contribution Superannuation Fund	65,531
Akzo Nobel Pakistan Limited Non Management Staff Provident Fund	25,934

Directors' attendance

During the year, 4 (four) Board of Directors, 4 (four) Audit Committee and 2 (two) HR & 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	HR & Remuneration Committee Attendance
Mr. Mueen Afzal	4	4	2
Mr. Peter Tomlinson	3	-	2
Mr. Asad I A Khan	4	4	-
Mr. James Thick	4	-	-
Mr. Jehanzeb Khan Chief Executive	4	-	2
Mr. Zia U Syed Chief Financial Officer	4	4	-
Mr. Bart Kaster	3	4	-
Ms. Saira Soofi Company Secretary	3	1	-
Mr. Harris Mahmood Secretary Audit Committee	-	3	-
Mr. Muddassir Khalid Secretary HR & R Committee	-	-	1

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

Director's training

The Chairman, Mr. Mueen Afzal has completed the certification for the Director's Training Program conducted by Pakistan Institute of Corporate Governance (PICG).

Pattern of shareholding

A statement showing the pattern of shareholding in the company along with additional information as at December 31, 2013 appears on page numbers F54 to F56.

ICI Omicron B.V. (an AkzoNobel group company) held 75.81% shares, while Institutions held 8.03% and individuals and others held the balance 16.16%.

The highest and the lowest market prices during 2013 were PKR 37.04 and PKR 124.78 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.

Mueen Afzal
Chairman / Director

Jehanzeb Khan
Chief Executive

Lahore
February 25, 2014

Statement of Compliance with the Code of Corporate Governance

for the year ended December 31, 2013

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:

Category	**Names**
Independent Director	Mr. Mueen Afzal (Chairman)
	Mr. Asad I A Khan
Executive Director	Mr. Jehanzeb Khan
	Mr. Zia U Syed
Non-Executive Director	Mr. Bart Kaster
	Mr. James Thick
	Mr. Peter Tomlinson

The independent directors meet the criteria of independence under clause i (b) of the Code of Corporate Governance.

2. The directors have confirmed that none of them is servicing as a director in more than seven listed companies, including Akzo Nobel Pakistan Limited.
3. All the resident directors of the company are registered as tax-payer and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board during the year under review.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a mission statement, overall corporate strategy and significant policies of the company. In the meantime, the company has adopted all significant policies applicable at the time of demerger.
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 CEO, other executive directors and non executive directors, have been taken by the Board.
8. During the year four regular meetings 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 four meetings were appropriately recorded and circulated in time.
9. The directors have been provided with copies of the listing regulations of the Karachi Stock Exchange Limited, company's Memorandum and Articles of Association and the Code of Corporate Governance and they are all conversant with their duties and responsibilities. Two of the directors has so far acquired certification under directors training programme conducted by the PICG.
10. No new appointment of CFO and Company Secretary was made during the year. Mr. Harris Mahmood was appointed as Head of Internal Audit on 20 August 2013.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance 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. The half yearly and annual accounts were also initialed by the external auditors before presentation to 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 of Corporate Governance.
15. The company has an Audit Committee of the Board. It comprises three members, all of whom are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the Code of Corporate Governance. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The company has an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is an independent director.
18. The Board has outsourced the internal audit function to M/s Ernst & Young 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.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), 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 the ICAP.
20. 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.
21. The 'closed period' prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Market / price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles enshrined in the Code of Corporate Governance have been complied with.

Mueen Afzal
Chairman / Director

Jehanzeb Khan
Chief Executive

Lahore
February 25, 2014

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 Akzo Nobel 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.

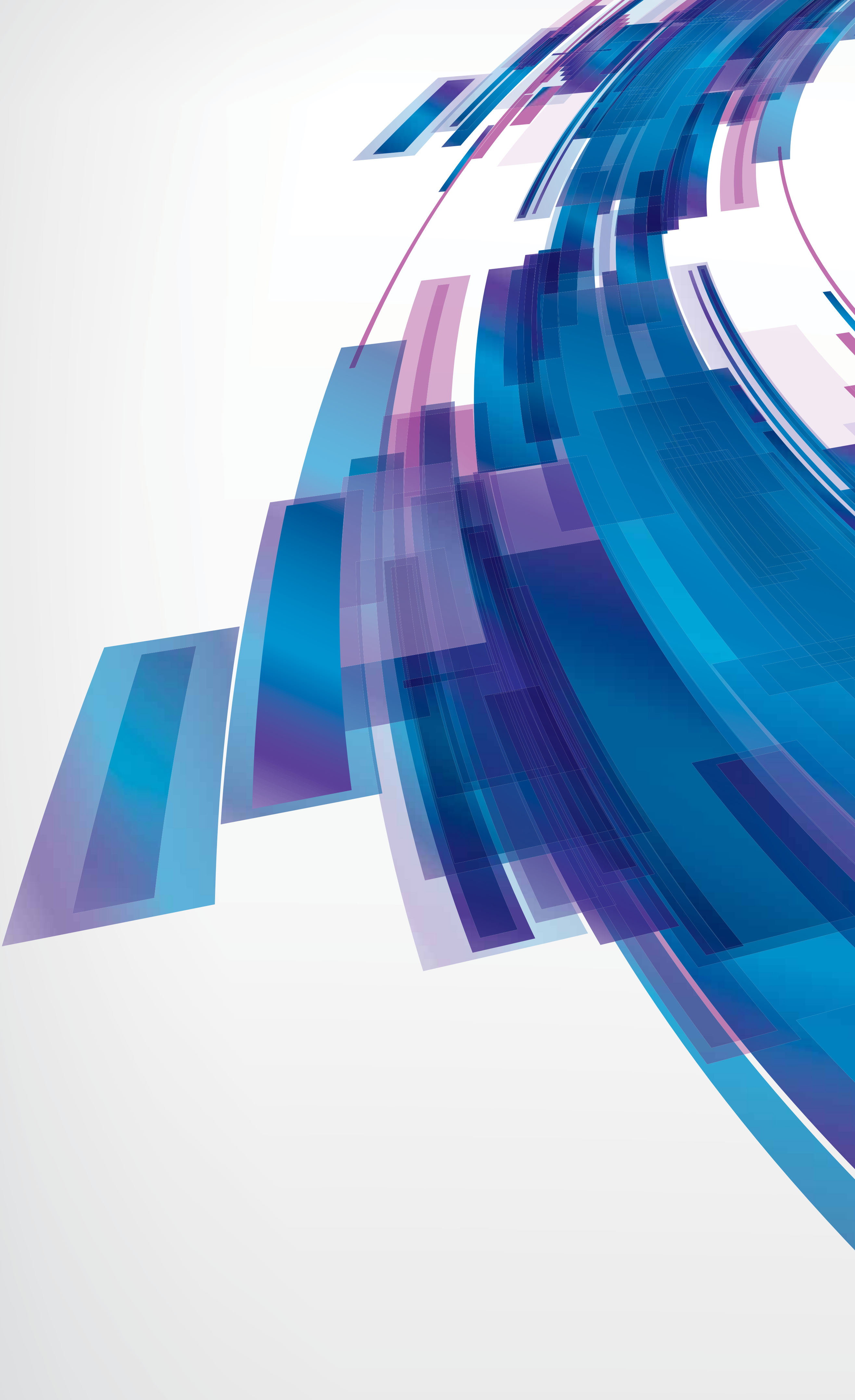
As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the company's corporate governance procedures and risks.

Further, sub-regulation (x) of Listing Regulation No. 35 notified by the respective Stock Exchange where the company is listed requires the company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

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 as applicable to the company for the year ended 31 December 2013.

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

Lahore
February 25, 2014



Akzo Nobel Pakistan Limited
Financial Statements

Auditors' Report to the Members

We have audited the annexed balance sheet of **Akzo Nobel Pakistan Limited** ("the Company") as at 31 December 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and 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 except for the change as stated in Note 3 with which we concur;

   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 balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and 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 2013 and of the profit, its cash flows and changes in equity for the year then ended; and

d) in our opinion Zakat deductible at souce under the Zakat and Ushr Ordinance, 1980, was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

KPMG Taseer Hadi & Co.

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

Lahore
Date: 25 February 2014

Balance Sheet
As at 31 December 2013

Amounts in Rs '000

	Note	2013	2012	2011
			Restated	*Restated*
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorised share capital	6	**1,000,000**	1,000,000	1,000,000
Issued, subscribed and paid-up share capital	6	**464,433**	464,433	1
Reserves	7	**1,530,721**	4,641,945	4,757,488
		1,995,154	5,106,378	4,757,489
Surplus on revaluation of				
property, plant and equipment	8	**883,192**	886,140	889,088
Non-current liabilities				
Deferred liabilities	9	**34,817**	46,549	28,985
Current liabilities				
Trade and other payables	10	**1,329,665**	1,301,143	927,379
Provision for taxation		**5,802**	21,755	76,572
		1,335,467	1,322,898	1,003,951
Contingencies and commitments	11			
		4,248,630	7,361,965	6,679,513

Balance Sheet
As at 31 December 2013

Amounts in Rs '000

	Note	2013	2012	2011
			Restated	*Restated*
ASSETS				
Non-current assets				
Property, plant and equipment	12	**1,356,729**	1,426,569	1,351,504
Intangibles	13	**24,198**	43,020	71,933
Long term loans	14	**63,411**	58,717	38,630
Long term deposits and prepayments	15	**5,855**	2,196	1,894
Deferred tax asset - net	16	**123,725**	211,485	221,314
		1,573,918	1,741,987	1,685,275
Current assets				
Stores and spares	17	**24,282**	24,657	28,866
Stock-in-trade	18	**593,710**	541,070	764,609
Trade debts	19	**546,949**	332,488	267,083
Loans and advances	20	**52,154**	43,332	49,605
Trade deposits and short term prepayments	21	**8,176**	5,583	21,301
Interest accrued		**9,482**	71,985	-
Other receivables	22	**35,453**	40,144	3,639,599
Cash and bank balances	23	**1,404,506**	4,560,719	223,175
		2,674,712	5,619,978	4,994,238
		4,248,630	7,361,965	6,679,513

The annexed notes from 1 to 42 form an integral part of these financial statements.

Mueen Afzal	**Jehanzeb Khan**	**Zia U Syed**
Chairman / Director	Chief Executive	Chief Financial Officer

Profit and Loss Account
For the year ended 31 December 2013

Amounts in Rs '000

	Note	2013	2012
			Restated
Turnover	24	**7,124,812**	6,335,301
Sales tax, excise duty and discounts	25	**(1,859,668)**	(1,571,110)
Net sales		**5,265,144**	4,764,191
Cost of sales	26	**(3,326,178)**	(3,189,510)
Gross profit		**1,938,966**	1,574,681
Selling and distribution expenses	27	**(911,268)**	(823,019)
Administrative and general expenses	28	**(383,253)**	(491,844)
Operating profit		**644,445**	259,818
Finance cost	29	**(35,219)**	(11,308)
Other charges	30	**(80,515)**	(41,810)
		(115,734)	(53,118)
Other income	31	**408,224**	315,568
Profit before taxation		**936,935**	522,268
Taxation	32	**(331,209)**	(146,145)
Profit after taxation		**605,726**	376,123
Earnings per share			
Basic and diluted - *Rupees*	33	**13.04**	8.10

The annexed notes from 1 to 42 form an integral part of these financial statements.

Mueen Afzal
Chairman / Director

Jehanzeb Khan
Chief Executive

Zia U Syed
Chief Financial Officer

Statement of Comprehensive Income
For the year ended 31 December 2013

Amounts in Rs '000

	Note	2013	2012
			Restated
Profit for the year		**605,726**	376,123
Other comprehensive loss			
Items that will never be reclassified to profit or loss:			
Remeasurement of defined benefit liability	9.3	**(32,275)**	(46,435)
Related tax impact		**10,973**	16,253
Tax impact due to reversal of related deferred tax assets		**(48,151)**	-
		(69,453)	(30,182)
Total comprehensive income for the year		**536,273**	345,941

The annexed notes from 1 to 42 form an integral part of these financial statements.

