

AkzoNobel

Colors of **transformation**

Akzo Nobel Pakistan Limited





PROMISE

Interiors and Exteriors

AkzoNobel

MILEAGE WALA PAINT



ANTI
CHALKING



CHROMA
BRITE

FOR LONG LASTING
BEAUTIFUL BRIGHT COLOURS



DURABOND LATEX

WATER RESISTANCE
& NO PEELING



ALGAE-FUNGUS
RESISTANCE



HIGH OPACITY & COVERAGE



SMOOTH FINISH



Low Odour
Low VOC

Contact us

☎ 0800-DULUX (38589) @ www.dulux.com.pk

f [duluxpakistan](https://www.facebook.com/duluxpakistan)

AkzoNobel



EasyCare™

with KidProof+Technology

**PROTECT YOUR
WALLS FROM
STAINS AND
BACTERIA**



Contact us

☎ 0800-DULUX (38589) @ www.dulux.com.pk

f [duluxpakistan](https://www.facebook.com/duluxpakistan)



CONTENTS

Chairman's review report	6
Chief Executive statement	7
Our strategy	8
Code of Conduct & Leadership behaviors	9
Our passion for people	11
Health, Safety, Environment and Sustainability	13
Creating societal impact	17
To color is to care	18
Business performance	21
Corporate Governance and Compliance	26
Risk management	27
Company information	29
Our Board of Directors	30
Our Executive Management team	32
Report of the Directors	34
Statement of Compliance with CCG	36
Review report on Statement of Compliance with CCG	37
AkzoNobel Pakistan financial statements	F 01
Notice of meeting	
Admission slip	
Form of proxy	
Video Conferencing Facility Form	
Mandate Letter	

20 18

Report



CHAIRMAN'S REVIEW REPORT

Dear Shareholder,

I am pleased to present the company's annual report for the year ended December 31, 2018.

We continue to bring diverse skills and capabilities to the Board. During this year we welcomed Mr. Oscar Wezenbeek as a non-executive Director with effect from November 2018, and Mr. Gary Brown as a non-executive Director with effect from December 2018. Earlier in April 2018 Ms. Ayesha Hamid joined the Board as an independent Director: with her appointment the Board was able to ensure gender diversity in compliance with regulatory requirements.

During 2018, a thorough review of the Board and its committees was conducted through our internal Board Evaluation Process, developed in consonance with accepted global practices for evaluating Board performance. Moreover, as a result of an Enterprise Risk Management (ERM) exercise, conducted by management, top risks for the business were identified and appropriate mitigating measures identified.

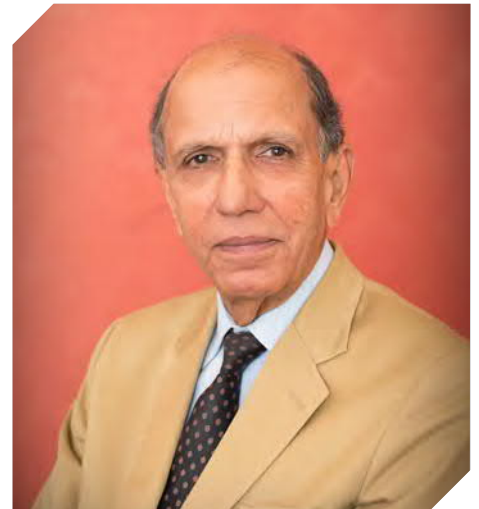
2018 was a challenging year for both; Pakistan's economy and your company. The year was marked by political uncertainty owing to general elections and a rupee devaluation against major currencies. Despite all economic and demand challenges, the company posted business growth of 2.5% vs 2017. However, profitability was lower mainly due to increased material costs as a result of the rupee devaluation.

During the year under review, we reviewed aspects of our financial reporting framework to ensure that we remain in line with both the latest regulatory requirements and best practice in the industry.

I would like to thank all ANPL employees and partners for their hard work throughout 2018 and our shareholders and customers for their continued support and look forward to a successful 2019.



Mueen Afzal
Chairman



CHIEF EXECUTIVE STATEMENT



Dear Stakeholder,

2018 has been a year of transformation, we introduced structured pricing initiatives, demonstrated excellent cost discipline and displayed a resilience which enabled us to continue making progress with our strategy.

Despite the external challenges, the company managed to post 2.5% growth in turnover which stood at PKR 8.7 billion. However, rising Raw material costs coupled with currency devaluation of 26% during the year, led to a decline of 32% in profitability versus previous year.

Being an election year, political and economic volatility continued throughout the year leading to an uncertain economic climate. This uncertainty played its part in slowing down the growth trajectory that the country has experienced in the recent past. Despite the overall slowdown, the company managed to post a respectable growth on its topline for the year. However, this growth in topline was not enough to mitigate the impact of rising raw material costs, which were exacerbated due to the devaluation of Pakistan Rupee. This led to a decline in overall profitability of the company for 2018.

Operating in this uncertain environment requires the team to stretch beyond the normal and the same was exhibited by our employees in 2018. The year also saw the continued roll out of our new global strategy for the company, which is designed to accelerate growth and profitability.

One key pillar of this strategy has been the integrated business planning process and the same was rolled out in AkzoNobel Pakistan. The year also saw the divestment of the chemicals business both globally and locally. The Company sold its specialty chemical business as a going concern to Akzo Nobel Chemical (SMC-Private) Limited, a wholly owned subsidiary of Carlyle Group and GIC (previously Akzo Nobel Chemicals Holding B.V. of Amsterdam, an affiliate of Akzo Nobel N.V.).

“We also continued to engage with the community that we operate in to inspire and touch lives of those around us. We partnered with SOS Children’s Village to reach young people to improve their chances of becoming professional painters, as well as to improve their employability”

In line with our strategy of winning in the major segments of the market, the company launched its first “mass” segment product range under the brand name of “Dulux Promise”. The product taps one of the biggest value pools available in the Pakistan paints market. The launch was well supported by ATL and BTL initiatives. The brand was well received in the marketplace and over achieved the volumes forecasted for the same. The launch event and the subsequent success of the brand was also acknowledged by the global team. On the Coatings side, we retained our leadership position in the tractors segment of specialty coatings. Our metal coatings business also performed very well in continuation of the recent momentum.

We also continued to engage with the community that we operate in to inspire and touch lives

of those around us. We partnered with SOS Children’s Village to reach young people to improve their chances of becoming professional painters, as well as to improve their employability. This involved practical training coupled with mentoring sessions by senior management of the company. A painting activity was also conducted in the children’s village to refresh and renew 20 houses. The event was attended by the Dutch Ambassador H.E Mrs. Ardi Stoios-Braken. We were also the proud color partners of the first ever Lahore Biennale.

Our Code of Conduct reflects our core principles – Safety, Integrity and Sustainability. Keeping in line with our track record, 2018 was another year without a single reportable injury. One of the main contributor of this success has been the on-going safety initiative of Behavior Based Safety (BBS). This program aims to identify and address the underlying unsafe behaviors behind any potential safety lapses. Under the sustainability agenda, we initiated a solar energy project to set up 460 Kilo Watts solar panels at our site.

The Board of Directors continued to guide us with their valuable inputs and provided valuable insights to the management team. I will like to extend my profound gratitude to the chairman and the BOD for their continued support.

Finally, I would like to thank all our consumers, suppliers and channel partners for supporting us during these challenging times. Most importantly, I extend my appreciation and thanks to our employees for showing resilience, perseverance and delivering in the face of adversity during 2018.

Saad Mahmood Rashid
Chief Executive

OUR STRATEGY

WINNING TOGETHER: 15 BY 20

Our Global Strategy

Our history started in the 18th century a young entrepreneur started making and selling paint. By producing the best paint and understanding customer needs just that little better than anyone else, his business soon grew and became very successful.

Over the course of two centuries, and many acquisitions and mergers later AkzoNobel was a global conglomerate marketing paints, chemicals, fibers and even pharmaceuticals. With the support of that large group, our paints business grew to become the AkzoNobel we are today - one of the three largest global paints and coatings companies. AkzoNobel was a fierce, agile and strong company, at the leading edge of innovation, designed to delight customers. Its high-quality products, superior

customer service and win-win attitude was second to none.

Over time, competitors caught up with AkzoNobel by focusing all the attention on getting better at making and selling paints. In the meantime, the business lost some of its executional edge due to being spread too wide in a very diverse company.

In 2018, almost 230 years after our humble beginnings, AkzoNobel is returning to its winning paints and coatings roots. By becoming once again a single, focused paints and coatings company, we have a laser sharp focus: reclaiming our legacy by being the number one reference in our global industry. We are on a path to becoming the global leader again, known for making the finest

paints and coatings - and taking great pride in delighting our customers.

Being the leader means we are the reference when it comes to people, products and performance. We measure our performance by a single, company-wide target: 15% Return on Sales* by 2020. This is what will drive the streamlining of our core capabilities - making and selling paint and striving for the best efficiency and performance in what we do. We will achieve this by working together as one AkzoNobel.

To help us achieve our ambitions, we have launched a "Winning together" transformation program which will make the most of the focus we now have in our company. The program is based on the following four value drivers:

Passion for paint

We are reigniting our passion for making and selling paint. The pride we take in the products and services we deliver and our deep understanding of customer needs will help us stay ahead of the competition - establishing us as the number one choice.

Putting a world class Integrated Supply Chain organization in place will drive improvements in quality, service and efficiency as we continue to anticipate current and future needs. This will be supported by relevant, focused innovation to ensure everyone benefits from our products and services.

Precise processes

Integrated Business Planning will be the way we operate. We will get the waste out

of our key end-to-end processes - including smooth hand-offs with our Global Business Services (GBS) organization - to ensure we rigorously execute simple and standardized processes. We will leverage a single Enterprise Resource Planning (ERP) and systems platform and use reliable, real-time information for decision-making.

Proud people

We believe in fostering a trusted workforce with the right values and a winning mindset. We intend to accelerate opportunities for the ample talent we have around the world. We are building a single, strong and diverse global team for a focused, high performing Paints and Coatings company. One which takes pride in living our core principles and

being the best at making and selling paint in our chosen segments.

Powerful performance

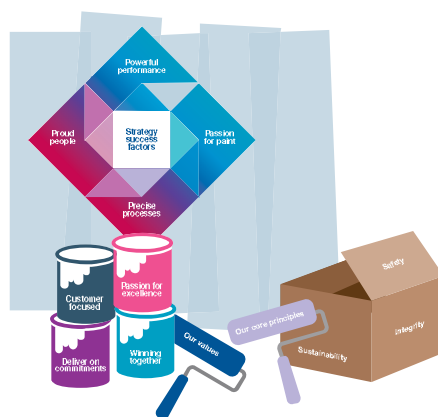
We are adopting a laser sharp focus to achieve 15% return on sales* by 2020. A high-performance culture will accelerate our pace of improvement. We will remain focused on margin improvement and will always look to deliver more by consuming less. We will combine our commitment to lowering fixed costs - building on our track record of continuous improvement - with frugal procurement. For every action we will ask ourselves: "Will it speed up the journey towards our 15% ROS* by 2020?"