Mueen Afzal
Chairman / Director

Jehanzeb Khan
Chief Executive

Zia U Syed
Chief Financial Officer

Statement of Changes in Equity
For the year ended 31 December 2013

Amounts in Rs '000

	Note	Share capital	Allocated share capital pursuant to the Scheme	Capital reserve: Share premium	Capital reserve: Capital receipts	Revenue reserve: Unappropriated profit	Total
Balance at 01 January 2012 as previously reported		1	464,432	156,006	196	4,206,787	4,827,422
Effect of retrospective change in accounting policy	3	-	-	-	-	(69,933)	(69,933)
Restated balance at 01 January 2012		1	464,432	156,006	196	4,136,854	4,757,489
Total comprehensive income for year ended 31 December 2012							
Profit for the year		-	-	-	-	376,123	376,123
Other comprehensive loss for the year		-	-	-	-	(30,182)	(30,182)
Total comprehensive income - restated		-	-	-	-	345,941	345,941
Incremental depreciation charge during the year - net of deferred tax	8	-	-	-	-	2,948	2,948
Transactions with owners of the Company recognized directly in equity							
Issuance of ordinary shares		464,432	(464,432)	-	-	-	-
Restated balance at 31 December 2012		**464,433**	**-**	**156,006**	**196**	**4,485,743**	**5,106,378**
Total comprehensive income for year ended 31 December 2013							
Profit for the year		-	-	-	-	605,726	605,726
Other comprehensive loss for the year		-	-	-	-	(69,453)	(69,453)
Total comprehensive income		-	-	-	-	536,273	536,273
Incremental depreciation charge during the year - net of deferred tax	8	-	-	-	-	2,948	2,948
Transactions with owners of the Company recognized directly in equity							
Final dividend for the year ended 31 December 2012 @ Rs. 78.60 per share		-	-	-	-	(3,650,445)	(3,650,445)
Balance at 31 December 2013		**464,433**	**-**	**156,006**	**196**	**1,374,519**	**1,995,154**

The annexed notes from 1 to 42 form an integral part of these financial statements.

Mueen Afzal	**Jehanzeb Khan**	**Zia U Syed**
Chairman / Director	Chief Executive	Chief Financial Officer

Cash Flow Statement
For the year ended 31 December 2013

Amounts in Rs '000

	Note	2013	2012
			Restated
Cash flows from operating activities			
Profit before taxation		**936,935**	522,268
Adjustments for:			
Depreciation and amortization		**166,754**	167,956
Loss on disposal of property, plant and equipment		**9,403**	806
(Reversal of) / provision for employee benefits		**(108,873)**	328
Provision for doubtful debts		**8,175**	13,788
Reversal of provision no longer required		**(122,812)**	-
Reversal of provision for obsolete stock		**(19,040)**	(11,017)
Interest income		**(176,500)**	(269,061)
		694,042	425,068
Movement in working capital:			
(Increase) / decrease in current assets			
Stores and spares		**375**	4,209
Stock-in-trade		**(33,600)**	234,556
Trade debts		**(222,636)**	(79,193)
Loans and advances		**(8,822)**	6,273
Trade deposits and short term prepayments		**(2,593)**	15,718
Other receivables		**4,691**	3,599,455
		(262,585)	3,781,018
Increase in current liabilities			
Trade and other payables		**215,254**	344,082
Long term loans		**(4,694)**	(20,087)
Long term deposits and prepayments		**(3,659)**	(302)
Net cash generated from operations		**638,358**	4,529,779
Employee benefits paid		**(800)**	(430)
Tax paid		**(296,579)**	(174,880)
Net cash generated from operating activities		**340,979**	4,354,469
Cash flows from investing activities			
Payments for capital expenditure		**(92,038)**	(214,973)
Proceeds from disposal of property, plant and equipment		**4,542**	972
Interest received		**239,003**	197,076
Net cash generated from / (used in) investing activities		**151,507**	(16,925)
Cash flows from financing activities			
Dividend paid		**(3,648,699)**	-
Net cash used in financing activities		**(3,648,699)**	-
Net cash (utilized) / generated during the year		**(3,156,213)**	4,337,544
Cash and cash equivalents at the beginning of the year		**4,560,719**	223,175
Cash and cash equivalents at the end of the year	23	**1,404,506**	4,560,719

The annexed notes from 1 to 42 form an integral part of these financial statements.

Mueen Afzal
Chairman / Director

Jehanzeb Khan
Chief Executive

Zia U Syed
Chief Financial Officer

Notes to the Financial Statements
For the year ended 31 December 2013

1 Reporting entity

Akzo Nobel Pakistan Limited (“the Company”) was incorporated in Pakistan on 25 August 2011 as a public unlisted company under the Companies Ordinance, 1984 and was subsequently listed on the Karachi and Islamabad Stock Exchanges on 11 July 2012 and Lahore Stock Exchange on 17 July 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

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 and Islamic Financial Accounting Standards (IFAS's) issued by the Institute of Chartered Accountants of Pakistan 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 financial statements have been prepared under the historical cost convention, except for certain classes of property, plant and equipment (i.e. freehold land, buildings on freehold land and plant & machinery) that are stated at revalued amounts and certain exchange elements referred to in Note 4.1 have been recognized in the cost of the relevant property, plant and equipment and defined benefit asset / liability at fair value of plan asset less present value of defined benefit obligation as referred to in Note 9.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is also the Company's functional currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and income and expenses. The estimates, associated assumptions and judgments are continually evaluated and are based on historical experience and various factors, including reasonable expectations of future events.

Judgments and estimates made by the management that may have a significant risk of material adjustments to the financial statements in subsequent years are as below:

Pension and gratuity

Certain actuarial assumptions have been adopted as disclosed in Note 9.11 to the financial statements for valuation of defined benefit obligations and fair value of plan assets.

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 valuer 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 cash flows 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

Notes to the Financial Statements
For the year ended 31 December 2013

equipment with a corresponding affect on the depreciation charge and impairment.

Income Taxes

To align the Company's tax year with accounting year, the Company applied to Commissioner Inland Revenue for change of its tax year from 30 June to 31 December. The Commissioner Inland Revenue vide order no. LTU/CIR Zone -IIT/F#55/492 allowed the Company to use a twelve months period starting from 01 January to 31 December. The tax year of the Company is now same as its accounting year.

Other areas where estimates and judgements are involved has been disclosed in the respective notes to the financial statements.

3 Change in accounting policies

Except for the changes below, the Company has consistently applied the accounting policies as set out in Note 4 to all the periods presented in these financial statements. The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with the date of initial application of 01 January 2013:

- Presentation of items of "Other Comprehensive Income" (Amendments to IAS 1) (See (a))
- IAS 19 "Employee Benefits" (See (b))

The nature and the effect of the changes are further explained below:

a) Presentation of items of other comprehensive income

As a result of the amendments to IAS 1, the Company now presents items of other comprehensive income in its statement of other comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be.

The adoption of the amendment to IAS 1 has no impact on the recognised assets, liabilities and comprehensive income of the Company.

b) Defined benefit plans

As a result of IAS 19 (2011), the Company has changed its accounting policy with respect to the basis for determining the income or expense related to post employment defined benefit plans.

Under IAS 19, the Company determines the net interest expense (income) for the year on the net defined benefit liability (asset) by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset) at the beginning of the annual period, taking into account any changes in the net defined benefit liability (asset) during the year as a result of contributions and benefit payments. Consequently, the net interest on the net defined benefit liability (asset) now comprises:

- Interest cost on the defined benefit obligation;
- Interest income on plan assets; and
- Interest on the effect on the asset ceiling.

Previously, the Company determined interest income on plan assets based on their long term rate of expected return.

All the changes in present value of defined benefit obligation are now recognized in the statement of comprehensive income and the past service costs are recognized in profit and loss account, immediately in the period they occur.

Notes to the Financial Statements
For the year ended 31 December 2013

Amounts in Rs '000

The change in accounting policy has been applied retrospectively. The effect of the change is as follows:

	2012		2011	
	Previously reported	**Restated**	Previously reported	**Restated**
Balance sheet				
Deferred tax asset - net	163,334	**211,485**	183,658	**221,314**
Reserves	4,731,368	**4,641,945**	4,362,989	**4,757,488**
Deferred liabilities	41,409	**46,549**	25,061	**28,985**
Trade and other payables	1,181,176	**1,301,143**	823,714	**927,379**

		2012	
	Previously reported	Defined benefit plans	**Restated**
Profit and loss account			
Cost of sales	(3,192,800)	3,290	**(3,189,510)**
Selling and distribution expenses	(831,244)	8,225	**(823,019)**
Administrative and general expenses	(496,779)	4,935	**(491,844)**
Taxation	(140,387)	(5,758)	**(146,145)**
Statement of comprehensive income			
Remeasurement of defined benefit liability	-	(46,435)	**(46,435)**
Related tax impact	-	16,253	**16,253**
Statement of changes in equity as on 31 December 2011			
Unappropriated profit	4,206,787	(69,933)	**4,136,854**

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

4.1 Property, plant and equipment

Property, plant and equipment (except freehold land) are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land, buildings on freehold land and plant & machinery are stated at revalued amounts less accumulated depreciation and impairment losses, if any. Capital work-in-progress is stated at cost. Cost of certain property, plant and equipment comprises historical cost, exchange differences recognized, cost of exchange risk cover in respect of foreign currency loans obtained, if any, 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, if any, for specific projects.

Notes to the Financial Statements
For the year ended 31 December 2013

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. 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. 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 profit and loss account as and when incurred. Improvements are capitalized when it is probable that respective future economic benefits will flow to the Company and the cost of the item can be measured reliably. Assets replaced, if any, are derecognized.

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

4.2 Intangibles

Intangible assets with a finite useful life, such as certain software, licenses (including software licenses etc.) and property rights, are capitalized initially at cost and subsequently stated at cost less accumulated amortization and impairment losses, if any.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

Amortization is based on the cost of an asset less its residual value, if any. Amortization is recognized in profit and loss on a straight-line basis over the estimated useful lives of intangible assets. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

4.3 Stores and spares

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

4.4 Stock-in-trade

Stock-in-trade is valued at the lower of weighted average cost and estimated net realizable 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 realizable value signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and selling expenses.

Stock in transit is valued at a cost, comprising invoice value plus other charges invoiced there on.

4.5 Financial instruments

4.5.1 Non-derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

Notes to the Financial Statements
For the year ended 31 December 2013

The Company derecognizes a financial asset when the contractual rights to the cash flows from the assets expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following categories:

- Financial assets at fair value through profit or loss;
- Held-to-maturity financial assets;
- Loans and receivables; and
- Available-for-sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method, less any impairment losses. A provision for impairment of loans and 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.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables including accrued interest.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

As at 31 December 2013 no financial assets of the Company are classified under following categories:

- Financial assets at fair value through profit or loss;
- Available-for-sale financial assets; and
- Held-to-maturity financial assets.

4.5.2 Non-derivative financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs.

Other financial liabilities comprise trade and payables and provision for taxation.

Share capital (Ordinary shares)

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are

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recognised as a deduction from equity, net of any tax effects.

4.6 Impairment

Financial assets (including receivables)

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy.

All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss account.

Non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss account.

Impairment loss recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. 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 amortization, if no impairment loss had been recognized.

4.7 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

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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 pensioners' medical plan reimburses actual medical expenses to pensioners as per entitlement. The Company recognizes expense in accordance with IAS 19 “Employee Benefits”.

Past-service costs are recognized immediately in profit and loss account, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit and loss account.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit and loss account. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Defined contribution plans

The Company operates two registered contributory provident funds for its permanent 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. The said funds were transferred from ICI Pakistan Limited pursuant to the scheme of demerger in 2011. In addition to this the Company also provides group insurance to all its employees.

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

4.8 Provisions

A provision is recognized 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. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

4.9 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or

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- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.10 Revenue recognition

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the customer.

Profit on short-term deposits is accounted for on a time-apportioned basis using the effective interest rate method.

4.11 Financial expenses and financial income

Financial expenses are recognized using the effective interest rate method and comprise foreign currency losses and mark-up / interest expense on borrowings.

Financial income comprises interest income on funds invested. Mark-up / interest income is recognized as it accrues in profit and loss account, using the effective interest rate method.

4.12 Operating lease / Ijarah contracts

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 / Ijarah contracts (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.

4.13 Borrowings and their cost

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowing costs are recognized 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 capitalized as part of the cost of that asset.

4.14 Foreign currency translation

Transactions denominated in foreign currencies are translated into Pak Rupees, at the foreign exchange rates prevailing 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.