Our Local Strategy

AkzoNobel Pakistan, being a part of the AkzoNobel Group, builds upon the global strategy in the local context.

Our vision is to 'Establish AkzoNobel Pakistan as the first choice for all our stakeholders' through:

- **Focusing on Return on Sales (ROS)** - Grow top line, manage costs, improve efficiencies
- **Driving Performance Culture** - Benchmark against best in class
- **Acting with a Sense of Urgency** - Operate outside the comfort zone, less talk and more action
- **Delivering with Engaged People** - Culture of Trust, Empowerment and Passion



CODE OF CONDUCT AND LEADERSHIP BEHAVIORS



We are all defined by the actions we take. They reflect our principles and values and if we are consistent with them, they let people know what they can expect from us. Our Code of Conduct reflects our core principles – Safety, Integrity and Sustainability – and puts them into practice. It explains the expectations and responsibilities within the company and those we do business with. We all must live by it, because it is a condition of working with, and for AkzoNobel.

A brief overview of our code:

Safety

- We follow the safety rules and procedures
- We follow the Life-Saving Rules
- We stop work if behavior or conditions are unsafe
- We make and distribute products safely
- We report safety concerns immediately

Integrity

- We compete in a fair and honest way
- We follow trade restrictions carefully
- We protect personal and confidential information
- We keep a clear line between business and personal interests
- We look after company property and use it appropriately
- We keep records in accordance with company policies
- We are alert to fraud and report suspicious activity
- We communicate in a professional way

Sustainability

- We recognize human rights and treat people with dignity and respect
- We recruit and manage employees fairly
- We reduce the environmental impact of what we do
- We address the concerns of those affected by our operations
- We give back to communities we operate in
- We work with business partners who share our principles

Our leadership behaviors

Our leadership behaviors add the next defining component to the culture we want to build in AkzoNobel. They set the standard for how we lead in our company. They challenge, inspire and elevate our leaders who endeavor to live them everyday. Because leaders play an essential part in creating that culture of collaboration and community that will help lead our people from good to great performance. We have outlined nine leadership behaviors under 'Performance Leadership', 'Organizational Leadership' & 'Personal Leadership'.

Performance leadership

Creates customer value	Drives operational excellence	Leads change
------------------------	-------------------------------	--------------

Organizational leadership

Builds connections	Inspires others	Develops teams
--------------------	-----------------	----------------

Personal leadership

Sets the example	Develops self	Engages others
------------------	---------------	----------------





OUR PASSION FOR PEOPLE

Our people are the key to our success as an organization. We need to ensure that we have a performance-driven culture and the right people with the right capabilities to deliver our strategic objectives.

We know that our business will grow if our people grow too, so we aim to provide a work environment that is conducive to well-being and for the professional and personal development of our people.

The development of skill, competencies and required behavior to cultivate high level performance in their specified role has been a priority for AkzoNobel Pakistan. A rigorous training needs analysis is conducted each year to support growth of our potential talent followed by classroom workshops and ROI analysis.



The right culture

Our performance driven culture is supported by our Performance and Development Dialog process (P&DD); a transparent evaluation tool for development planning and performance review in line with our strategy and the new values. P&DD is a mandatory process that promotes active dialog and feedback between employee and manager.

The right people

Improved management capability is the key enabler of a high performance culture, a better environment for employees and ultimately our business success. We aim to become a 'talent factory', recognized for development opportunities for our employees that help build strong leadership practices in our people to ultimately benefit our business today and tomorrow.



The right capabilities

Continuous learning helps us stay competitive and create a working environment that makes people feel valued and empowered to their own development. In addition to regular training needs identification, the AkzoNobel Academy – an intranet based portal available to AkzoNobel employees globally – helps drive functional and leadership capability as well as access to exceptional learning experiences based on best practices from across AkzoNobel.

The right mix

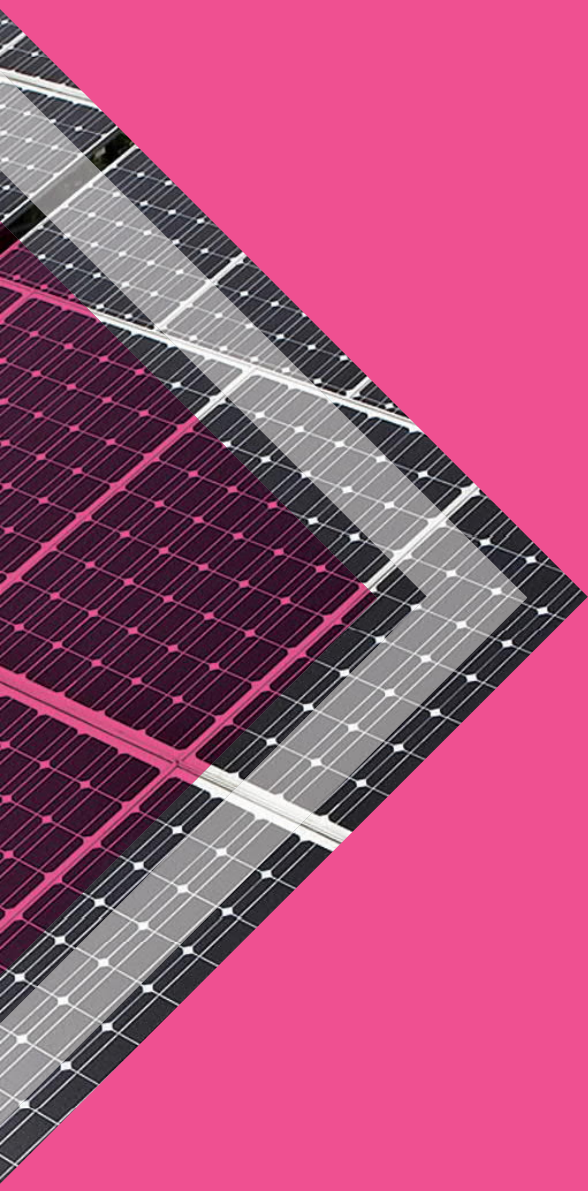
We are a global company serving a large and diverse customer base and we believe a diverse and inclusive workforce is essential to achieve our ambitions. We aim to actively embrace diversity of thought and empower people to challenge each other to be more innovative and deliver better results. Our workforce should reflect the society where we do business. 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.

We aim to become a '**talent factory**', recognized for development opportunities for our employees that help build strong leadership practices in our people to ultimately benefit our business today and tomorrow.





HSE AND SUSTAINABILITY



Our business success and that of our customers 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.

HEALTH, SAFETY AND ENVIRONMENT PERFORMANCE

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.

AkzoNobel's vision for accelerated growth is closely linked with its ambitions to ensure that the growth is sustainable. Over the last few years we have ingrained a strong focus on HSE&S into our regular business operations to achieving our goals, we aim to

continuously improve our first class HSE&S performance through corporate leadership, the dedication of our staff and application of the highest professional standards in our work.

One safety mission:

Our vision

Our vision is ZERO injuries and zero serious incidents

Our ambition for 2019

We aim to contribute in a way that company's ambition to be in the top quartile of our peer group in safety performance can be achieved.

Our beliefs

- The Value & Values agenda are of equal importance; we do not want one without the other; we cannot achieve one without the other.
- Safety is a permanent value and not a temporary priority.
- Safety starts with me. It's about "us" not about "them", about individual responsibility.
- Nothing we do is worth getting hurt for.
- We have a right and responsibility to ensure our own safety and that of others.
- Safety is an essential springboard for our future success.

Our commitment

There is a zero tolerance for not working safely; if we choose not to work safely we should find alternative employment.

Take Care because....

- We want to do all that we can to make sure that colleagues, contractors and others don't get hurt on the job.
- We can only realize our safety goals if we all put our shoulders to the same wheel - when we speak with the same voice and are committed to realizing our vision of zero injuries.
- We want to support our businesses in achieving their safety goals.
- We want to get closer to our vision of zero injuries and serious incidents.
- We want to drive Top Quartile Safety Performance.

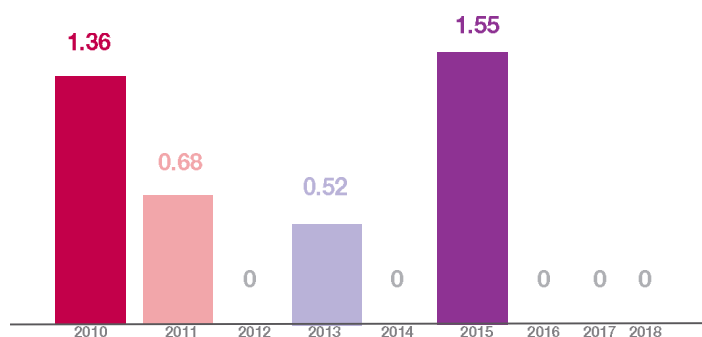
HSE operational excellence

We, AkzoNobel Pakistan, believe in & committed to improve in Health, Safety, Environment, Security and Product Stewardship to achieve sustainable HSE Operational excellence. Three Core Safety Processes; People Safety, Process Safety & Product Safety across the organization is ensured through HSE Management System integrated with the company's organization scheme. Process Safety Management & Behavior Based Safety, are two key components of the core safety processes and we are on track of continuous improvement with focus to achieve & sustain leading levels.

Process Safety Management

Site has prepared process hazard review in line with PSM requirements and will be completing the PHR(s) as per the plan in 2019 for its critical operations.

Total reportable injury rate



(Total Reportable Incidents per Million Man-hours worked by Employees & Supervised Contractors)

Achievements during 2018

Self-Assessment Questionnaire Maturity Assessment (SAQ)

Self-assessment questionnaire (SAQ) is a tool developed and implemented across AkzoNobel to assess and improve safety standards all over AkzoNobel in a systematic and standardized way. AkzoNobel Pakistan is using this tool on yearly basis to self-assess its safety performance and standards, analyzing gaps and implementing improvements to embed and sustain its safety culture. In Dec 2017 AkzoNobel Pakistan performed SAQ self-assessment and scored level 7.7. AkzoNobel Pakistan targeted to achieve level 8.1 by the year end 2018 and closed the year with SAQ score of 8.1 hence meeting the set target.

Process Safety Management System (PSM)

Process Safety Management (PSM) is a disciplined framework for managing the integrity of operating systems and processes that handle hazardous substances. It relies on good design principles, engineering, operations and maintenance practices. In recent years, major incidents in industries have highlighted the importance of having these robust processes and systems in place. The process safety management framework comprises of 21 building blocks which are categorized according to the People, Procedures and Plant. These building blocks are deeply inter-connected, driving a cultural transformation. This transformation begins with emphasizing and ensuring management commitment, Employee engagement and operational discipline. PSM then implements and integrates key process such as stake holder outreach, safety audits, and emergency response planning and safe working practices. Finally, PSM addresses the safety aspects of machinery and the interactions of Personnel with plant equipment. Due to nature of processes and operations, AkzoNobel Pakistan is a PSM critical site. In 2014, PSM framework training was conducted by PSM experts in which Introduction and basic building blocks of PSM were discussed. In 2015, a complete PSM scan was carried out by global PSM specialists in whom they assessed different plant processes and procedures. After scanning process, a comprehensive plan was prepared. In 2016 AkzoNobel Pakistan achieved integrated level in PSM audit.

Global Safety Day 2018

At AkzoNobel Pakistan Limited, Safety Day is celebrated with enthusiasm with a vision to Engage all employees of the company and bring them under the umbrella of safe performance and its importance. This year's Safety Day celebrations were around a theme "Beware the line of fire".

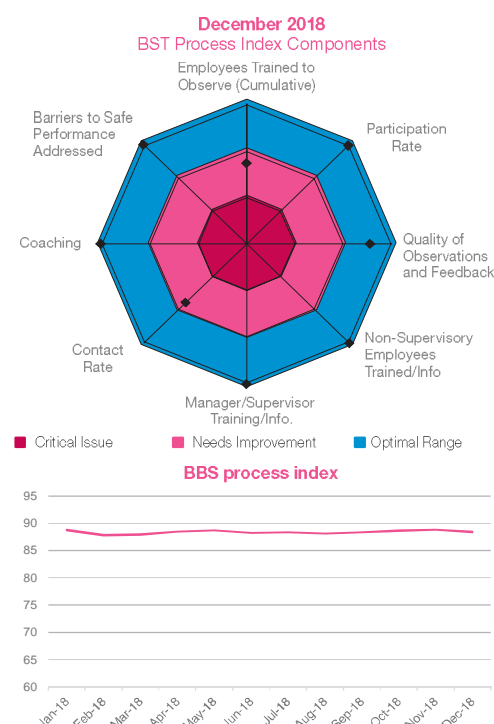
The theme was inspired by the idea that safety is paramount - wherever you are. Even though we have been able to improve our safety performance year on year at AkzoNobel our employees, temporary workers or contractors are confronted regularly with incidents or near-misses at work. AkzoNobel Pakistan's Safety Day planning and execution team comprising of people from manufacturing as well as non-manufacturing employees, was able to prepare and execute safety day activities revolving around the theme of the event. The highlights included engaging Safety Day presentations, Training on "Defensive Driving" through third party trainer, Safety Day Game and Skits Competition to involve and engage employees, Online Safety day quiz to ensure people understanding around the theme. The whole population of AkzoNobel Pakistan including Head office, regional offices, warehouses and manufacturing area employees were engaged to this major event and everyone participated and appreciated its effectiveness. Overall safety day, 2018 remained a successful event where we were able to achieve our target of engaging, spreading awareness and correcting behaviors around Line of Fire.

Behavioral Based Safety System Sustainability Review (BBS)

Behavior-based safety is a broad term used to describe everything from basic employee behavior audits and feedback to a comprehensive safety management system designed to change a company's safety culture. Organizations often have effective training, appropriate procedures and state-of-the-art safety equipment. However, none of that matters if the people in the organization don't use what they learn in training, don't consistently follow.

The procedures and/or use safety equipment. From skipping steps in a confined space entry procedure, to failing to wear PPE at the appropriate time, to not drinking enough water to prevent heat stress, getting people to make consistent safe choices is often a challenge. These challenges can be overcome by implementing Behavior-Based Safety (BBS). AkzoNobel's Behavior Based Safety (BBS) is a safety improvement process inducing changes in behavior of employees and contractors resulting in fewer exposures to hazards. Key factors of the process are observation and feedback techniques leading to removal of obstructions to safe behavior. AkzoNobel Pakistan has always tried to create a safety culture in which individuals hold safety as a value and takes responsibility for the safety of their co-worker in addition to themselves. BBS

implemented at AkzoNobel Pakistan in Q4-2015. Observations process started in October 2015. In 2017 AkzoNobel Corporate launched BBS maturity toll for the sites to ensure continuous improvement in the process. The site self-assessed the current process as per the maturity assessment and targeted to achieve level 6.3 by the year end 2018. AkzoNobel Pakistan achieved level 6.3 by the year end hence completing the target it set at the start of the year to improve its Behavior Based Safety process. Also, ANPL apart from reducing the observation target for individual observer from 4 observations to 2 observations per month, was able to restrict process index score to above 88%.



ISO 14001 standard is a world renowned environmental standard which provides guidance in terms of environmental system required to be maintained to ensure that the organization's impact on local and international environmental aspects remains checked and controlled. AkzoNobel Pakistan was previously certified on ISO 14001 older version. This year AkzoNobel Pakistan maintained its strong focus on its commitment towards reducing its impact on world's environment by upgrading to the newer ISO 14001 standard version 2015 so that it can ensure that all the new systems and requirements are used to reduce AkzoNobel Pakistan's impact on environment.

SUSTAINABILITY AND ENERGY EFFICIENCY

These projects reflect the way we operate; we make environmentally conscious decisions and continually improve on our performance. The above projects and many others to follow are all a part of our strategy to build a sustainable future, we embarked on the journey of sustainability years ago and we are steady on the path towards an eco-friendly and greener AkzoNobel.

Global population is increasing at an accelerated rate, it is estimated that by 2050 global population will touch the 9 billion marks. At AkzoNobel Pakistan we realize the impact of growing population, scarcity of resources and climate change which is why we've adopted a Planet Possible approach to sustainability. By doing radically more with less and working closely with customers and suppliers in our key end-user segments (Buildings and Infrastructure, Transportation, Consumer Goods, and Industrial), we can help to make life more affordable, colorful, healthy and comfortable for the world's ever-growing population.

Sustainability is central to our company strategy. We want to become a company that delivers world-class customer service, continuously improves in all areas of its operations and integrates sustainability into the heart of everything we do. Generating maximum positive impact from our products and services, using fewer resources, across the value chain is the essence of our sustainability strategy. Our sustainability strategy takes a full value chain approach. This means we look at our sustainability affects from the extraction of raw materials, all the way through to the end of life and we at AkzoNobel Pakistan are proud of what we have achieved. This year our focus has remained on reduction of carbon footprint. In every manner, AkzoNobel Pakistan has strived and succeeded in becoming a greener and eco-friendlier organization in 2018. This performance could only be achieved by focusing our energies year-round. Many initiatives were launched targeting one or more pillars of sustainable operations.

Installation of LED lights

Lighting contributes significantly to the energy consumed in operations both at manufacturing facilities and in offices. Lighting technologies have advanced significantly over the past decade and we have kept abreast with the latest development in this field. In 2018, AkzoNobel Pakistan undertook the initiative to replace plant and administrative building lights with state of the art LED lights. These new lights operate at the highest efficiency, consuming less energy thus reducing energy and carbon footprint of the organization

Installation of Solar Panels

To meet our energy targets, we have planned installation of solar power of 460 KW in three phases out of which 2 phases have been completed, with capacities of 128 KW and 72 KW each. Remaining Power installation is under process and will be completed by first quarter this year. This Project has helped us by reducing carbon emissions by 387 tons per year and is equivalent to 10000 trees grown for 10 years. Installed capacity will be equivalent to same power produced by using 1000 barrels of gasoline and 423406 pounds of coal burned.



Eco efficiency performance 2018 versus 2017 (per ton of product)

Direct CO ₂ 15% ▼	Fresh Water 0%
VOC 10% ▼	Energy 2% ▲
Waste 1% ▲	NOx 4% ▼
COD 0%	SOx 0%

CREATING SOCIETAL IMPACT

AkzoNobel is working on early detection of long-term societal needs which shape our innovation, including resource scarcity. These insights bring new business opportunities, support swift business adaptation and enable first mover advantage

The Sustainable Development Goals - UNDP

The Sustainable Development Goals (SDGs) are a new, universal set of goals, targets and indicators that U.N. member states will be expected to use to frame their agendas and political policies over the next 15 years. For AkzoNobel globally, the 7 SDGs listed above will drive the company's sustainable business imperatives through our products, programs, processes and partnerships.

We aim to create continuing value for AkzoNobel stakeholders in social, environmental and economic terms, creating a bridge between the Sustainable Development Goals (SDGs) of the United Nations and our own business imperatives – value selling and resource productivity.

We are innovating to give our customers choice and competitive advantage through product portfolios designed to bring tangible benefits and deliver positive social and environmental impact and we are creating a culture of care for all materials used, eliminating waste and reducing variable cost. Increased resource productivity in our operations and supply chain makes us more competitive and sustainable.

AkzoNobel also contribute to creating positive societal impact through programs such as 'Let's Colour' that connect people and places with the power of color. Color has an impressive transformational power and it can leave a lasting legacy and our community investment brings color and new vitality to not only the communities that we operate in but also to people's lives.

Sustainability Year Book 2018

AkzoNobel has received the Gold Class Sustainability Award in 2018 Sustainability Year Book. The Sustainability Yearbook lists the most sustainable companies in each industry according to RobecoSAM's detailed assessment. Our Gold Class award means we are recognized as leading our industry.

Taken together with other rankings, such as scoring high on **the Dow Jones Sustainability Index** year after year and making the **Corporate Knights' 2018 Global 100 Most Sustainable Corporations**, we are showing that we mean what we say: sustainability is business. Sustainability is an integral part of what we do every day.

The requirements to lead these sustainability rankings are diverse. That's why our sustainability activities range from eco-premium product offerings to operational improvements to human rights projects. But we're also the first in our industry to develop a methodology for measuring the impact of what we do. AkzoNobel is also aiming to become carbon neutral by 2050.

For us, sustainability ties together everything AkzoNobel is: our purpose, our brand, our principles and our values. It means delivering short-term value for our investors, as well as long-term value for all our stakeholders. Sustainability is ultimately the bridge between our business strategies and contributing more broadly to society through the United Nations' Sustainable Development Goals.



TO COLOR IS TO CARE

Corporate social responsibility practices are embedded at the company's core and we are dedicated to community engagement and responsible business practices. We focus

on creating social value by not only helping our employees to develop their skills but also by being active in the communities where we operate.

Our people strongly believe in the inspiring call to action that must be taken to foster a positive environment in the community. We aim to bring color not only to the walls but to people's lives as well by re-energizing our communities and doing our part to give Pakistan a better tomorrow.