4.15 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income or below equity, in which case it is recognized in other comprehensive income 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 recognized using balance sheet method, providing for temporary differences between the carrying

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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 realization or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation.

The Company recognizes 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 utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Further, the Company recognizes deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.

4.16 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

4.17 Dividend and other appropriations

Dividend is recognized as a liability in the period in which it is declared and approved. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved.

4.18 Related party transactions

The Company enters into transactions with related parties on arm's length basis except in rare circumstances where, subject to approval of Board of Directors, it is in the interest of the Company to do so.

5 Initial application of new standards, interpretations or amendments to existing standards and forthcoming requirements

5.1 Standards, amendments or interpretations which became effective during the year

During the year certain amendments to standards or new interpretations became effective, however, the amendments or interpretation did not have any material effect on the financial statements of the Company except as mentioned in Note 3.

5.2 New accounting standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2014:

- IFRIC 21- Levies ‘an interpretation on the accounting for levies imposed by governments’ (effective for annual periods beginning on or after 01 January 2014). IFRIC 21 is an interpretation of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 01 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 "Financial Instruments: Presentation". The amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’; and that some gross settlement systems may be considered equivalent to net settlement.

- Amendment to IAS 36 “Impairment of Assets” recoverable amount disclosures for non-financial assets (effective for annual periods beginning on or after 01 January 2014). These narrow-scope amendments to

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IAS 36 address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

- Amendments to IAS 39 “Financial Instruments: Recognition and Measurement” continuing hedge accounting after derivative novations (effective for annual periods beginning on or after 01 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria.

- Amendments to IAS 19 “Employee Benefits” employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.

Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 01 July 2014). The new cycle of improvements contain amendments to the following standards:

- IFRS 2 “Share-based payment”. IFRS 2 has been amended to clarify the definition of ‘vesting condition’ by separately defining ‘performance condition’ and ‘service condition’. The amendment also clarifies both how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

- IFRS 3 “Business Combinations”. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

- IFRS 8 “Operating Segments” has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment’s assets to the entity assets is required only if this information is regularly provided to the entity’s chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

- Amendments to IAS 16 “Property, plant and equipment” and IAS 38 “Intangible Assets”. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

- IAS 24 “Related Party Disclosure”. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

- IAS 40 “Investment Property”. IAS 40 has been amended to clarify that an entity should assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

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	2013	2012		Note	2013	2012
6	**Share capital**					
6.1	**Authorized share capital**					
	Number of shares					
	100,000,000	100,000,000	Ordinary shares of Rs. 10/- each		**1,000,000**	1,000,000
6.2	**Issued, subscribed and paid-up share capital**					
	46,443,320	46,443,320	Ordinary shares of Rs. 10/- each issued as fully paid shares for consideration other than cash		**464,433**	464,433
	46,443,320	46,443,320			**464,433**	464,433

ICI Omicron B.V. (a wholly owned subsidiary of Akzo Nobel N.V.) holds 35,209,665 ordinary shares of Rs. 10/- each representing 75.81% of the share capital of the Company.

		Note	2013	2012
7	**Reserves**			
	Capital reserves			
	Share premium	7.1	**156,006**	156,006
	Capital receipts	7.1	**196**	196
			156,202	156,202
	Revenue reserves - Unappropriated profit		**1,374,519**	4,485,743
			1,530,721	4,641,945

7.1 These amounts have been allocated and transferred to the Company pursuant to the scheme of demerger in 2011.

8 Surplus on revaluation of property, plant and equipment

This represents surplus arising on revaluation of freehold land, buildings on freehold land and plant and machinery carried out in December 2011.

	2013	2012
Balance at beginning of the year	**886,140**	889,088
Transfer to unappropriated profit in respect of incremental depreciation during the year - net of deferred tax	**(2,948)**	(2,948)
Balance at end of the year	**883,192**	886,140

9 Deferred liabilities - staff retirement benefits

9.1 The amounts recognized in the balance sheet are:

	Note	2013	2012
Unfunded - recognized in deferred liability	9.4	**34,817**	46,549
Payable to employee retirement benefit fund:			
- Pension fund	9.4	**38,398**	60,362
- Gratuity fund	9.4	**76,297**	85,523
		114,695	145,885
		149,512	192,434

Notes to the Financial Statements
For the year ended 31 December 2013

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	Note	2013					2012				
		Funded			Unfunded	Total	Funded			Unfunded	Total
		Pension	Gratuity	Sub Total			Pension	Gratuity	Sub Total		
							Restated				
9.2 The amounts recognized in the profit and loss account against defined benefit schemes are as follows:											
Current service cost		**7,167**	**10,993**	**18,160**	**1,448**	**19,608**	8,135	7,788	15,923	1,746	17,669
Interest cost		**22,208**	**18,674**	**40,882**	**4,065**	**44,947**	25,826	14,845	40,671	3,762	44,433
Expected return on plan assets		**(18,298)**	**(11,901)**	**(30,199)**	**-**	**(30,199)**	(22,515)	(11,324)	(33,839)	-	(33,839)
		11,077	**17,766**	**28,843**	**5,513**	**34,356**	11,446	11,309	22,755	5,508	28,263
Past service cost / (reversal)		**(37,911)**	**(16,666)**	**(54,577)**	**(11,089)**	**(65,666)**	37,911	16,666	54,577	11,089	65,666
Net charge to profit and loss		**(26,834)**	**1,100**	**(25,734)**	**(5,576)**	**(31,310)**	49,357	27,975	77,332	16,597	93,929
9.3 Included in other comprehensive income											
Remeasurement of plan obligation from:											
- Change in demographic assumptions		**1,768**	**(1,130)**	**638**	**4,763**	**5,401**	-	-	-	-	-
- Change in financial assumptions		**496**	**304**	**800**	**113**	**913**	-	-	-	-	-
- Experience on obligation		**(56,534)**	**(20,959)**	**(77,493)**	**480**	**(77,013)**	(42,570)	(55,652)	(98,222)	(1,397)	(99,619)
Return on plan assets, excluding interest income		**29,267**	**9,157**	**38,424**	**-**	**38,424**	43,563	9,621	53,184	-	53,184
		(25,003)	**(12,628)**	**(37,631)**	**5,356**	**(32,275)**	993	(46,031)	(45,038)	(1,397)	(46,435)
9.4 Movement in the net asset / (liability) recognized in the balance sheet are as follows:											
Balance at beginning of the year		**(60,362)**	**(85,523)**	**(145,885)**	**(46,549)**	**(192,434)**	(47,672)	(44,750)	(92,422)	(28,985)	(121,407)
Net charge for the year	9.2	**26,834**	**(1,100)**	**25,734**	**5,576**	**31,310**	(49,357)	(27,975)	(77,332)	(16,597)	(93,929)
Contributions / payments		**20,133**	**22,954**	**43,087**	**800**	**43,887**	35,674	33,233	68,907	430	69,337
Actuarial gain / (loss) charged to OCI	9.3	**(25,003)**	**(12,628)**	**(37,631)**	**5,356**	**(32,275)**	993	(46,031)	(45,038)	(1,397)	(46,435)
Balance at end of the year		**(38,398)**	**(76,297)**	**(114,695)**	**(34,817)**	**(149,512)**	(60,362)	(85,523)	(145,885)	(46,549)	(192,434)
9.5 The amounts recognized in the balance sheet are as follows:											
Fair value of plan assets		**223,144**	**129,017**	**352,161**	**-**	**352,161**	202,471	106,444	308,915	-	308,915
Present value of defined benefit obligation		**(261,542)**	**(205,314)**	**(466,856)**	**(34,817)**	**(501,673)**	(224,922)	(175,301)	(400,223)	(35,460)	(435,683)
Deficit		**(38,398)**	**(76,297)**	**(114,695)**	**(34,817)**	**(149,512)**	(22,451)	(68,857)	(91,308)	(35,460)	(126,768)
Past service cost recognized		**-**	**-**	**-**	**-**	**-**	(37,911)	(16,666)	(54,577)	(11,089)	(65,666)
Recognized liability		**(38,398)**	**(76,297)**	**(114,695)**	**(34,817)**	**(149,512)**	(60,362)	(85,523)	(145,885)	(46,549)	(192,434)

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	Note	2013 Funded Pension	2013 Funded Gratuity	2013 Funded Sub Total	2013 Unfunded	2013 Total	2012 Funded Pension	2012 Funded Gratuity	2012 Funded Sub Total	2012 Unfunded	2012 Total
							Restated				
9.6 Movement in the present value of defined benefit obligation:											
Balance at beginning of the year		**224,922**	**175,301**	**400,223**	**35,460**	**435,683**	245,956	130,355	376,311	28,985	405,296
Current service cost	9.2	**7,167**	**10,993**	**18,160**	**1,448**	**19,608**	8,135	7,788	15,923	1,746	17,669
Interest cost	9.2	**22,208**	**18,674**	**40,882**	**4,065**	**44,947**	25,826	14,845	40,671	3,762	44,433
Benefits paid		**(47,025)**	**(21,439)**	**(68,464)**	**(800)**	**(69,264)**	(97,565)	(33,339)	(130,904)	(430)	(131,334)
Actuarial loss / (gain)		**54,270**	**21,785**	**76,055**	**(5,356)**	**70,699**	42,570	55,652	98,222	1,397	99,619
Balance at end of the year		**261,542**	**205,314**	**466,856**	**34,817**	**501,673**	224,922	175,301	400,223	35,460	435,683
9.7 Movement in the fair value of plan assets:											
Balance at beginning of the year		**202,471**	**106,444**	**308,915**	**-**	**308,915**	198,284	85,605	283,889	-	283,889
Expected return	9.2	**18,298**	**11,901**	**30,199**	**-**	**30,199**	22,515	11,324	33,839	-	33,839
Contributions	9.4	**20,133**	**22,954**	**43,087**	**-**	**43,087**	35,674	33,233	68,907	-	68,907
Benefits paid	9.6	**(47,025)**	**(21,439)**	**(68,464)**	**-**	**(68,464)**	(97,565)	(33,339)	(130,904)	-	(130,904)
Actuarial gain / (loss)		**29,267**	**9,157**	**38,424**	**-**	**38,424**	43,563	9,621	53,184	-	53,184
Balance at end of the year		**223,144**	**129,017**	**352,161**	**-**	**352,161**	202,471	106,444	308,915	-	308,915
9.8 Plan assets comprise:											
Government bonds		**118,654**	**94,220**	**212,874**	**-**	**212,874**	109,422	76,239	185,661	-	185,661
Corporate bonds		**-**	**1,491**	**1,491**	**-**	**1,491**	1,243	1,752	2,995	-	2,995
Mutual funds – debt		**666**	**20**	**686**	**-**	**686**	-	-	-	-	-
Shares		**103,228**	**28,542**	**131,770**	**-**	**131,770**	72,013	21,953	93,966	-	93,966
Level 3 adjustment	9.9	**513**	**4,328**	**4,841**	**-**	**4,841**	-	-	-	-	-
Cash		**83**	**416**	**499**	**-**	**499**	19,793	6,500	26,293	-	26,293
		223,144	**129,017**	**352,161**	**-**	**352,161**	202,471	106,444	308,915	-	308,915

9.9 All Government bonds, mutual funds and shares are valued at quoted market prices. Corporate bonds were valued at marketized prices. The Company booked cost on earlier projections of plan assets. The resulting difference is the Level 3 asset. The values of the Company's shares included in the plan assets of the pension and gratuity fund are Rs. 899,000 and Rs. 961,000 respectively. The Gratuity Fund is invested within the limits specified by the regulations governing investment of approved retirement funds in Pakistan.

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		2013	2012
9.10	**Historical information**		
	Present value of defined benefit obligation	**501,673**	435,683
	Fair value of plan assets	**352,161**	308,915
	Deficit	**149,512**	126,768

9.11	**The principal actuarial assumptions at the reporting date were as follows:**		
	Discount rate	**13.00%**	11.50%
	Expected return on plan assets	**13.00%**	11.50%
	Future salary increases - management staff	**14.50%**	13.00%
	Future salary increases - non-management staff	**10.80%**	9.50%
	Future pension increases	**7.60%**	6.20%
	Medical cost trend	**7.60%**	6.20%

Mortality rate

Mortality of active employees and pensioners is represented by the LIC (96-98) Table. The table has been rated down three years for mortality of female pensioners and widows. Non-management staff mortality is assumed to be 70% of the EFU(61-66) Table.