Doing our part to create a healthy and sustainable society is ingrained into our DNA as employees and as a company. We believe that community investment serves to improve the social conditions of our country and give

back to the people who in turn breathe life into the community we call home. Every year we continue to majorly contribute to the positive development of the society and its people in an effort to embody this principle.

Since our early days, we uphold our commitment to country and community by carrying out a number of focused community development initiatives. As always, our employees actively volunteer personal time and effort along with the beneficiaries and the people directly affected in the areas selected for uplifting.



CSR INITIATIVES

Dulux adds colour and verve to Lahore Biennale

Dulux partnered with Lahore Biennale Foundation's as it's 'colour partner' for the contemporary art fest which had a multitude of engagement opportunities among local/ international artists & general public. It addressed the dynamics of 'public' art and engagement by developing art in public spaces with opportunities for critical thinking. Exhibits were held at the Lahore Fort, Mubarak Haveli, Shahi Hamam, Lahore Museum, Alhamra Art Center, Bagh-e-Jinnah & Lahore Canal. Over 50 artists & collectives participated from Pakistan, Bangladesh, India, Iran, Turkey, Sri Lanka, Europe

& US. Since LBF01 opened for public, approximately 2.5 million visitors attended the event.

YouthCan SOS & AkzoNobel Pakistan

Let's Colour Pakistan is part of AkzoNobel's global campaign, Let's Colour, aimed to add colours to people's lives. AkzoNobel is committed in giving positive impact to the surrounding communities by uplifting and inspiring people's lives through the power of paint and colour. Through the initiative, AkzoNobel worked together with SOS Children's Villages with a mandate to advance the employability of youths at risk, by training them in the craft of painting by providing mentorship under the "YouthCan" initiative. During this whole day activity, 30 children between the ages of 18-25

were trained on "Soft Skill Development" & participated in Inspirational Speaking Session. They were taken on a journey of colours & were educated on what colour is. They were also taken for a plant tour to witness paint manufacturing. Later, technical experts at AkzoNobel gave primary training on paint application, followed by an activity to do practical application. The last session included "Inspirational Speeches" by the Executive Management Team members for a practical professional experience of life. Under the same Let's Colour initiative, AkzoNobel painted 20 houses at SOS where 26 volunteers from ANPL joined hands with children from SOS to add colour to their living spaces. The Dutch Ambassador to Pakistan, Her Excellency Mrs. Ardi Stoios-Braken also attended the event as chief guest.





BUSINESS PERFORMANCE

Our businesses

Decorative Paints

Whether our customers are professional decorators or keen DIY-ers, they want great paint that gives a great finish. We supply a huge variety of quality products for every situation and surface, including paints, lacquers and varnishes. We also offer a range of mixing machines, color concepts and training courses for the building and renovation industry, while our specialty coatings for metal, wood and other critical building materials lead the market

Brands include:

Dulux, Paintex

Some of our customers:

Thousands of paint dealers, contractors and home owners around the country

Performance Coatings

We're a leading supplier of performance coatings with strong product technologies and brands. Our high-quality products are used by customers across the world to protect and enhance everything from vessels, cars, aircraft, yachts and architectural components (structural steel, building products, flooring) to consumer goods (mobile devices, appliances, beverage cans, furniture) and oil and gas platforms.

Brands include:

Sikkens, DynaCoat, International, ICI AutoPaints

Some of our customers:

Millat Tractors, Pakistan Suzuki Motors Company, Al-Ghazi Tractors, Atlas Honda, Indus Motor Company, Descon Engineering

DECORATIVE PAINTS

Overview

AkzoNobel's Decorative Paints houses the world's leading premium paint brand, Dulux. The extensive range of high quality products and services offered by Decorative Business makes Dulux the innovation leader in the paints industry. Drawing on a keen understanding of our market needs and latest technologies, Dulux aims to improve people's lives by helping them to enhance their living spaces. Being the Colour Authority, Dulux is the pioneer of Tinting Systems in Pakistan under the label of Dulux Colour Solutions which offers more than 2,000 shades across Pakistan at designated dealer outlets. Our motto is to "Let's Colour" and transform the world into a more colourful and livable place.

Analysis

Competition in Pakistan's paint market remained highly aggressive. As the overall economy remained slower than anticipated, the same was replicated in the paints industry. The unprecedented devaluation of rupee also adversely impacted the overall consumer confidence leading to further pressure on the industry. The Business continued its efforts to weather the storm by continuing its focus on driving Innovation and Sustainability, strengthening and building brands and establishing long-term relationships by ensuring improved channel and influencer engagement. Despite all the efforts, the adverse headwinds could not be fully absorbed and resulted in negative impact on profitability.

Highlights

A world of Colour & Innovation Dulux Promise

AkzoNobel Pakistan has always been at the forefront of innovation, addressing the ever-changing needs of the consumers. AkzoNobel Pakistan has traditionally operated in the premium and super premium category under its flagship brand of Dulux while serving the economy category through its Paintex brand. The Business had no product offering in the mass market which is one of the largest paint categories in Pakistan paints market. The Business decided to enter this highly lucrative category in early 2018 under the brand Dulux Promise, having a complete range of products such as interior emulsion, exterior emulsion interior water-based primer and putty. The latest product offering came with Chroma Brite technology which helps the paint deliver richer and brighter colours, making the walls look radiant and beautiful for years. Dulux Promise launch was supplemented by a holistic integrated marketing campaign. With encouraging results of the mass communication campaign and the promising volume growth numbers, we expect Dulux Promise to continue delighting our mass market consumers and driving success for AkzoNobel Pakistan in the future as well.





Paintex Star Synthetic Enamel

In keeping with its tradition of innovation and continuous improvement, Akzo Nobel Pakistan decided to revamp its economy portfolio with the introduction of a new enamel to replace ICI Hi Gloss Enamel. Paintex Star Synthetic Enamel was launched with a new and improved formulation with the aim of winning greater market share in the enamels category through competitive pricing and product attributes. This superior quality enamel can be used on all types of interior and exterior wood and metal surfaces. The new enamel also offers more advanced product attributes including smooth finish, long lasting shine and an improved drying time. Moreover, with the launch of this new enamel, the economy enamels range was brought under the “Paintex” master brand, hence completing transition of the entire economy range to the “Paintex” master brand. Since its launch, Paintex Star Synthetic Enamel has seen promising volume growth and we are confident that it will continue to serve as a pillar of success for Akzo Nobel Pakistan in the future.

Developments

The Business will continue to focus on Innovation and Sustainability, strengthening and building brands and establishing long-term relationships by ensuring improved channel and influencer engagement. The Business has embarked upon an Innovation drive through which not only multiple new products and technologies have been introduced in the recent past, but it has encompassed refreshing our core brands and strengthening of our foundations. This has been made possible through innovative marketing campaigns and driving Colour and Digital leadership. The Business intends on continuing the same with greater vigor in the near future while keeping sustainability at the heart of its operations; meaning developing more sustainable solutions and processes that create more value from fewer resources.

At the same time, the focus will remain on building long lasting relationships with our channel partners and influencers through multi-pronged engagement strategy. The Business believes that all these initiatives coupled together will help sustain and build a positive momentum and a bright future outlook for the business in the coming years.

PERFORMANCE COATINGS

Overview

AkzoNobel Pakistan Coatings business makes life easier by catering to a variety of requirements of consumers whether it is commuting, working in a manufacturing facility, or sitting on a comfy sofa enjoying soda can. We have been working with some of our clients for decades now and continuing the legacy of sustainable partnership is at the heart of everything we do. Our Coatings portfolio is categorized into three main sub segments: Automotive & Specialty Coatings, Marine & Protective Coatings, and Industrial Coatings.

Our biggest segment i.e. Automotive & Specialty Coatings, makes transport more efficient by delivering tailor-made coatings solutions that meet the specific needs of just about any automotive OEM suppliers; Car, Bus, Tractors, Motor Cycles etc. Our products can be found at different stages of the production process: Pre-Treatment, Primer, Top Coat and Plastic Parts. Not just that, we also give cars the expert finish it deserves in the after-sale market. We provide coatings with better coverage & un-matched color consistency to bodyshop owners and repair professionals.

Marine & Protective coatings segment, is our second biggest contributor of sales, and it helps in protecting steel structures of marine & production environments (including and not limited to Oil & Gas, Power, Fertilizer, Sugar, Cement etc.). We have an extensive range that provides vital barrier against corrosion, abrasion, fire, water, fouls and temperature in many different environments.

We try to make life safe and more appealing by catering to the Wood Coatings and Metal Coatings through our segment of Industrial Coatings.

Analysis

In 2018, Coatings business overall surpassed its last year's sales value, however, there was a severe cost push. Due to PKR depreciation, sales of imported products were affected.

Highlights

In the Specialty Coatings segment, Passenger Cars has been the highlight which benefitted from the increased demand of Pak Suzuki cars. We provide best in class Nihon Parkerizing Pre-Treatment technologies to automotive OEMs including Passenger Cars, Commercial Vehicles, Tractors & MotorCycle. We have an exclusive partnership with Nihon Parkerizing, world's leading surface treatment chemicals provider based out of Japan. Since, AkzoNobel Pakistan is the sole supplier of technologies to the Tractors segment, the team decided to increase its role in the value addition of Tractors segment. Specialty Coatings team added multiple accounts that manufacture components for the Tractor segment. Supplying products to these accounts will ensure consistency across the supply chain of tractors manufacturing.

The sales of Vehicle Refinishes business grew due to multiple initiatives that were taken to engage the customers. The business expanded its distributor base, increased product offerings, and provided the dealers with mixing machines to help them market our premium range.

In 2018, Pakistan Aluminum Beverage Can (PABC) commenced its manufacturing and provided a platform to AkzoNobel Pakistan to expand their offerings and introduce its global Packaging Coatings range in the local market. Our Packaging Coatings are designed in a way to minimize end consumers health risks by offering safe & sustainable products.

Taking a step forward, AkzoNobel Pakistan decided to localize its already in use Coil Coatings technology in Pakistan. Akzo Nobel Pakistan Limited has been supplying imported coil coatings since 2015. The coil coatings business has a major share in International Steel Limited, the key producer of color coated coil sheets in Pakistan. Localizing the manufacturing of coil coatings means that we will be able to provide the customers with faster and more efficient premium products and services.

Despite not observing a major upsurge in Projects business, majorly due to 2018 being election year, the Protective business successfully took some sustainable initiatives. Pakistan Airforce joined hands with AkzoNobel Pakistan to use our Specialized product Interline 850 for all their storage tanks. NTDC, the power transmission company of Pakistan, recognized our products to be of best technology and recommended them to be used on upcoming Transmission Line Towers. The team also penetrated newer markets and gained orders from Sugar industry as well as Steel Manufacturing industry.

Living up to the expectation of its customer centricity, Coatings business took a lot of initiatives to ensure engagement and open feedback with its customers. AkzoNobel Pakistan joined hands with Fire Protection Association of Pakistan to increase awareness about Fire Safety and how AkzoNobel products can help minimize the damage to the assets. Also, to increase customer engagement Vehicle Refinish business executed 3 foreign trips (Thailand, Malaysia & Indonesia) for dealers. And lastly, launched a second wave of Sikkens gift scheme with the objective to increase usage of premium range in Pakistan.

Developments

Going forward Coatings business is looking to expand its offerings, bring in advanced technologies to Pakistan and penetrate new markets. The business will continue to keep customers at the heart of everything we do and focus on building sustainable opportunities for AkzoNobel Pakistan as well as its stakeholders.



TAKING INNOVATION TO ANOTHER DIMENSION

Think paint is just paint? Think again. Our products can already clean the air, withstand extreme heat, reduce fuel consumption and cope with conditions on Mars. Now we're going even further.

We've embarked on a boundary-busting quest to find the newest, coolest, smartest and most revolutionary developments out there. We want to work with visionaries, entrepreneurs and innovators. Why? Because we're ready to stir things up. We want to combine our global scale, know-how and expertise with the ingenious solutions of startups and scale-ups across the planet.

So we've launched the Paint the Future startup challenge. It's designed to connect us with new disruptive technologies and accelerate innovation in the dynamic world of paints and coatings. It will turn exciting potential into brilliant reality.

"Our passion for paint and innovation goes way back and we're even more excited about the future," says AkzoNobel CEO, Thierry Vanlancker. "We want to capture the creative genius that flows from open innovation and paint the future together."

The challenge is being led by the company's Chief Technology Officer, Klaas Kruithof. "As a technology-driven paints and coatings company,

we're full of knowledge, know-how and resources that we're ready to share," he explains. "We have a clear view of what our customers will need and expect in the future, so we're actively looking to collaborate with forward-thinking partners and take our innovation in all areas to another dimension. The future's a blank canvas – this is an exciting opportunity to help us paint it."

Launched in partnership with KPMG, the annual challenge will give the winners the chance to enter into a joint development agreement with AkzoNobel. It's focused on five key areas:

- Smart application
- Enhanced functionality
- Circular solutions
- Life science infusion
- Predictable performance

Open to early stage tech companies and institutes around the world, the collaborative approach will benefit both sides, with the company committed to working with the winners on sustainable business opportunities.

The finalists will be invited to attend a special awards event in May 2019, when the winners will be announced.

For more information, visit www.letspaintthefuture.com



**PAINT
THE
FUTURE**

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 exchange, 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 should 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. To facilitate a smooth running of the day to day affairs of the Company, the Board entrusts the Chief Executive and Chief Financial Officer with necessary powers and responsibilities. The Board is also assisted by a number of sub-committees comprising mainly of 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 always while doing business for the Company. Business partners of the Company such as suppliers, distributors and agents are expected to comply with the principles laid down in Business Partner Code of Conduct or apply equivalent principles to the business they conduct for the Company. Non-compliance with this Code may lead to measures, including termination of the business relationship.

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 and reports directly to the Chairperson 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 based on 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 two 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.

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 205 of the Companies Act, 2017, 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 Board and Senior Management.

The Board has the overall responsibility of overseeing the risk management processes, which include both risk management and internal control procedures. The Company's processes, which are documented and regularly reviewed, are designed to safeguard assets and address risks that the Businesses might face or that may impact business continuity. These are, in turn, reported to the Board and senior management for timely action where required, to ensure uninterrupted operations.

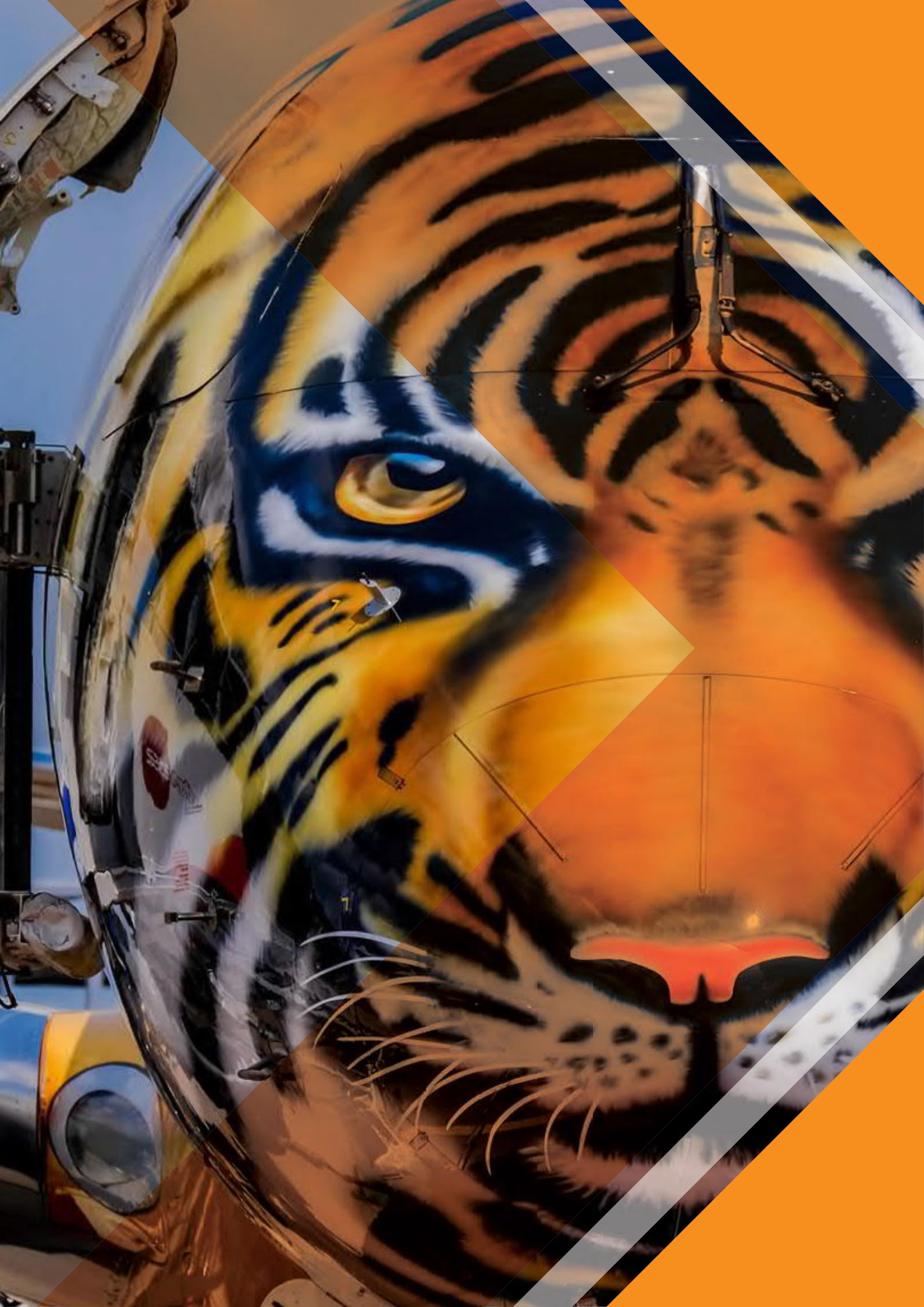
The Company maintains a clear organizational structure with a well-defined chain of authority. Senior management is responsible for implementing procedures, monitoring risk and assessing the effectiveness of various controls. Our risk and control procedures are supported through:

Internal Control Self-Assessment

The Internal Control Self-Assessment (ICSA) exercise is carried out by the Company every year which assists in the thorough assessment of controls to ensure a robust control structure. The senior management of the Company leads this annual self-assessment exercise. Existing controls are identified, assessed and documented with the help of the online Control Self-Assessment Tool (CSAT). Weaknesses highlighted through this exercise are documented through action plans which clearly define 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, 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 & 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 (Independent)
Saad Mahmood Rashid	Chief Executive
Oscar Wezenbeek	Non-Executive
Ayesha Hamid	Non-Executive (Independent)
Gary Brown	Non-Executive
Sebastian Tan	Non-Executive
Harris Mahmood	Executive

Audit Sub Committee

Ayesha Hamid	Chairperson
Mueen Afzal	Member
Sebastian Tan	Member
Muneer Tariq	Secretary

Share Transfer Committee

Saad Mahmood Rashid	Chief Executive
Harris Mahmood	Chief Financial Officer
Zunaira Dar	Company Secretary

Chief Financial Officer

Harris Mahmood

Company Secretary

Zunaira Dar

Head of Internal Audit

Muneer Tariq

Registered Office

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

Regional Office

11th Floor, Tower - A Technology Park,
Street 8, Sharah Faisal, Karachi
Tel: (021) 32781441-6

Regional Office

Plot 3 A, Sector-1, 10/3, Industrial Area,
Islamabad
Tel: (051) 4447968

Shares Registrar

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

Human Resource & Remuneration Sub Committee

Mueen Afzal	Chairman
Oscar Wezenbeek	Member
Saad Mahmood Rashid	Member
Usman Ali Jamil	Secretary

Executive Management Team

Saad Mahmood Rashid	Chief Executive
Ismail Hussain Naqvi	Business Manager, Performance Coatings National Sales Manager, Decorative Paints
Usman Ali	Head of Brand & Customer Marketing Decorative Paints
Usman Hafaz	Country HR Manager
Usman Ali Jamil	Chief Financial Officer
Harris Mahmood	Supply Chain Manager
Muhammad Rizwan	Operations Manager
Farooq Ayub Khan	

Bankers

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

Internal Auditors

Ernst & Young Ford Rhodes Sidat Hyder,
Chartered Accountants

External Auditors

A.F. Ferguson & Co.,
Chartered Accountants

OUR BOARD OF DIRECTORS

The Board of Directors are elected or appointed as representatives of the stockholders to establish corporate management related policies and to make decisions on major company issues.

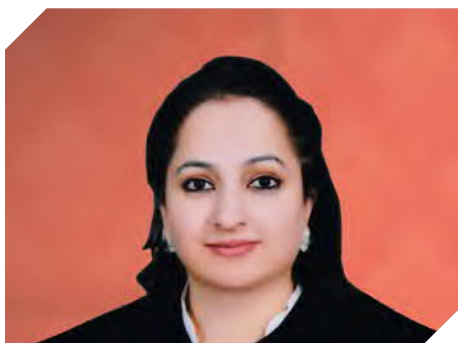


Mueen Afzal (Chairman; Independent)

Appointed to the Board of Directors of Akzo Nobel Pakistan Limited on May 23, 2012, Mueen Afzal is also the Chairman of Akzo Nobel Pakistan Limited. Mueen Afzal joined the Civil Service of Pakistan in 1964 and held important positions, including Finance Secretary in Baluchistan (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 to the Government of Pakistan (1995-1996), Finance Secretary to the Government of Pakistan (1996-1998), and Secretary General, Finance and Economic Affairs from 1999-2002. Mueen Afzal has been awarded Hilal-e-Imtiaz for distinguished public service in 2002.