As at 31 December 2013, the weighted average duration of the defined benefit obligation was 6.8 years (2012: 8.6 years).

These figures are based on the actuarial valuation as at 31 December 2013. The valuation uses the Projected Unit Credit method.

9.12 Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

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	Impact on defined benefit obligation		
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
Discount rate	0.5%	(14,430)	15,412
Salary growth rate	0.5%	12,501	(11,927)
Pension growth rate	0.5%	-	-
Medical cost trend rate	0.5%	2,435	(2,191)
Mortality rate	1 year	333	(310)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

9.13 The Company contributed Rs. 16.35 million (2012: Rs. 14.52 million) and Rs. 10.78 million (2012: Rs. 9.15 million) to the provident fund and the defined contribution superannuation fund respectively during the year.

9.14 **Employee provident fund**

	2013	2012
Size of the fund - fund assets	**240,387**	220,542

Break-up of investments made by the fund are as follows:

	2013 (Un-audited)		
	Cost	**Fair value**	**Percentage**
Government securities	**160,226**	**161,735**	**67.28%**
Listed securities	**40,909**	**57,293**	**23.83%**
	201,135	**219,028**	

	2012 (Audited)		
	Cost	Fair value	Percentage
Government securities	167,416	169,188	76.71%
Listed securities	42,125	46,185	20.94%
	209,541	215,373	

The Company has complied with all the requirements set out by the provisions of Section 227 of the Companies Ordinance, 1984 and the Employees' Provident Fund (Investment in Listed Securities) Rules, 1996, for investments out of the provident fund.

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		Note	2013	2012
				Restated
10	**Trade and other payables**			
	Creditors:			
	- local		**455,113**	496,269
	- foreign	10.1	**267,411**	157,540
			722,524	653,809
	Royalty and technical service fee	10.2	**88,130**	66,002
	Accrued expenses		**253,978**	332,114
	Advances from customers		**45,196**	26,188
	Sales tax, excise and custom duties		**39,817**	24,280
	Workers' profit participation fund	10.3	**49,312**	26,622
	Workers' welfare fund	10.4	**8,517**	3,671
	Payable for capital expenditure		**1,633**	2,120
	Withholding tax payable		**3,317**	2,393
	Dividend payable		**1,746**	-
	Payable to employee retirement benefit funds	9.1	**114,695**	145,885
	Others		**800**	18,059
			1,329,665	1,301,143

10.1	**This includes balances due to the following related parties:**			
	AkzoNobel N.V.		**46,806**	32,339
	AkzoNobel Car Refinishes B.V.		**27,447**	19,794
	AkzoNobel Functional Chemicals AB		**23,223**	5,534
	AkzoNobel Chemicals (Ningbo) Co. Ltd.		**8,736**	6,568
	International Paint Saudi Arabia		**14,410**	994
	AkzoNobel UAE Paints LLC		**4,992**	-
	AkzoNobel United Kingdom		**1,077**	1,261
	AkzoNobel Packaging Coatings S.A		**252**	2,089
	AkzoNobel Paints LLC (USA)		**-**	1,840
	AkzoNobel Functional Chemicals B.V.		**-**	1,650
	International Paint Netherlands		**190**	175
	AkzoNobel (Asia Pacific) Pte Ltd.		**19**	18
			127,152	72,262

10.2	**This includes royalty and technical service fees payable to following related parties:**			
	Imperial Chemical Industries Limited		**80,683**	58,672
	AkzoNobel Coatings International B.V.		**4,257**	-
	AkzoNobel Chemicals International B.V.		**193**	-
			85,133	58,672

Notes to the Financial Statements
For the year ended 31 December 2013

Amounts in Rs '000

		Note	2013	2012
10.3	**Workers' profit participation fund**			
	Balance at beginning of the year		**26,622**	14,998
	Allocation for the year	30	**49,312**	26,622
	Interest on funds utilized in the Company's business	29	**2,165**	-
	Payments made to the fund during the year		**(28,787)**	(14,998)
	Balance at end of the year		**49,312**	26,622
10.4	**Workers' welfare fund**			
	Balance at beginning of the year		**3,671**	5,815
	Allocation for the year	30	**19,121**	10,323
	Payments made during the year		**(14,275)**	(12,467)
	Balance at end of the year		**8,517**	3,671
11	**Contingencies and commitments**			
11.1	**Claims against the Company not acknowledged as debts are as follows:**			
	Local bodies		**-**	453
	Sales tax authorities		**91,087**	91,087
	Others		**11,973**	34,435
			103,060	125,975
11.2	Commitments in respect of capital expenditure		**12,260**	28,787

11.3 The commitments of future payments under operating leases / Ijarah financing contracts in respect of vehicles in the year in which these payments shall become due are as follows:

			2013	2012
	Year			
	2013		**-**	12,634
	2014		**18,727**	11,501
	2015		**17,647**	9,940
	2016		**13,476**	5,281
	2017		**4,933**	-
			54,783	39,356
	Payable not later than one year		**18,727**	12,634
	Payable later than one year but not later than five years		**36,056**	26,722
			54,783	39,356
12	**Property, plant and equipment**			
	Property, plant and equipment	12.1	**1,346,921**	1,381,425
	Capital work-in-progress	12.2	**9,808**	45,144
			1,356,729	1,426,569

Notes to the Financial Statements
For the year ended 31 December 2013

Amounts in Rs '000

12.1 Property, plant and equipment

	Note	Freehold land	Buildings on freehold land	Plant and machinery	Furniture and equipment	Vehicles	Total
Cost							
Balance at 01 January 2012		878,960	216,137	790,239	84,234	3,224	1,972,794
Transfers		-	4,673	(21,302)	16,942	(313)	-
Additions		-	13,447	141,210	65,231	-	219,888
Disposals		-	(538)	(5,969)	(12,874)	-	(19,381)
Balance at 31 December 2012		878,960	233,719	904,178	153,533	2,911	2,173,301
Balance at 01 January 2013		**878,960**	**233,719**	**904,178**	**153,533**	**2,911**	**2,173,301**
Additions		**-**	**31,352**	**69,496**	**18,517**	**732**	**120,097**
Disposals		**-**	**(8,652)**	**(25,355)**	**(9,866)**	**(732)**	**(44,605)**
Balance at 31 December 2013		**878,960**	**256,419**	**948,319**	**162,184**	**2,911**	**2,248,793**
Accumulated depreciation							
Balance at 01 January 2012		-	109,138	496,806	54,542	2,911	663,397
Depreciation for the year	12.1.1	-	24,538	81,963	31,207	-	137,708
Disposals		-	(417)	(4,195)	(4,617)	-	(9,229)
Balance at 31 December 2012		-	133,259	574,574	81,132	2,911	791,876
Balance at 01 January 2013		**-**	**133,259**	**574,574**	**81,132**	**2,911**	**791,876**
Depreciation for the year	12.1.1	**-**	**26,449**	**80,077**	**33,744**	**439**	**140,709**
Disposals		**-**	**(3,264)**	**(17,277)**	**(9,733)**	**(439)**	**(30,713)**
Balance at 31 December 2013		**-**	**156,444**	**637,374**	**105,143**	**2,911**	**901,872**
Carrying amounts							
At 31 December 2012		878,960	100,460	329,604	72,401	-	1,381,425
At 31 December 2013		**878,960**	**99,975**	**310,945**	**57,041**	**-**	**1,346,921**
Rate of depreciation - %age		**-**	**5 - 10**	**3.33 - 10**	**10 - 33.3**	**10 - 25**	

Notes to the Financial Statements
For the year ended 31 December 2013

Amounts in Rs '000

		Note	2013	2012
12.1.1	The depreciation charge for the year has been allocated as follows:			
	Cost of sales		**91,758**	97,497
	Selling and distribution expenses		**14,620**	9,033
	Administrative and general expenses		**34,331**	31,178
		12.1.2	**140,709**	137,708

12.1.2 Depreciation for the year includes incremental depreciation due to revaluation, amounting Rs. 4.54 million (2012: Rs. 4.54 million).

12.1.3 Subsequent to transfer of property, plant and equipment from ICI Pakistan Limited on the effective date (01 July 2011) of the scheme of demerger, specific classes of property, plant and equipment (i.e. freehold land, buildings on freehold land and plant and machinery) of the Company were revalued by an independent valuer. The said revaluation resulted in a surplus of Rs. 371.02 million. Valuations for building for freehold land and plant and machinery were based on the estimated gross replacement cost, depreciated to reflect the residual service potential of the assets taking account of the age, conditions and obsolescence. Land was valued on the basis of fair market value.

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

	2013	2012
Freehold land	**6,259**	6,259
Buildings on freehold land	**90,180**	88,019
Plant and machinery	**304,657**	321,427
	401,096	415,705

Notes to the Financial Statements
For the year ended 31 December 2013

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12.1.5 Following assets were disposed off during the year:

	2013					
	Mode of sale	Cost	Accumulated depreciation	Net book value	Sale proceeds	Particulars of buyers
Buildings on freehold land						
D.P Warehouse	Negotiation	8,652	3,264	5,388	1,180	Al-Hammad Traders, Asim Town, Lahore. Maksons Engineering, Mall Plaza, Rawalpindi and Falcon International, Sheikhupura.
Plant and machinery						
D.P Warehouse	Negotiation	8,514	4,149	4,365	1,123	Haseen Habib Corporation (Pvt.) Ltd., Kot Lakhpat, Lahore and Younas Kabaria, Spanwala Bazar, Chungi Amar Sidhu, Lahore.
Tinting machines	Negotiation	7,580	4,080	3,500	-	Lasani Paint, Lahore, City Paint, Peshawar, R.K Paints, Rawalpindi, Zareen Paint House, Haripur, Royal Paint House, Sialkot, Raja Paints, Lahore, Zain Traders, Abbotabad, Mughal Paints, Depalpur, Shani Paints, Gujranwala, and M.Siddiq Paint Corner, Karachi.
Cold storage, compressors and ventilation system	Negotiation	7,582	7,369	213	1,090	Bismillah Traders, Gujjarpura, Lahore.
Furniture and equipment - IT Equipments						
Laptop	Insurance claim	108	27	81	80	Adamjee Insurance Company Limited.
IT and miscellaneous	Write-off	5,291	5,240	51	-	Written-off
Vehicles						
Toyota corolla	Entitlement	732	439	293	322	Waqar Mustafa Khan (Employee)
Other assets with book value less than Rs. 50,000		6,167	6,145	22	715	
		44,626	**30,713**	**13,913**	**4,510**	

Notes to the Financial Statements
For the year ended 31 December 2013

Amounts in Rs '000

	2012					
	Mode of sale	Cost	Accumulated depreciation	Net book value	Sale proceeds	Particulars of buyers
Buildings on freehold land						
Revamping of Regional Colour Centre	Write-off	538	417	121	-	Written-off
Plant and machinery						
Tinting machines	Negotiation	3,143	1,473	1,670	-	Asim Enterprises, Peshawar, Sheikh Siddiq & Sons, Sheikhupura, Tayyab Contractor, Karachi and Fine Paints, Sahiwal.
Diesel generators and fire alarm control panel	Write-off	230	133	97	-	Written-off
Furniture and equipment - IT Equipments						
Computers	Insurance claim	222	112	110	137	Adamjee Insurance Company Limited.
Communication tower	Negotiation	894	199	695	35	Atiq-ur-Rehman Shop # 23, Bund Road, Lahore.
IT and other miscellaneous equipment	Write-off	11,758	4,306	7,452	-	Written-off
Other assets with book value less than Rs. 50,000		2,596	2,589	7	800	
		19,381	**9,229**	**10,152**	**972**	

Notes to the Financial Statements
For the year ended 31 December 2013

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		2013	2012
12.2	**Capital work-in-progress**		
	Civil works and buildings	**1,534**	25,617
	Plant and machinery	**7,123**	18,980
	Equipments	**1,151**	547
		9,808	45,144

		Software	Licenses	Total
13	**Intangibles**			
	Cost			
	Balance at 01 January 2012	2,800	85,737	88,537
	Additions	-	1,335	1,335
	Balance at 31 December 2012	2,800	87,072	89,872
	Balance at 01 January 2013	**2,800**	**87,072**	**89,872**
	Additions	**429**	**6,794**	**7,223**
	Balance at 31 December 2013	**3,229**	**93,866**	**97,095**
	Accumulated amortization			
	Balance at 01 January 2012	2,100	14,504	16,604
	Amortization	560	29,688	30,248
	Balance at 31 December 2012	2,660	44,192	46,852
	Balance at 01 January 2013	**2,660**	**44,192**	**46,852**
	Amortization	**235**	**25,810**	**26,045**
	Balance at 31 December 2013	**2,895**	**70,002**	**72,897**
	Carrying amounts			
	At 31 December 2012	140	42,880	43,020
	At 31 December 2013	**334**	**23,864**	**24,198**
	Rate of amortization - %age	**20 - 50**	**20 - 50**	

13.1 The amortization charge for the year has been allocated to administrative and general expenses.

Notes to the Financial Statements
For the year ended 31 December 2013

Amounts in Rs '000

		Note	2013	2012
14	**Long term loans**			
	Secured - considered good			
	Loans to related parties:			
	- Executives	14.1	**53,298**	43,730
	- Other employees		**34,877**	35,580
			88,175	79,310
	Recoverable within one year	20	**(24,764)**	(20,593)
			63,411	58,717

		2013	2012
14.1	Reconciliation of the carrying amount of loans to directors and executives:		
	Balance at beginning of the year	**43,730**	47,127
	Disbursements	**36,239**	24,841
	Repayments	**(26,671)**	(28,238)
	Balance at end of the year	**53,298**	43,730

14.2 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.