Additionally, Mueen Afzal is the Chairman of Pakistan Tobacco Company Limited and currently holds directorships of Murree Brewery Company Limited Rawalpindi, Sanjan Nagar Public education trust, Pakistan Philanthropy Centre, Islamabad, Beacon house National University, Lahore, Children's Global Network, Islamabad, Karachi Education Initiative, Dawood Centre, Karachi, Green Bean Coffee Company, a private company in Islamabad which roasts and market coffee beans. He is also a Senior Advisor for NAFA funds in Lahore; member of the board of directors of IDEAS, a think tank that deals with public policy issues based in Lahore and member of the advisory committee on South Asian issues at Wolfson College, Oxford University and a member of the advisory committee for the Federal Ombudsman in Islamabad.

Mueen Afzal is also a member of the pension committees for the management and staff at the Pakistan Tobacco Company.



Ayesha Hamid (Independent Director)

Ms. Ayesha Hamid holds a bachelor's degree in Political Science from London School of Economics and an LLB degree from Punjab University Lahore. Ms. Ayesha Hamid started her career as an advocate in 2008 with Hamid Law Associates. She has a diversified legal experience of over 10 years. Her areas of expertise include but are not limited to tax, banking, property, contract, trade mark, Constitutional, revenue and environmental law. Ms. Hamid is an associate of Hamid Law Associates and is an Advocate of the Supreme Court of Pakistan.



Gary Brown (Non-Executive)

Currently the Manufacturing Director MEA, Gary Brown is responsible for AkzoNobel Manufacturing Operations in the Middle East and Africa. Joining AkzoNobel in 1993 as an RD&I technician at the Felling site in the United Kingdom he spent six years with the Global Powder Coatings RD&I team before moving into Operations. Initially focusing on quality and production management in the Felling site he then moved into supply chain management for the European Powder business based out of Barcelona, Spain. He moved to Dubai in 2013 to take up responsibility for AkzoNobel's Middle East Regional Supply Chain before taking overall Operations responsibility for the region in 2015.



Oscar Wezenbeek (Non-Executive))

Oscar Wezenbeek is currently the Managing Director for AkzoNobel Decorative Paints in South East & South Asia (SESA). Over the course of his 28-year career with AkzoNobel, he has successfully led various portfolios in the coatings and automobile departments. In his previous role, Oscar managed the global Marine, Protective and Yacht Coatings (MPY) business. He has had a proven track record in driving growth in market share and profitability, including sales when he was the Sales & Marketing Director of West Europe under Powder Coatings business.

With a key interest in Sustainability, Oscar is actively involved in the ADB Dutchcham Sustainable Business Committee, joining a network that drives business performance while positively impacting the environment and society globally. Oscar also actively promotes painting the construction industry green and collaborates closely with the World Green Building Council in Asia in many initiatives and thought leadership platform.

Oscar went through an Advanced Management Program at INSEAD in 2006 and Global Executive Leadership Program at Yale School of Management in 2016. He graduated from Technical University Eindhoven with a Masters in Business Engineering and Management Sciences in 1988. Oscar is born in the Netherlands, and in addition to English and Dutch, he is also fluent in Spanish, Swedish, German, and French.

Oscar is a passionate people manager, driving customer focus and performance improvement in all business areas. Other areas of his expertise include market research, business planning, strategy development, and innovation. With his family, he has lived and worked in Spain, Sweden and now Singapore.



Harris Mahmood (Executive Director and Chief Financial Officer)

Harris Mahmood was appointed to the Board of Directors of Akzo Nobel Pakistan Limited in January 2015 and is also the Chief Financial Officer of the Company. He has been associated with ICI Pakistan and later Akzo Nobel Pakistan Limited for around 13 years in various roles looking after Finance and Internal Audit.

Harris Mahmood joined ICI Pakistan Limited in 2006 as Internal Audit Manager at Head Office and subsequently worked in business finance functions at Polyester Fibers and Paints before joining Chemicals and Soda Ash businesses as Finance Manager. In March 2013, he joined Akzo Nobel Pakistan Limited as Finance Manager and took over as CFO of the company in January 2015.

He received his schooling from Aitchison College, Lahore, became an Associate Chartered Accountant from Institute of Chartered Accountants of Pakistan in 2005 and in 2016 was enrolled as a Fellow member by the Institute of Chartered Accountants of Pakistan. He completed his article-ship from A F Ferguson & Company (member firm of PWC) and has attended several management development programs including the Advanced Financial Management Program at AkzoNobel in 2011.



Sebastian Tan (Non-Executive)

Sebastian Tan, Regional Head of Finance, Decorative Paints, South East, South Asia and Middle East, was appointed to the Board of Directors of Akzo Nobel Pakistan Limited on October 26, 2016.

Sebastian joined Akzo Nobel in 2006. Shortly after he was appointed the Asia Integration Lead, and successfully merged the two reputable companies of former ICI business and Akzo Nobel in Asia, delivering significant synergies. Prior to joining Akzo Nobel, he was the Asia Head Pricing and Commercial in Honeywell. He is a certified Six Sigma Black Belt for Leaders. He graduated with an MBA from Imperial College Business School, University of London and a Chartered Accountant (Singapore).

Sebastian is currently on the boards on Akzo Nobel (Asia Pacific) Pte Limited, Akzo Nobel Singapore Pte Limited, Akzo Nobel Paints Vietnam Limited and Akzo Nobel Malaysia Sdn Bhd. He has extensive MNC manufacturing experience, well exposed to commercial and business finance roles in regional capacity with a deep understanding of various cultures. His commercial experience has been varied, ranging from aviation repair and overhaul, electronics manufacturing and consumer paints business.



Saad Mahmood Rashid (Chief Executive)

Saad Mahmood Rashid was appointed to the Board of Directors, Chief Executive Officer of AkzoNobel Pakistan Limited and General Manager for Decorative Paints on November 20, 2017. Saad joined AkzoNobel Pakistan Limited in October 2014 as Business Manager Decorative Paints, and under his leadership the business has shown a turnaround.

Saad Mahmood Rashid is a seasoned commercial leader with over 20 years of experience in various Blue Chip Multinationals spanning different geographies and industries. Before joining Akzo Nobel Pakistan Limited, Saad was working as Sales Director for Reckitt Benckiser. Prior to this, he has worked in various positions at Pepsi Cola International, Ceylon Tobacco and Pakistan Tobacco Company (BAT). Saad has an MBA Degree from IBA Karachi.



OUR EXECUTIVE MANAGEMENT TEAM

Farooq Ayub Khan

Operations Manager

Farooq Ayub Khan is the Operations Manager for the Paints & Coatings site in Lahore. He joined AkzoNobel Pakistan as an Engineering Manager in 2015 and since then has led the team in successfully achieving various milestones in Process Safety and Lean Manufacturing and Sustainability. Prior to AkzoNobel, he has worked in Pakistan Tobacco Company in various functions across the Supply Chain as the Production Manager, Engineering Manager and Secondary Logistics Manager.

Farooq has done his Bachelors in Mechanical Engineering from Ghulam Ishaq Khan Institute of Engineering Sciences & Technology. He is married, with three children.

Saad Mahmood Rashid

Chief Executive

Saad Mahmood Rashid was appointed to the Board of Directors and Chief Executive Officer of Akzo Nobel Pakistan Limited on November 20, 2017. He also holds the position of General Manager for Decorative Paints in Pakistan. Saad joined Akzo Nobel Pakistan Limited in October 2014 as Business Manager Decorative Paints and under his leadership the business has shown a turnaround performance.

Saad is a seasoned commercial leader with over 19 years of experience in various Blue Chip Multinationals spanning various industries and geographies. Before joining Akzo Nobel Pakistan Limited, Saad was working as Sales Director for Reckitt Benckiser Pakistan. Prior to this role, he has worked in various commercial positions at Reckitt Benckiser South Africa, Pepsi Cola International, Pakistan Tobacco Company (BAT) and Ceylon Tobacco Company (BAT). His rich local and international experience has been a good value addition to the Akzo Nobel Pakistan Limited Management team. Saad has an MBA degree from IBA Karachi and has received his schooling from ICB, Islamabad and Australia. Saad is married, with three children.

Usman Ali

National Sales Manager, Decorative Paints

Usman Ali joined the Company as Regional Sales Manager in the Southern Region in 2015 before recently taking on the role of National Sales Manager, Decorative Paints at AkzoNobel Pakistan.

In his regional role, Usman has been instrumental in the successful turnaround of the business and has proven ability of successful sales and business development. Before joining AkzoNobel,

Usman was with Total Parco Pakistan Limited for over 10 years based in different geographies in Pakistan and leaving as the Regional Manager Sales - having won several awards on exceptional sales performance since the beginning of his career from 2005.

Usman has completed his MBA in 2005 from University of Management & Technology, formerly known as ILM. He is married, with three kids.

Usman Hafaz

Head of Brand and Customer Marketing,

Decorative Paints

Usman Hafaz is the Head of Brand and Customer Marketing, Decorative Paints. He joined AkzoNobel Pakistan in August 2013 as Brand Manager, Decorative Paints and subsequently took over the role of Marketing Manager, Decorative Paints in April, 2015.

Usman has over 10 years of professional experience which started off with ICI Pakistan in 2008 as a graduate recruit. Usman has also worked for United Nations in various roles before joining AkzoNobel Pakistan. Usman completed his BSc.(Hons) from Lahore University of Management Sciences (LUMS) in 2004 followed by Masters in Business Administration (MBA) from Judge Business School, University of Cambridge in 2007. He is married, with two children.

Harris Mahmood

Chief Financial Officer

Harris Mahmood joined ICI Pakistan Limited in 2006 as Internal Audit Manager at Head Office and subsequently worked in business finance functions at Polyester Fibres and Paints before joining Chemicals and Soda Ash businesses as Finance Manager. In March 2013, he joined AkzoNobel Pakistan as Finance Manager and took over as CFO of the Company in January 2015.

He received his schooling from Aitchison College, Lahore and is a fellow member of the Institute of Chartered Accountants of Pakistan since 2016. He completed his article-ship from A.F. Ferguson & Co. (member firm of PWC) and has attended several management development programs including the Advanced Financial Management Program at AkzoNobel in 2011.

Syed Ismail Hussain Naqvi

Business Manager, Performance Coatings

Before joining AkzoNobel in December 2015 as the Business Manager for Performance Coatings, Ismail worked with Buhler AG as Country Manager for 4 years and also spent 2 years with Descon Engineering in Business Development. He worked at different technical

and management positions at Applied Materials in Santa Clara, California from 1998 to 2008, before he moved back to Pakistan.

Ismail brings diverse B2B experience and has played a key role in establishing and growing different industrial businesses in Pakistan. Ismail completed his Master of Business Administration from Santa Clara University, California in 2007 and Master of Science, Mechanical Engineering from University of Michigan, Ann Arbor in 1998. Ismail is married, with two children.

Usman Ali Jamil

Country HR Manager

Usman Ali Jamil joined AkzoNobel Pakistan in 2014. In his current role as Country HR Manager, Usman is part of Country's Executive Management Team and supports business growth by implementing the right HR strategy aligned with Global HR Operating model. Usman is a seasoned HR professional with over 16 years of experience spanning various industries. Prior to joining AkzoNobel, his last role with PepsiCo was of Human Resource Manager. Earlier in his career, he has worked in key HR roles with Presson Descon International, Metro Cash & Carry, NayaTel Group, and Kaprosoft IT Solutions. Usman completed his MBA (in distinction) from University of Management Technology, Lahore in 2006 and Bachelors in Computer Sciences from AIQU, Islamabad in 2002.

Muhammad Rizwan

Supply Chain Manager

Rizwan was working as Senior Manager Logistics & Integrated Supply Chain in Tetra Pak Pakistan Limited before joining AkzoNobel Pakistan as the Supply Chain Manager in 2016. He has been assigned role of Cluster Logistics Manager- Middle East & Africa in 2018. He started his career in 2001 with Honda Atlas Cars Pakistan Limited before moving to Tetra Pak Pakistan Limited in 2005. Rizwan has 18 years of experience in Supply Chain, covering procurement, supply planning, inbound & outbound logistics, warehousing and distribution. He completed his M.Com from Hailey College of Commerce, University of the Punjab, Lahore in 2001.



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

(left to right)

Farooq Ayub Khan
Operations Manager

Saad Mahmood Rashid
Chief Executive

Usman Ali
National Sales Manager,
Decorative Paints

Usman Hafaz
Head of Brand and Customer
Marketing, Decorative Paints

Harris Mahmood
Chief Financial Officer

Syed Ismail Hussain Naqvi
Business Manager,
Performance Coatings

Usman Ali Jamil
Country HR Manager

Muhammad Rizwan
Supply Chain Manager

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED DECEMBER 31, 2018

The Directors of the Company are pleased to present the annual report along with the audited financial statements for the year ended December 31, 2018.

Overview

2018 was a challenging year for Pakistan's economy. The balance of payments remained under stress due to a high current account deficit. Inflation has been inching up and core inflation rose sharply in 2018 because of PKR depreciation and demand-side pressures. The policy interest rate was also raised by 250 bps during the second half of the year, taking the full year increase to 4.25%. To support declining reserves, government has been tapping international markets for commercial and official loans. The government also imposed regulatory duties on many imports to slowdown import growth and the PKR exchange rate depreciated by a cumulative 26% in 2018 against major currencies.

The year 2018 was also impacted by political uncertainty owing to general elections that affected consumer demand. Raw material prices continued an upward trajectory since the start of the year owing to rupee devaluation and higher custom duties.

The company managed to grow by 2.5% in this challenging economic environment. As a result of cost pressures, however it took price increases on its products to mitigate the impact. This was followed by competition. However, margins remained under pressure. To mitigate the impact of lower margins, the company adopted cost saving measures and kept operating expenses at similar levels to last year despite inflationary pressures. In the Finance Bill 2018-2019, the government extended the super tax for another two years which resulted in a charge for this year as well as prior year. As a result of these factors, profit after tax and EPS was lower by 32.4% for the year at PKR 387 million and PKR 8.34 respectively.

During the year the company sold its specialty chemical business as a going concern to Akzo Nobel Chemical (SMC-Private) Limited, a wholly owned subsidiary of Carlyle Group and GIC (previously Akzo Nobel Chemicals Holding B.V. of Amsterdam, an affiliate of Akzo Nobel N.V.) at a sale consideration of Rs. 33.5 million.

The company contributed PKR 1.104 billion to the national exchequer through taxes, duties and other levies during 2018 (2017: PKR 1.125 billion).

Financial Performance

PKR million

	2018	2017	Increase (Decrease)
Turnover	8,747	8,530	2.5%
Net sales	5,813	5,691	2.1%
Cost of sales	3,810	3,461	10.1%
Gross profit	2,003	2,229	(10.2)%
Operating profit	560	783	(28.4)%
Profit after taxation	387	573	(32.4)%
Earnings per share - PKR	8.34	12.34	(32.4)%

Dividends

Keeping in view future business prospects and after due consideration of the company's cash flow requirements, the Board of Directors is pleased to propose a final dividend of PKR 5.00 per ordinary share i.e. 50% for the year ended December 31, 2018.

Health, Safety and Environment - HSE

The company demonstrated its firm commitment to HSE, completing the year without a single reportable injury. Behavior Based Safety program, which is about influencing people's behavior to avoid injuries, was further strengthened. Through the application of this program, the company has been able to improve people and process safety at its site. On the operational eco efficiency side, a solar power project was initiated and is now in its final stages. This will make our

factory site more ecofriendly. Furthermore, the company got certification of ISO 14001:2015. These developments are a clear demonstration of the company's resolve to maintain health and safety as a core priority.

Business performance

Your company is committed to enhance its product range through innovation as an integral part of the company's vision to positively enhance the quality of life of consumers. To improve channel-connect, drive influencer engagement and increase numeric reach, the company launched 'Dulux Promise' range, a complete mid-tier offering coupled with an extensive media campaign.

In 2018, the Company also started regular supplies of Packaging Coatings to the first beverage can manufacturing plant commissioned in Pakistan.

Future Outlook

As 2018 ended, all global economic forecasters have revised down the expected growth prospect of the country citing shrinking foreign exchange reserves and a high debt burden among other factors. Rising inflation, higher interest rates and a decline in foreign direct investments are expected to impact demand in the short term. In the medium term, the situation is expected to improve with better macro-economic stability.

The company aims to improve margins through pricing initiatives and product portfolio enhancement. The Company will continue to engage all stakeholders i.e. customers, consumers, retailers and influencers through various marketing and sales programs.

Corporate Social Responsibility

As part of its Corporate Social Responsibility, the company in collaboration with SOS Children's Villages organized the third leg of its joint activity under the Youth Can program, "Renovating Living Spaces". A fully sponsored children's carnival was arranged at the SOS Village in Lahore to paint and renovate SOS Village Homes. The event was attended by Her Excellency Mrs. Ardi Stoios-Braken, the Dutch Ambassador, employees and the Executive Management Team of the Company.

Acknowledgment

In 2018, we continued to strengthen our people processes to sustain an edge over competition. Key focus areas included leadership development, capability enhancement and employee relations management. This helped in building high performance teams to achieve organizational goals. At the same time, diversity and commitment to compliance continued to remain at the heart of our agenda. The results of the company reflect the unrelenting commitment and contribution of its people, and the trust placed in the company by its customers, suppliers, service providers and shareholders.

Auditors

The present auditors A.F. Ferguson & Co. Chartered Accountants, are retiring and being eligible have offered themselves for reappointment.

Compliance with the Code of Corporate Governance

As required under the Code of Corporate Governance incorporated in the Listing Rules of the Stock Exchange in the country, 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 five years is summarized on page numbers F60 and F61.
- 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 2017, are as follows:

	Value in PKR million
Akzo Nobel Pakistan Limited Management Staff Provident Fund	180
Akzo Nobel Pakistan Limited Management Staff Gratuity Fund	96
Akzo Nobel Pakistan Limited Management Staff Pension Fund	116
Akzo Nobel Pakistan Limited Management Staff Defined Contribution Superannuation Fund	125
Akzo Nobel Pakistan Limited Non Management Staff Provident Fund	32

Directors' attendance

During the year, 5 (five) 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	5	4	2
Mr. Zia Ur Rehman *	1	1	-
Mr. Bart Kaster *	1	1	-
Ms. Ayesha Hamid **	4	3	-
Mr. Saad Mahmood Rashid Chief Executive	5	-	2
Mr. Harris Mahmood Chief Financial Officer	5	4	-
Mr. Jeremy Rowe *	5	-	2
Mr. Sebastian Tan	4	3	-
Mr. David Teng *	2	-	-
Ms. Sara Shah *	4	-	-
Company Secretary Mr. Rehan Hamid *	1	4	-
Secretary Audit Committee Mr. Usman Ali Jamil	-	-	2
Secretary HR & R Committee			

* left in 2018 | ** Joined in 2018

Composition of Board

Independent	2
Non-Executive	3
Executive	2
Total	7
Male	6
Female	1
Total	7

Committees of Board

Details of Audit and Human resources sub-committees have been set out on page number 36.

Director's Remuneration

Independent director's fee is paid in line with Board approval and is subject to Board's review after every three years.

Director's training

Mr. Mueen Afzal, Mr. Saad Mahmood Rashid, Mr. Harris Mahmood and Ms. Ayesha Hamid have already completed training requirements and accordingly company is in compliance with CCG criteria to complete 50% of directors training by 2019. Remaining 3 Non-executive directors are scheduled to complete by 2021.

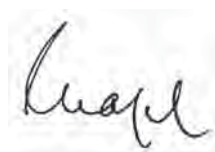
Pattern of shareholding

A statement showing the pattern of shareholding in the company along with additional information as at December 31, 2018 appears on page numbers F62 to F64

ICI Omicron B.V., the Netherlands (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 2018 were PKR 240 and PKR 116 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



Saad Mahmood Rashid
Chief Executive

STATEMENT OF COMPLIANCE

WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017 FOR THE YEAR ENDED DECEMBER 31, 2018

The Company has complied with the requirements contained in the Regulations in the following manner:

1. The total number of directors are 7 as per the following
 - a) Male: 6
 - b) Female: 1
2. The composition of board is as follows:

Category	Names
Independent Director	Mr. Mueen Afzal (Chairman) Ms. Ayesha Hamid
Executive Director	Mr. Saad Mahmood Rashid Mr. Harris Mahmood
Non-Executive Director	Mr. Oscar Wezenbeek Mr. Sebastian Tan Mr. Gary Brown
3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including Akzo Nobel Pakistan Limited.
4. 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.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of the Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 and these Regulations.
9. The Board has arranged Directors' Training program for the following:
 - (i) Saad Mahmood Rashid CEO
 - (ii) Harris Mahmood CFO
 - (iii) Mueen Afzal
 - (iv) Ayesha Hamid
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below

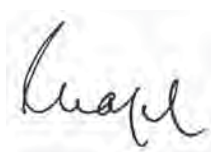
Audit Committee

Ms. Ayesha Hamid	Chairperson
Mr. Sebastian Tan	
Mr. Mueen Afzal	

HR & R Committee

Mr. Mueen Afzal	Chairman
Mr. Oscar Wezenbeek	
Mr. Saad Mahmood Rashid	

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committees were as per following:
 - a) Audit Committee: Quarterly
 - b) HR and Remuneration Committee: Yearly
15. 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.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act, 2017, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.