14.3 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 Company in accordance with their terms of employment.

14.4 The maximum aggregate amount of long term loans due from the executives at the end of any month during the year was Rs. 3.57 million (2012: Rs. 6.25 million) and Rs. 59.09 million (2012: Rs. 43.75 million) respectively.

		2013	2012
15	**Long term deposits and prepayments**		
	Deposits	**4,087**	869
	Prepayments	**1,768**	1,327
		5,855	2,196

Notes to the Financial Statements
For the year ended 31 December 2013

Amounts in Rs '000

16 Deferred tax asset - net

	2013			
	Balance at beginning of the year	**Recognized in profit and loss**	**Recognized in other comprehensive income**	**Balance at end of the year**
Deductible temporary differences				
Provisions and tax credits	**274,613**	**(48,388)**	**(48,151)**	**178,074**
Taxable temporary differences				
Property, plant and equipment				
and intangibles	**(63,128)**	**8,779**	**-**	**(54,349)**
	211,485	**(39,609)**	**(48,151)**	**123,725**

	2012			
	Balance at beginning of the year	Recognized in profit and loss	Effect of restatement	Balance at end of the year
Deductible temporary differences				
Provisions and tax credits	279,869	(15,751)	10,495	274,613
Taxable temporary differences				
Property, plant and equipment				
and intangibles	(58,555)	(4,573)	-	(63,128)
	221,314	(20,324)	10,495	211,485

	2013	2012
17 Stores and spares		
Stores	**7,003**	7,380
Spares	**24,723**	24,721
	31,726	32,101
Provision for slow moving and obsolete stocks	**(7,444)**	(7,444)
	24,282	24,657

17.1 Stores and spares does not include any item that has been purchased for the purpose of capital expenditure.

Notes to the Financial Statements
For the year ended 31 December 2013

Amounts in Rs '000

		Note	2013	2012
18	**Stock-in-trade**			
	Raw and packing material	18.1	**329,229**	338,238
	Work-in-process	26	**18,498**	23,353
	Finished goods	18.2 & 18.3	**292,545**	278,176
			640,272	639,767
	Provision for slow moving and obsolete stocks			
	- Raw material		**(14,794)**	(40,830)
	- Finished goods		**(31,768)**	(57,867)
		18.4	**(46,562)**	(98,697)
			593,710	541,070

18.1 Raw and packing material includes items in transit as at 31 December 2013 amounting Rs. 158.14 million (2012: Rs. 134.06 million).

18.2 Finished goods includes items in transit as at 31 December 2013 aggregating to Rs. 16.68 million (2012: Rs. Nil).

18.3 Finished goods includes trading items amounting to Rs. 63.96 million (2012: Rs. 59.51 million).

18.4 **Provision for stock-in-trade**

	Note	2013	2012
Balance at beginning of the year		**98,697**	113,714
Stock written-off against provision		**(32,566)**	(4,000)
Provision written back	31	**(19,040)**	(11,017)
Transfer / reclassification		**(529)**	-
Balance at end of the year		**46,562**	98,697

Notes to the Financial Statements
For the year ended 31 December 2013

Amounts in Rs '000

		Note	2013	2012
19	**Trade debts**			
	Considered good:			
	- Secured	19.1	**17,124**	12,797
	- Unsecured		**786,601**	587,741
			803,725	600,538
	Considered doubtful		**242,276**	272,782
			1,046,001	873,320
	Provision for			
	- Doubtful debts	19.2	**(242,276)**	(272,782)
	- Discounts	19.3	**(256,776)**	(268,050)
			(499,052)	(540,832)
			546,949	332,488

19.1 These debts are secured against letters of credit.

		Note	2013	2012
19.2	**Provision for doubtful debts**			
	Balance at beginning of the year		**272,782**	259,137
	Charge for the year	28	**8,175**	13,788
	Debts written-off against provision		**(77,508)**	(143)
	Transfers / reclassification		**38,827**	-
	Balance at end of the year		**242,276**	272,782
19.3	**Provision for discounts**			
	Balance at beginning of the year		**268,050**	307,985
	Charge for the year		**750,020**	669,976
	Discounts paid during the year		**(747,706)**	(709,911)
	Transfers / reclassification		**(13,588)**	-
	Balance at end of the year		**256,776**	268,050

Notes to the Financial Statements
For the year ended 31 December 2013

Amounts in Rs '000

		Note	2013	2012
20	**Loans and advances**			
	Secured - considered good			
	Current portion of loans to:			
	- Directors and executives		**17,616**	13,069
	- Other employees		**7,148**	7,524
		14	**24,764**	20,593
	Advances to:			
	- Directors and executives	20.1	**244**	836
	- Other employees		**218**	899
			462	1,735
	Unsecured - considered good			
	Advances to contractors and suppliers		**26,928**	21,004
			52,154	43,332

20.1 These are advances to the Company's directors and executives in respect of travelling expenses. The maximum aggregate amount of advances due from the directors and executives at the end of any month during the year was Nil and Rs. 0.94 million (2012: Rs. 0.41 million and Rs. 0.9 million) respectively.

		Note	2013	2012
21	**Trade deposits and short term prepayments**			
	Trade deposits		**1,350**	2,438
	Short term prepayments		**6,826**	3,145
			8,176	5,583

		Note	2013	2012
22	**Other receivables**			
	Unsecured - considered good:			
	Due from related parties	22.1	**18,202**	14,742
	Insurance claims		**37**	7,093
	Others		**17,214**	25,309
			35,453	47,144
	Provision for doubtful receivables	22.2	**-**	(7,000)
			35,453	40,144

Notes to the Financial Statements
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Amounts in Rs '000

		Note	2013	2012
22.1	These represent receivable from following related parties:			
	ICI Swire Paints (Shanghai) Limited		**109**	101
	AkzoNobel Car Refinishes B.V.		**313**	-
	AkzoNobel N.V.		**17,780**	14,641
			18,202	14,742

22.2 Provision for doubtful receivables amounting to Rs. 7 million was written back during the year.

		Note	2013	2012
23	**Cash and bank balances**			
	Cash in hand		**17,412**	9,653
	Cash at bank - current accounts	23.1	**324,583**	280,097
	Short term deposits	23.2	**1,062,511**	4,270,969
			1,404,506	4,560,719

23.1 This includes US Dollars amounting USD 101,617.17 (2012: USD 44,767).

23.2 These represents Term Deposit Receipts placed with a commercial bank, having maturity period ranging from 2 weeks to 3 months (2012: 2 weeks to 3 months). The mark-up on these deposits ranges between 7.75% to 8.25% (2012: 7.40% to 8.00%) per annum.

23.3 The facility for running finance and issuance of letters of credit is available from a commercial bank amounting to Rs. 475 million. The facility carries mark-up rate of 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 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 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.

		Note	2013	2012
24	**Turnover**			
	Export sales		**63,280**	66,090
	Local sales		**7,061,532**	6,269,211
			7,124,812	6,335,301

Notes to the Financial Statements
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		Note	2013	2012
25	**Sales tax, excise duty and discounts**			
	Sales tax and excise duty		**1,011,707**	847,766
	Discounts		**847,961**	723,344
			1,859,668	1,571,110

		Note	2013	2012
26	**Cost of sales**			
				Restated
	Raw and packing materials consumed		**2,720,502**	2,625,691
	Salaries, wages and benefits	26.1	**104,721**	97,574
	Fuel and power		**48,999**	41,126
	Stores and spares consumed		**8,712**	9,043
	Rent, rates and taxes		**9,701**	17,437
	Insurance		**15,300**	24,107
	Repairs and maintenance		**13,795**	8,934
	Royalties and technical assistance	26.2	**127,305**	29,039
	Depreciation	12.1.1	**91,758**	97,497
	Communication expenses		**2,368**	3,440
	Contractual services		**35,380**	45,596
	Security, safety, health and environment		**11,205**	5,334
	Training and recruitment		**2,834**	1,806
	General expenses	26.3	**13,489**	10,375
			3,206,069	3,016,999
	Opening work-in-process		**23,353**	35,692
	Closing work-in-process	18	**(18,498)**	(23,353)
	Cost of goods manufactured		**3,210,924**	3,029,338
	Opening finished goods		**220,309**	283,402
	Finished goods purchased for resale		**155,722**	97,079
	Closing finished goods	18	**(260,777)**	(220,309)
	Cost of goods sold		**3,326,178**	3,189,510

Notes to the Financial Statements
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26.1 Salaries, wages and benefits include Rs. 3.17 million (2012: Rs. 2.91 million) in respect of provident fund contributions, Rs. 4.45 million (2012: Rs. 12.67 million) in respect of pensions, Rs. 4.13 million (2012: Rs. 7.48 million) in respect of gratuity and Rs. 0.84 million (2012: Rs. 2.35 million) in respect of pensioners' medical plan.

26.2 Royalties and technical assistance includes expenses against royalties and technical services obtained from the related parties; Imperial Chemical Industries Limited amounting to Rs. 101 million (2012: Rs. 21 million), AkzoNobel Coatings International B.V. Rs. 18.28 million (2012: Nil) and AkzoNobel Chemicals International B.V. Rs 1 million (2012: Nil).

26.3 This includes Ijarah rentals amounting to Rs. 2.24 million (2012: Rs. 2.26 million).

		Note	2013	2012
				Restated
27	**Selling and distribution expenses**			
	Salaries and benefits	27.1	**269,336**	265,250
	Advertising and publicity expenses		**334,367**	255,949
	Outward freight and handling		**173,136**	167,850
	Fuel and power		**5,051**	5,040
	Rent, rates and taxes		**19,020**	22,547
	Repairs and maintenance		**3,168**	4,548
	Depreciation	12.1.1	**14,620**	9,033
	Travelling expenses		**34,323**	29,472
	Communication charges		**8,816**	8,552
	Contractual services		**23,839**	29,479
	Training and recruitment		**5,921**	6,644
	Legal and professional expenses		**274**	6,243
	Security, safety, health and environment		**8,950**	423
	Entertainment expense		**2,181**	2,214
	General expenses	27.2	**8,267**	9,775
			911,268	823,019

27.1 Salaries, wages and benefits include Rs. 9.13 million (2012: Rs. 8.58 million) in respect of provident fund contributions, Rs. 9.95 million (2012: Rs. 26.81 million) in respect of pensions, Rs. 8.93 million (2012: Rs. 13.92 million) in respect of gratuity and Rs. 2.13 million (2012: Rs. 6.06 million) in respect of pensioners' medical plan.

27.2 This includes Ijarah rentals amounting to Rs. 6.85 million (2012: Rs. 6.62 million).

Notes to the Financial Statements
For the year ended 31 December 2013

Amounts in Rs '000

		Note	2013	2012
				Restated
28	**Administrative and general expenses**			
	Salaries and benefits	28.1	**160,483**	229,157
	Fuel and power		**6,794**	7,794
	Rent, rates and taxes		**8,277**	3,149
	Insurance		**2,194**	1,660
	Repairs and maintenance		**10,517**	13,983
	Depreciation	12.1.1	**34,331**	31,178
	Amortization	13	**26,045**	30,248
	Provision for doubtful debts	19.2	**8,175**	13,788
	Travelling expenses		**9,390**	13,123
	Communication charges		**10,787**	11,363
	IT services		**42,842**	52,638
	Contractual services		**15,765**	11,657
	Legal and professional expenses		**2,373**	16,856
	Training and recruitment		**6,880**	5,641
	Directors fee		**1,700**	1,140
	General expenses	28.2	**36,700**	48,469
			383,253	491,844

28.1 Salaries, wages and benefits include Rs. 5.12 million (2012: Rs. 3.47 million) in respect of provident fund contributions, Rs. 7.45 million (2012: Rs. 19.42 million) in respect of pensions, Rs. 5.61 million (2012: Rs. 7.56 million) in respect of gratuity and Rs. 1.55 million (2012: Rs. 3.12 million) in respect of pensioners' medical plan.

28.2 This includes Ijarah rentals of Rs. 6.21 million (2012: Rs. 7.38 million).

		Note	2013	2012
29	**Finance cost**			
	Discounting charges on receivables		**11,173**	3,200
	Interest on workers' profit participation fund	10.3	**2,165**	-
	Exchange loss		**14,757**	-
	Bank charges		**7,124**	8,108
			35,219	11,308

Notes to the Financial Statements
For the year ended 31 December 2013

Amounts in Rs '000

		Note	2013	2012
30	**Other charges**			
	Auditors' remuneration	30.1	**2,679**	2,000
	Donations		**-**	2,059
	Workers' profit participation fund	10.3	**49,312**	26,622
	Workers' welfare fund	10.4	**19,121**	10,323
	Other charges		**9,403**	806
			80,515	41,810
30.1	**Auditors' remuneration**			
	Audit fee		**1,500**	1,500
	Other assurances and certifications		**1,090**	300
	Out of pocket expenses		89	200
			2,679	2,000
31	**Other income**			
	Income from financial assets			
	Profit on short term and call deposits		**176,500**	269,061
	Exchange gain - net		**-**	780
	Income from non-financial assets			
	Scrap sales		**10,937**	10,970
	Others			
	Provisions no longer required written back:			
	- Employee retirement benefits	9.2	**65,666**	-
	- Obsolete stocks		**19,040**	11,017
	- Others		**122,812**	-
	Miscellaneous		**13,269**	23,740
			408,224	315,568

Notes to the Financial Statements
For the year ended 31 December 2013

Amounts in Rs '000

		Note	2013	2012
32	**Taxation**			
	- Current year		**250,542**	125,821
	- Prior year		**41,058**	-
	- Deferred	16	**39,609**	20,324
			331,209	146,145
32.1	**Tax reconciliation**			
	Profit before taxation		**936,935**	522,268
	Tax using domestic rates		**318,558**	177,036
	Effect of prior year change		**41,058**	-
	Tax impact on income under FTR of the current year		**11,162**	(5,502)
	Tax impact due to reversal of other comprehensive income related deferred tax assets		**(48,151)**	-
	Others		**8,582**	(25,389)
	Net tax charged		**331,209**	146,145
33	**Earnings per share**			
33.1	**Basic earnings per share**			
	Profit after taxation	***Rupees***	**605,726**	376,123
	Weighted average number of ordinary shares	***Numbers***	**46,443,320**	46,443,320
	Earnings per share	***Rupees***	**13.04**	8.10

33.2 Diluted earnings per share

There is no dilutive effect as the Company does not have any convertible instruments in issue at 31 December 2013 and 31 December 2012, which would have any effect on the earnings per share if the option to convert was exercised.

Notes to the Financial Statements
For the year ended 31 December 2013

Amounts in Rs '000

34 Operating segments

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

34.2 Revenue from sale of paints represents 99.25% (2012: 99.62%) of the total revenue of the Company.

34.3 99.11% (2012: 98.96%) sales of the Company relates to customers in Pakistan.

34.4 All non-current assets of the Company as at 31 December 2013 are located in Pakistan.

35 Remuneration of chief executive, directors and executives

	Chief executive		**Executive director**		**Executives**	
	2013	2012	**2013**	2012	**2013**	2012
Managerial remuneration	**13,172**	10,533	**7,155**	3,785	**143,746**	123,342
Medical	**60**	373	**936**	36	**7,719**	6,158
Utilities	**1,157**	924	**587**	307	**10,285**	10,112
Retirement benefits	**5,463**	3,541	**3,039**	1,288	**45,881**	33,462
Group insurance	**49**	35	**31**	14	**1,151**	956
Rent and house maintenance	**4,629**	3,698	**2,643**	1,381	**41,562**	40,939
	24,530	19,104	**14,391**	6,811	**250,344**	214,969
Number of persons	***1**	*1	**1**	1	**111**	96

* The chief executive holds 10 shares of the Company.

35.1 In addition to above, an amount of Rs. 83.97 million (2012: Rs. 43.71 million) on account of variable pay to employees has been recognized in the current year. This is payable in the year 2014 after verification of achievements against target.

35.2 Out of variable pay recognized for 2012, payments of Rs. 5.21 million and Rs. 19.40 million were made to Chief Executive and Executives respectively.

35.3 The chief executive, one director and certain executives are provided with free use of Company maintained cars in accordance with their entitlement.

35.4 Fee paid to chairman and non-executive director amounted to Rs 1.70 million (2012: Rs. 1.14 million) for attending board and other meetings.

35.5 Executives are employees whose basic salaries exceed Rs. 500,000 in a financial year.

Notes to the Financial Statements
For the year ended 31 December 2013

Amounts in Rs '000

		2013	2012
36	**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 these financial statements is as follows:

	2013	2012
Holding Company		
Dividend paid	**2,490,732**	-
Associates		
Purchase of goods, materials and services	**195,965**	105,157
Indenting commission income	**5,668**	540
Sale of goods and services	**1,912**	6,213
Reimbursement of expenses	**10,289**	-
Royalty paid	**74,311**	-

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

37 Fair value of financial assets and liabilities

The carrying amounts of the financial assets and financial liabilities approximate their fair values and are determined on the basis of non observable market data.

38 Financial risk management

The Company's activities expose it to a variety of financial risks:

- Credit risk
- Liquidity risk
- Market risk (including currency risk, interest rate risk and price risk)

The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

38.1 Risk management framework

The Board of Directors has overall responsibility for establishment and over sight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Notes to the Financial Statements
For the year ended 31 December 2013

Amounts in Rs '000

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

38.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties failed completely to perform as contracted. The Company does not have significant exposure to any individual counterparty. 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. To mitigate the risk, the Company has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored. Some customers are also secured, where possible, by way of inland letters of credit, cash security deposit, bank guarantees and insurance guarantees.

38.2.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date was:

	Note	2013	2012
Bank balances and short term deposits	23	**1,387,094**	4,551,066
Interest accrued		**9,482**	71,985
Trade debts	19	**546,949**	332,488
Other receivables	22	**35,453**	40,144
Loans to employees	14	**63,411**	58,717
Current portion of loans to employees	20	**24,764**	20,593
Short term advances	20	**462**	1,735
Long term deposits	15	**4,087**	869
Trade deposits	21	**1,350**	2,438
		2,073,052	5,080,035

Notes to the Financial Statements
For the year ended 31 December 2013

Amounts in Rs '000

	Note	2013	2012
Secured:			
Long term loans to employees		**63,411**	58,717
Current portion of loans to employees		**24,764**	20,593
Trade debts		**17,124**	12,797
Advances to employees		**462**	1,735
		105,761	93,842
Unsecured		**1,967,291**	4,986,193
		2,073,052	5,080,035

38.2.2 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty.

38.2.2.1 Bank balances and accrued interest on term deposit receipts

The Company's exposure to credit risk against balances with various commercial banks is as follows:

	Note	2013	2012
Domestic:			
- Balances with banks	23	**1,387,094**	4,551,066
- Accrued interest on term deposit receipts		**9,482**	71,985
		1,396,576	4,623,051

	Ratings				
	Short term	**Long term**	**Rating agency**		
Citi Bank Lahore	P-2	A3	Moody's	**15,066**	1,739,167
United Bank Limited	A-1+	AA+	JCR-VIS	**307,815**	243,582
Habib Metropolitan Bank	A1+	AA+	PACRA	**49**	1,640
Deutsche Bank	A-1	A	Standard & Poor's	**1,073,646**	2,638,662
				1,396,576	4,623,051

38.2.2.2 Trade debts

The trade debts as at the balance sheet date are classified in Pak Rupees. The aging of trade receivables at the reporting date is:

Notes to the Financial Statements
For the year ended 31 December 2013

Amounts in Rs '000

	Note	2013	2012
Neither past due nor impaired		**751,912**	565,424
Past due:			
1-30 days		**59,914**	40,753
31-90 days		**49,972**	20,929
91-120 days		**6,793**	4,457
more than 120 days		**177,410**	241,757
		294,089	307,896
		1,046,001	873,320
Provision for doubtful debts	19.2	**(242,276)**	(272,782)
Provision for discounts	19.3	**(256,776)**	(268,050)
		546,949	332,488

The maximum exposure to credit risk for past due and impaired at the reporting date by type of counterparty is:

	Note	2013	2012
Wholesale customers		**41,954**	6,420
Retail customers		**215,581**	269,656
End-user customers		**36,554**	31,820
		294,089	307,896
Provision for doubtful debts	19.2	**(242,276)**	(272,782)
		51,813	35,114

The recommended approach for provision is to assess the top layer (covering 50%) of trade receivables on an individual basis and apply, dynamic approach to the remainder of receivables. The procedure introduces a company-standard for dynamic provisioning:

- Provide impairment loss for 50% of the outstanding receivable when overdue more than 90 days; and

- Provide an impairment loss for 100% when overdue more than 120 days.

38.2.2.3 ***Other receivables***

Other receivables includes balance of Rs. 18.20 million (2012: Rs. 14.74 million) receivable from related parties as mentioned in Note 22 . The balance of Rs. 16.78 million (2012: Rs. 18.75 million) is receivable from ICI Pakistan Limited, which was a related party prior to demerger and has a good credit history with the Company.

Notes to the Financial Statements
For the year ended 31 December 2013

Amounts in Rs '000

		2013	2012
38.2.3	**Concentration risk**		

Concentration of credit risk exists when the changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial assets is broadly diversified and all other transactions are entered into with creditworthy counterparties there-by mitigating any significant concentrations of credit risk.

	2013	2012
Textile	**843**	638
Paper and Board	**1,294**	-
Chemicals	**2,090**	2,001
Pharmaceuticals	**55**	120
Construction	**3,891**	9,825
Transport	**21,117**	4,609
Dealers	**902,542**	770,855
Banks	**1,396,576**	4,623,051
Employees	**88,637**	81,045
Others	**155,059**	128,723
	2,572,104	5,620,867
Provision for		
- Doubtful debts	**(242,276)**	(272,782)
- Discounts	**(256,776)**	(268,050)
	(499,052)	(540,832)
	2,073,052	5,080,035

38.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has obtained running finance facilities from Deutsche Bank to meet any deficit, if required to meet the short term liquidity commitments.

Notes to the Financial Statements
For the year ended 31 December 2013

Amounts in Rs '000

The table below analyzes the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the maturity date. The following are the contractual maturities of financial liabilities at 31 December 2013:

	Carrying amount	Contractual cash flows	Up to one year or less
Financial liabilities			
Trade payables	**624,742**	**624,742**	**624,742**
Royalty and technical service fee	**88,130**	**88,130**	**88,130**
Payable for capital expenditure	**1,633**	**1,633**	**1,633**
Forward foreign exchange contracts	**97,782**	**97,782**	**97,782**
Others	**2,546**	**2,546**	**2,546**
	814,833	**814,833**	**814,833**

The following are the contractual maturities of financial liabilities at 31 December 2012:

	Carrying amount	Contractual cash flows	Up to one year or less
Financial liabilities			
Trade payables	653,809	653,809	653,809
Royalty and technical service fee	66,002	66,002	66,002
Payable for capital expenditure	2,120	2,120	2,120
Others	18,059	18,059	18,059
	739,990	739,990	739,990

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amount.

38.4 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk, currency risk and other price risk.

38.4.1 Interest rate risk

Interest rate risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date the interest rate profile of Company's interest-bearing financial instruments were:

Notes to the Financial Statements
For the year ended 31 December 2013

Amounts in Rs '000

	Effective rate		Carrying amount	
	2013	2012	**2013**	2012
Fixed rate instruments				
Financial assets	**7.75% to 8.25%**	7.4% to 8%	**1,062,511**	4,270,969

Sensitivity analysis for fixed rate instruments

The Company does not account for the fixed rate financial assets at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit and loss account.

38.4.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered-into are denominated in foreign currencies. The Company is exposed to foreign currency risk on sales and purchases, which are entered in a currency other than Pak Rupees. To hedge this risk, the Company has entered into forward foreign exchange contracts in accordance with State Bank of Pakistan instructions and the Company's Treasury policy. The policy allows the Company to take currency exposure within predefined limits while open exposures are rigorously monitored.

The individual foreign currency wise exposure in Pak Rupees is as follows:

		2013							
	Note	**AED**	**JPY**	**SAR**	**SGD**	**EURO**	**USD**	**GBP**	**Total**
Financial assets exposed to exchange rate risk									
Due from related parties	22 & 10.1	**1,448**	**-**	**-**	**-**	**3,139**	**14,750**	**-**	**19,337**
Cash and bank balances		**-**	**-**	**-**	**-**	**-**	**10,736**	**-**	**10,736**
		1,448	**-**	**-**	**-**	**3,139**	**25,486**	**-**	**30,073**
Financial liabilities exposed to exchange rate risk									
Trade and other payables		**-**	**1,172**	**-**	**-**	**1,406**	**22,582**	**1,765**	**26,925**
Due to related parties	10.1	**811**	**-**	**1,077**	**19**	**73,173**	**52,443**	**1,077**	**128,600**
Forward foreign exchange contracts		**-**	**-**	**-**	**-**	**-**	**97,782**	**-**	**97,782**
		(811)	**(1,172)**	**(1,077)**	**(19)**	**(74,579)**	**(172,807)**	**(2,842)**	**(253,307)**
Gross balance sheet exposure		**637**	**(1,172)**	**(1,077)**	**(19)**	**(71,440)**	**(147,321)**	**(2,842)**	**(223,234)**

Notes to the Financial Statements
For the year ended 31 December 2013

Amounts in Rs '000

	Note	2012							
		AED	JPY	SAR	SGD	EURO	USD	GBP	Total
Financial assets exposed to exchange rate risk									
Due from related parties	22	-	-	-	-	-	14,742	-	14,742
Cash and bank balances		-	-	-	-	-	4,349	-	4,349
		-	-	-	-	-	19,091	-	19,091
Financial liabilities exposed to exchange rate risk									
Trade and other payables		-	-	-	-	654	38,246	1,004	39,904
Due to related parties	10.1	-	-	994	18	54,222	15,767	1,261	72,262
		-	-	(994)	(18)	(54,876)	(54,013)	(2,265)	(112,166)
Gross balance sheet exposure		-	-	(994)	(18)	(54,876)	(34,922)	(2,265)	(93,075)

38.4.2.1 Significant exchange rates applied during the year were as follows:

	2013	2012	**2013**	2012
	Average rate for the year		**Spot rate as at 31 December**	
AED	**27.64**	-	**28.62**	-
JPY	**2.07**	-	**1.00**	-
SAR	**27.21**	25.04	**28.18**	25.90
SGD	**81.41**	75.57	**83.30**	79.55
EURO	**135.94**	121.23	**145.24**	128.18
USD	**102.06**	93.77	**105.69**	97.15
GBP	**159.97**	149.33	**174.18**	157.07

Sensitivity analysis

Every 1% increase or decrease in exchange rate, with all other variables held constant, will increase or decrease profit after tax for the period as follows:

Effect on profit and loss	**2,232**	931

38.5 The weakening of the PKR against foreign currencies would have had an equal but opposite impact on the post tax profit.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / (loss) for the year and assets / liabilities of the Company.

Notes to the Financial Statements
For the year ended 31 December 2013

Amounts in Rs '000

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Company. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective

38.6 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.

39 Plant capacity and annual production

	2013	2012
Annual production - *thousands of liters*	**23,014**	21,695

39.1 The capacity of the plant is indeterminable because this is a multi-product plant.

Notes to the Financial Statements
For the year ended 31 December 2013

Amounts in Rs '000

		2013	2012
40	**Number of employees**		
	Number of employees as at 31 December	**270**	264
	Average number of employees	**271**	273

41 Non adjusting event after reporting date

The Board of Directors of the Company in its meeting held on 25 February 2014 has proposed cash dividend of Rs. 2.50 per share. This appropriation will be approved in forthcoming Annual General Meeting of the Company. The financial statements of the Company for the year ended 31 December 2013 do not include the effect of these appropriations which will be accounted for in the financial statements for the year ending 31 December 2014.

42 General

42.1 These financial statements were authorized for issue on 25 Feburary 2014 by the Board of Directors of the Company.

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

Mueen Afzal
Chairman / Director

Jehanzeb Khan
Chief Executive

Zia U Syed
Chief Financial Officer

Comparison of Results
For the year ended 31 December 2013

			Amounts in Rs '000
	2013	2012 Restated	2011 Restated
Balance Sheet			
Equity and revaluation reserve	**2,878,346**	5,992,518	5,646,577
Non-current liabilities	**34,817**	46,549	28,985
Current liabilities	**1,335,467**	1,322,898	1,003,951
Total equity and liabilities	**4,248,630**	7,361,965	6,679,513
Non-current assets	**1,573,918**	1,741,987	1,685,275
Current assets	**2,674,712**	5,619,978	4,994,238
Total assets	**4,248,630**	7,361,965	6,679,513
	2013	2012 Restated	Six months period from 01 July 2011 to 31 December 2011 Restated
Profit and Loss Account			
Turnover	**7,124,812**	6,335,301	3,288,511
Net sales	**5,265,144**	4,764,191	2,446,420
Cost of sales	**3,326,178**	3,189,510	1,646,325
Gross profit	**1,938,966**	1,574,681	800,095
Operating result	**644,445**	259,818	154,903
Profit before taxation	**936,935**	522,268	284,952
Profit after taxation	**605,726**	376,123	187,681
Summary of Cash Flows			
Cash generated / (used in) from operations	**638,358**	4,529,779	(281,872)
Net cash generated from / (used in) operating activities	**340,979**	4,354,469	(77,175)
Net cash generated from investing activities	**151,507**	(16,925)	58,079
Net cash (used in) / generated from financing activities	**(3,648,699)**	-	1
Cash and cash equivalents at 31 December	**1,404,506**	4,560,719	223,175
Ratios			
Profitability Ratios			
Gross margin	**36.83%**	33.05%	32.70%
Gross profit turnover	**27.21%**	24.86%	24.33%
Operating result	**12.24%**	5.45%	6.33%
Net profit margin	**11.50%**	7.89%	7.67%
Profit markup	**58.29%**	49.37%	48.60%
Profit before tax margin	**17.80%**	10.96%	11.65%
Return on equity *	**30.36%**	7.37%	7.89%
Return on capital employed *	**32.16%**	8.65%	10.04%
Return on assets *	**14.26%**	5.11%	5.62%
Return on fixed assets *	**43.86%**	25.59%	26.37%
* 2011: Annualized			

Comparison of Results
For the year ended 31 December 2013

		2013	2012 Restated	Six months period from 01 July 2011 to 31 December 2011 Restated
				Amounts in Rs '000
Efficiency Ratios *				
Asset turnover	Times	**1.24**	0.65	0.73
Fixed asset turnover	Times	**3.81**	3.24	3.44
Inventory turnover	Times	**5.38**	5.64	4.15
Current asset turnover	Times	**1.97**	0.85	0.98
Capital employed turnover	Times	**1.81**	0.79	0.86
Debtor turnover ratio	Days	**30.48**	23.03	19.92
Creditor turnover ratio	Days	**144.35**	121.91	91.31
Inventory turnover ratio	Days	**39.33**	49.87	56.48
Operating cycle	Days	**(74.53)**	(49.02)	(14.90)
Revenue per employee	Rs. '000	**3,470**	1,978	2,134
Net income per employee	Rs. '000	**2,243**	1,425	1,406
Cost Ratios				
Operating costs (as % of sales)		**24.59%**	27.60%	26.37%
Administration costs (as % of sales)		**7.28%**	10.32%	8.94%
Selling costs (as % of sales)		**17.31%**	17.28%	17.43%
Equity Ratios				
Price earning ratio	Rs.	**9.56**	10.68	-
Earnings per share*	Rs.	**13.04**	8.10	8.08
Dividend per share	Rs.	**2.50**	78.60	-
Dividend cover	Times	**5.22**	0.10	-
Dividend yield		**2.00%**	90.86%	-
Market value per share	Rs.	**124.69**	86.51	-
Break-up value per share with surplus on revaluation	Rs.	**61.98**	129.03	123.09
Break-up value per share excluding surplus on revaluation	Rs.	**42.96**	109.95	103.94
Liquidity Ratios				
Current ratio	Ratio	**2.00:1**	4.25:1	4.97:1
Quick ratio	Ratio	**1.54:1**	3.82:1	4.18:1
Cash ratio	Ratio	**1.05:1**	3.45:1	0.22:1
Leverage Ratios				
Total debt to capital ratio	Ratio	**0:100**	0:100	0:100

* 2011: Annualized

Pattern of Shareholding
As at 31 December 2013

No. of Shareholders	Categories From	Categories To	No. of Shares
7,696	1	100	213,481
2,182	101	500	529,182
530	501	1,000	417,155
487	1,001	5,000	1,111,703
77	5,001	10,000	600,935
29	10,001	15,000	372,430
12	15,001	20,000	215,564
14	20,001	25,000	336,879
5	25,001	30,000	136,465
2	30,001	35,000	66,460
6	35,001	40,000	227,559
4	45,001	50,000	193,600
2	55,001	60,000	114,673
2	60,001	65,000	120,557
1	65,001	70,000	65,500
1	80,001	85,000	84,669
5	95,001	100,000	497,000
1	105,001	110,000	106,000
1	150,001	155,000	154,518
1	155,001	160,000	156,162
1	180,001	185,000	183,413
1	190,001	195,000	191,795
1	235,001	240,000	240,000
1	295,001	300,000	298,500
1	365,001	370,000	367,500
1	380,001	385,000	381,882
1	410,001	415,000	414,900
1	650,001	655,000	655,000
1	1,070,001	1,075,000	1,070,673
1	1,705,001	1,710,000	1,709,500
1	35,205,001	35,210,000	35,209,665
11,069			**46,443,320**

Pattern of Shareholding
As at December 31, 2013
Information as required under Code of Corporate Governance

Shareholder's category		Number of shareholder	Number of share held
i. Associated Companies, Undertakings and Related Parties (name wise details)			
ICI OMICRON B.V.		1	35,209,665
	Total :	**1**	**35,209,665**
ii. Mutual Funds (name wise details)			
CDC - TRUSTEE AKD OPPORTUNITY FUND		1	40,000
CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND		1	5,000
CDC - TRUSTEE FAYSAL BALANCED GROWTH FUND		1	15,000
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND		1	12,846
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND		1	191,795
CONFIDENCE MUTUAL FUND LTD		1	3
DOMINION STOCK FUND LIMITED		1	92
GOLDEN ARROW SELECTED STOCKS FUND		1	3
GOLDEN ARROW SELECTED STOCKS FUND LIMITED		1	49,500
GROWTH MUTUAL FUND LIMITED		1	9
NATIONAL BANK OF PAKISTAN-TRUSTEE DEPARTMENT NI(U)T FUND		1	381,882
SAFEWAY MUTUAL FUND LIMITED		1	128
SECURITY STOCK FUND LIMITED		1	18
	Total :	**13**	**696,276**
iii. Directors and their spouse(s) and minor children (name wise details)			
MR. ASAD I. A. KHAN		1	10
MR. BART KASTER		1	10
MR. JAMES THICK		1	10
MR. JEHANZEB KHAN		1	10
MR. MUEEN AFZAL		1	10
MR. PETER TOMLINSON		1	10
MR. ZIAUDDIN SYED		1	10
	Total :	**7**	**70**
iv. Executives		13	683
	Total :	**13**	**683**
v. Public Sector Companies and Corporations		4	1,071,325
	Total :	**4**	**1,071,325**
vi. Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds		41	2,286,135
	Total :	**41**	**2,286,135**
vii. Shareholders Holding five percent or more Voting Rights in the Listed Company (name wise details)			
ICI OMICRON B.V.		1	35,209,665
	Total :	**1**	**35,209,665**

Categories of Shareholding
As at December 31, 2013

SNO.	Shareholders Category	No. of Shareholder	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children	7	70	0.00
2	Associated Companies, undertakings and related parties	1	35,209,665	75.81
3	NIT and ICP	1	381,882	0.82
4	Banks Development Financial Institutions, Non Banking Financial Institutions	25	1,762,488	3.80
5	Insurance Companies	16	1,582,808	3.41
6	Modarabas and Mutual Funds	14	314,448	0.68
7	Share holders holding 10%	1	35,209,665	75.81
8	General Public:			
	a. Local	10,853	5,393,628	11.61
	b. Foreign			
9	Others	152	1,798,331	3.87
	Total (excluding share holders holding 10%)	**11,069**	**46,443,320**	**100.00**

Akzo Nobel Pakistan Limited

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the third Annual General Meeting of Akzo Nobel Pakistan Limited will be held on Wednesday, the 23rd day of April, 2014, at 10:30 a.m. at 346, Ferozepur Road, Lahore, to transact the following business:

1. To confirm the minutes of the 2nd Annual General meeting held on April 25, 2013.

2. To receive, consider, approve and adopt the accounts of Akzo Nobel Pakistan Limited, for the year ended December 31, 2013, together with the Auditors Report and the Directors Report thereon.

3. To declare and approve final cash dividend @ Rs. 2.50 per ordinary share of Rs.10 each for the year ended December 31, 2013 as recommended by the Directors, payable to the Members whose names appear in the Register of Members as at April 16, 2014.

4. To appoint the auditors of the Company and to fix their remuneration.

5. Any other business with the permission of the Chairman.

March 31, 2014
Lahore

By order of the Board

Saira Soofi
Company Secretary

NOTES

1. Share Transfer Books of the Company will remain closed April 16, 2014 to April 23, 2014 (both days inclusive). Transfers received in order at the office of our Shares Registrar, FAMCO Associates (Pvt) Ltd., 8-F, Next to Hotel Faran Nursery, Block 6, P.E.C.H.S. Shahra-e-Faisal Karachi, by the close of business on April 15, 2014 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 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 located at 346, Ferozepur Road, Lahore, during normal office hours. Proxy Form may also be downloaded from the Company's website www.akzonobel.com/pk/paints.

5. An instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially 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. Pursuant to the directive of the Securities and Exchange Commission of Pakistan, where CNIC numbers of shareholders are mandatorily required to be mentioned on dividend warrants, to submit a copy of their Computerized National Identity Card (CNIC), if not already provided and notify immediately changes, if any, in their registered address to our Share Registrar, FAMCO Associates (Pvt) Ltd.

7. Shareholders are also entitled to receive their cash dividend directly in their bank accounts instead of receiving it through dividend warrants (crossed as A/c Payee only). Shareholders desiring to exercise this option may submit their application to Akzo Nobel Pakistan Limited or FAMCO Associates (Pvt) Ltd by April 23, 2014, giving their particulars relating to their name, telephone number, folio number, bank account number, title of account and complete mailing address of the bank. CDC account holders should submit their request directly to their broker (participant)/CDC.

8. 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 Computerized National Identity Card (CNIC) 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 CNIC numbers shall be mentioned on the form.

(iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

(iv) The proxy shall produce his original CNIC 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.

Akzo Nobel Pakistan Limited

Admission Slip

The Annual General Meeting of Akzo Nobel Pakistan Limited will be held on Wednesday, April 23rd, 2014 at 10:30 a.m. at 346, Ferozepur Road, Lahore.

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

Company Secretary

Name: ______________________ Holding: ______________________

Shareholder No: ______________ Signature: ____________________

Note:

i) The signature of the shareholder must tally with the specimen on the Company's record.

ii) Shareholders are requested to hand over duly completed admission slips at the counter before the Meeting premises.

CDC Account Holders / Proxies / Corporate Entities:

a) The CDC Account Holder / Proxy shall authenticate his identity by showing his / her identity by showing his / her original Computerized National Identity Card (CNIC) 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
ANNUAL GENERAL MEETING

I/We ____ of ____ being member/(s) of Akzo Nobel Pakistan Limited holding ________________ ordinary shares hereby appoint ________________ or failing him/her ________________ of ________________ who is/are also members(s) of Akzo Nobel Pakistan Limited as my/our proxy in my/our absence to attend and vote for me/us and on my behalf/our behalf at the Annual General Meeting of the Company to be held at 346, Ferozepur Road, Lahore, Pakistan, on Wednesday, the 23rd day of April 2014 at 10:30 a.m., and at any adjournment thereof.

As witness my/our hand(s) this __________ day of __________ 2014.

Signed in the presence of:

(Signature of Witness 1)
Name of Witness:
CNIC No.:
Address:

(Signature of Witness 2)
Name of Witness:
CNIC No.:
Address:

Signature across
Revenue Stamp of
appropriate value

Signed by

Shareholder's Folio No.

This signature should agree with the specimen registered with the Company

Notes:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, at 346, Ferozepur Road, Lahore, 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 instrument of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

4. Any alteration made in this instrument of proxy should be initialed by the person who signs it.

5. In the case of joint holders any one may vote either personally or by proxy but if more than one of such joint holders be present either personally or by proxy that one of the said joint holders whose name stands first on the Register of Members in respect of such share shall alone be entitled to vote.

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 CNIC numbers shall be mentioned on the form.

(ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

(iii) The proxy shall produce his original CNIC or original passport at the time of the meeting.

(iv) In case of a 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

Akzo Nobel Pakistan Limited
346, Ferozepur Road
Lahore - 54600
Tel: (042) 111-551-111
Fax: (042) 35835011
www.akzonobel.com/pk/paints

Akzo Nobel Pakistan Limited

Letter to Shareholder

Dear Shareholder,

SUBMISSION OF COPY OF CNIC (Mandatory)
Pursuant to the directives of the Securities and Exchange Commission of Pakistan, CNIC number is mandatorily required to be mentioned on dividend warrants, members register and other statutory returns. You are therefore requested to submit a copy of your CNIC (if not already provided) to Akzo Nobel Pakistan Limited, 346, Ferozepur Road, Lahore or FAMCO Associates (Pvt) Limited, 8-F, Next to Hotel Faran Nursery, Block 6, P.E.C.H.S. Shahra-e-Faisal Karachi.

DIVIDEND MANDATE (Optional)
We wish to inform you that according to the provisions of the Companies Ordinance, 1984, shareholders are also entitled to receive their dividends by way of credit to their bank account instead of receiving them through dividend warrants (crossed as A/c Payee only).

In case you wish to receive your future dividends directly in your bank account, please complete the particulars as mentioned below and return this letter to us duly signed along with a copy of your CNIC.

CDC shareholders are requested to submit their dividend mandate and CNIC directly to their broker (participant) CDC.

Yours faithfully

Saira Soofi
Company Secretary

SHAREHOLDER'S SECTION

I hereby wish to communicate my desire to receive my future dividends directly in my bank account as detailed below:

Name of Shareholder : --

Folio Number : --

Contact Number of Shareholder : --

Bank Account No. : --

Title of Account : --

Name of Bank and Address : --

It is stated that the above particulars given by me are correct to the best of my knowledge and I shall keep the Company informed in case of any changes in the said particulars in the future.

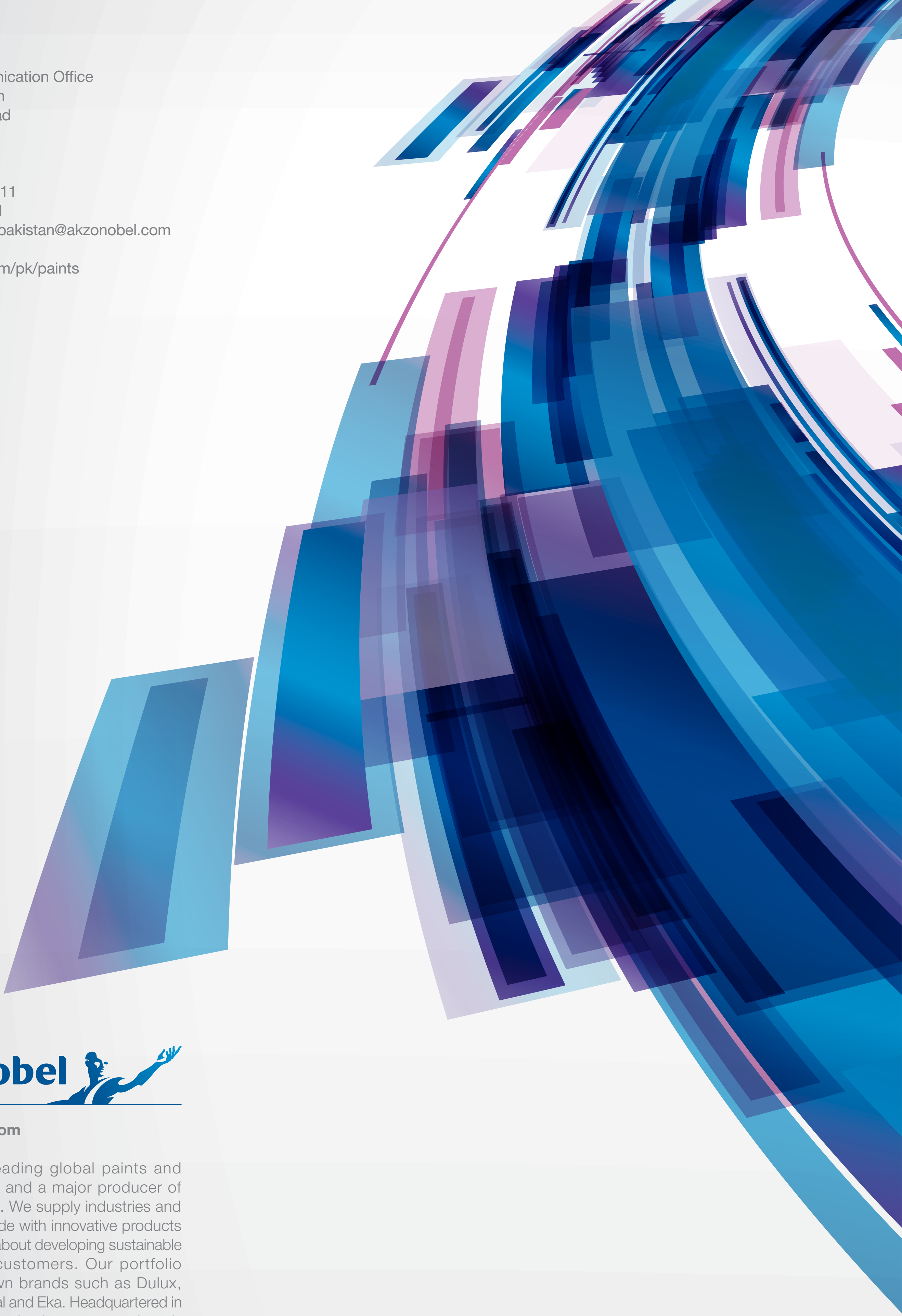
____________________ CNIC No: ____________________

Shareholder's signature (copy attached)

A publication of the
Corporate Communication Office
AkzoNobel Pakistan
346, Ferozepur Road
Lahore 54000
Pakistan

T +92 42 111 551 111
F +92 42 3583 5011
E communications.pakistan@akzonobel.com

www.akzonobel.com/pk/paints



www.akzonobel.com

AkzoNobel is a leading global paints and coatings company and a major producer of specialty chemicals. We supply industries and consumers worldwide with innovative products and are passionate about developing sustainable answers for our customers. Our portfolio includes well-known brands such as Dulux, Sikkens, International and Eka. Headquartered in Amsterdam, the Netherlands, we are consistently ranked as one of the leaders in the area of sustainability. With operations in more than 80 countries, our 50,000 people around the world are committed to delivering leading products and technologies to meet the growing demands of our fast-changing world.

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