Mueen Afzal
Chairman

Lahore
February 27, 2019



Saad Mahmood Rashid
Chief Executive

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

Review Report on the Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Akzo Nobel Pakistan Limited (the Company) for the year ended December 31, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the 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 of Directors' 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.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken 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 requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2018.



A.F. Ferguson & Co.,
Chartered Accountants
(Hammad Ali Ahmad)

SPICED HONEY

Color of the Year 2019

Akzo Nobel Pakistan Limited

Financial Statements

Akzo Nobel Pakistan Limited





A·F·FERGUSON&CO.

Independent Auditor's Report

To The Members Of Akzo Nobel Pakistan Limited Report On The Audit Of The Financial Statements

Opinion

We have audited the annexed financial statements of Akzo Nobel Pakistan Limited (the Company), which comprise the statement of financial position as at December 31, 2018, and the profit and loss account, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2018 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S.No	Key audit matters	How the matter was addressed in our audit
1	<p>Additional disclosures required under the Fourth Schedule of Companies Act, 2017</p> <p><i>(Refer note 3 and 4 to the financial statements)</i></p> <p>The Fourth Schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of annual financial statements.</p> <p>As part of this transition to the requirements, management performed an analysis to identify differences between the previous and the current Fourth Schedule and as a result certain amendments relating to presentation and disclosures were made in the annexed financial statements.</p>	<p>We reviewed and understood the requirements of the Fourth Schedule to the Companies Act, 2017. Our audit procedures included the following:</p> <ul style="list-style-type: none"> considered the management's process to identify the additional disclosures required in the Company's annexed financial statements; assessed the accounting implications, presentation and disclosure requirements of the financial reporting framework relating to change in accounting policy for surplus on revaluation of property, plant and equipment;

S.No	Key audit matters	How the matter was addressed in our audit
	<p>These amendments include recognition of surplus on revaluation of property, plant and equipment in equity. This change in the framework relating to surplus on revaluation of property, plant and equipment is accounted for as a change in accounting policy that also required retrospective restatement of the financial statements and inclusion of an additional statement of financial position at the beginning of the earliest period presented in accordance with International Accounting Standard (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors" as disclosed in note 3 and 4 to the financial statements.</p> <p>In view of the amendments and various new disclosures prepared and presented in the financial statements, we considered this as a key audit matter.</p>	<ul style="list-style-type: none"> - obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for the sufficient audit evidence; and - verified on test basis the supporting evidence for the additional disclosures and ensured appropriateness of the disclosures made.
2	<p>Income tax contingencies</p> <p><i>(Refer note 10 to the financial statements)</i></p> <p>The Company has contingent liabilities in respect of income tax matters, which are pending adjudication before the taxation authorities and the court of law.</p> <p>Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provision that may be required against such contingencies.</p> <p>Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered contingent liabilities relating to income tax a key audit matter.</p>	<p>Our audit procedures included the following</p> <ul style="list-style-type: none"> - obtained and reviewed details of the pending tax matters and discussed the same with the Company's management; - circularised confirmations to the Company's external legal and tax counsels for their views on open tax assessments; - reviewed correspondence of the Company with the relevant authorities including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved; - involved internal tax professional to assess management's conclusion on contingent tax matters and evaluated the consistency of such conclusions with the views of the management and external tax advisors engaged by the Company; and - reviewed disclosures made in respect of such tax matters.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

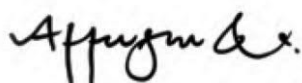
From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Hammad Ali Ahmad.



**Chartered Accountants
Lahore**

Date: February 28, 2019

Statement of Financial Position

As at December 31, 2018

Amounts in Rs '000

	Note	2018	2017 Restated	2016 Restated
EQUITY AND LIABILITIES				
Share Capital And Reserves				
Authorized share capital	5	1,000,000	1,000,000	1,000,000
Issued, subscribed and paid-up capital	5	464,433	464,433	464,433
Reserves	6	2,130,632	2,018,503	1,746,989
Surplus on revaluation of property, plant and equipment	7	1,264,962	1,306,613	1,347,799
		3,860,027	3,789,549	3,559,221
Non-current Liabilities				
Deferred liabilities	8	61,568	58,062	57,210
Current Liabilities				
Trade and other payables	9	1,760,001	1,898,786	1,467,857
Unpaid dividend		2,986	2,811	2,648
Unclaimed dividend		26,612	22,844	21,367
		1,789,599	1,924,441	1,491,872
Contingencies And Commitments				
	10	-	-	-
		5,711,194	5,772,052	5,108,303

Statement of Financial Position

As at December 31, 2018

Amounts in Rs '000

	Note	2018	2017 Restated	2016 Restated
ASSETS				
Non-current assets				
Property, plant and equipment	11	1,961,553	1,983,914	1,840,208
Intangible assets	12	37,668	9	674
Long term loans	13	66,747	86,345	87,040
Long term deposits and prepayments	14	5,713	6,240	4,658
Deferred tax asset - net	15	147,322	132,164	135,690
		2,219,003	2,208,672	2,068,270
Current assets				
Stores and spares	16	22,661	25,568	18,603
Stock-in-trade	17	668,883	587,044	468,549
Trade debts	18	741,838	739,593	493,199
Loans and advances	19	95,398	61,811	62,529
Trade deposits and short term prepayments	20	16,601	14,033	20,775
Other receivables	21	21,481	44,486	20,944
Income tax receivable		23,061	16,172	1,729
Interest accrued		7,141	4,496	4,754
Cash and bank balances	22	1,895,127	2,070,177	1,948,951
		3,492,191	3,563,380	3,040,033
		5,711,194	5,772,052	5,108,303

The annexed notes 1 to 43 form an integral part of these financial statements.



Mueen Afzal
Chairman



Saad Mahmood Rashid
Chief Executive



Harris Mahmood
Chief Financial Officer

Profit and Loss Account

For the year ended December 31, 2018

Amounts in Rs '000

	Note	2018	2017
Turnover	23	8,746,846	8,529,637
Sales tax and discounts	23	(2,934,103)	(2,839,060)
Net sales		5,812,743	5,690,577
Cost of sales	24	(3,810,004)	(3,461,452)
Gross profit		2,002,739	2,229,125
Selling and distribution expenses	25	(1,096,009)	(1,115,667)
Administrative and general expenses	26	(346,657)	(330,748)
Operating profit		560,073	782,710
Finance cost	27	(9,992)	(2,053)
Other charges	28	(89,938)	(77,715)
		(99,930)	(79,768)
Other income	29	149,212	150,589
Profit before taxation		609,355	853,531
Taxation	30	(222,176)	(280,525)
Profit for the year		387,179	573,006
Earnings per share - Basic and diluted - (Rupees)	31	8.34	12.34

The annexed notes 1 to 43 form an integral part of these financial statements.



Mueen Afzal
Chairman



Saad Mahmood Rashid
Chief Executive



Harris Mahmood
Chief Financial Officer

Statement of Comprehensive Income

For the year ended December 31, 2018

Amounts in Rs '000			
	Note	2018	2017
Profit for the year		387,179	573,006
Other comprehensive income / (loss)			
<i>Items that will not be reclassified to profit or loss</i>			
Re-measurement of defined benefit liability	8.3	11,835	(58,277)
Related tax impact		(3,432)	17,483
		8,403	(40,794)
Total comprehensive income for the year		395,582	532,212

The annexed notes 1 to 43 form an integral part of these financial statements.



Mueen Afzal
Chairman



Saad Mahmood Rashid
Chief Executive



Harris Mahmood
Chief Financial Officer

Statement of Changes in Equity

For the year ended December 31, 2018

Amounts in Rs '000

	Note	Issued, subscribed and paid-up capital	Capital reserves		Revenue reserve Unappropriated profit	Surplus on revaluation of property, plant and equipment	Total
			Share premium	Capital receipts			
Balance as at December 31, 2016		464,433	156,006	196	1,590,787	-	2,211,422
Net effect of change in accounting policy - note 4.1.2		-	-	-	-	1,347,799	1,347,799
Balance as at December 31, 2016 (Restated)		464,433	156,006	196	1,590,787	1,347,799	3,559,221
Total comprehensive income for the year ended December 31, 2017							
Profit for the year		-	-	-	573,006	-	573,006
Other comprehensive loss		-	-	-	(40,794)	-	(40,794)
Total comprehensive income for the year		-	-	-	532,212	-	532,212
Incremental depreciation charge during the year - net of deferred tax	7	-	-	-	41,186	(41,186)	-
Transactions with owners recognized directly in equity							
Final dividend for the year ended December 31, 2016 @ Rs. 6.50 per share		-	-	-	(301,884)	-	(301,884)
Balance as at December 31, 2017 (Restated)		464,433	156,006	196	1,862,301	1,306,613	3,789,549
Total comprehensive income for the year ended December 31, 2018							
Profit for the year		-	-	-	387,179	-	387,179
Other comprehensive income		-	-	-	8,403	-	8,403
Total comprehensive income for the year		-	-	-	395,582	-	395,582
Incremental depreciation charge during the year - net of deferred tax	7	-	-	-	41,651	(41,651)	-
Transactions with owners recognized directly in equity							
Final dividend for the year ended December 31, 2017 @ Rs. 7.00 per share		-	-	-	(325,104)	-	(325,104)
Balance as at December 31, 2018		464,433	156,006	196	1,974,430	1,264,962	3,860,027

The annexed notes 1 to 43 form an integral part of these financial statements.



Mueen Afzal
Chairman



Saad Mahmood Rashid
Chief Executive



Harris Mahmood
Chief Financial Officer

Cash Flow Statement

For the year ended December 31, 2018

Amounts in Rs '000

	Note	2018	2017
Cash flows from operating activities			
Profit before taxation		609,355	853,531
Adjustments for:			
Depreciation and amortization		148,338	140,050
Gain on disposal of property, plant and equipment		(182)	(1,926)
Provision for employee benefits obligation		33,869	33,657
Provision / (reversal) of doubtful debts		54,098	(14,389)
Reversal of provisions no longer required		(32,193)	(36,870)
Provision for slow moving and obsolete stocks		31,133	25,085
Provision for obsolete stores and spares		2,300	-
Gain on disposal of Specialty Chemicals business		(33,500)	-
Interest income		(71,301)	(70,027)
		132,562	75,580
Profit before working capital changes		741,917	929,111
Effect on cash flow due to working capital changes			
Decrease / (increase) in current assets:			
Stores and spares		607	(6,965)
Stock-in-trade		(112,972)	(143,580)
Trade debts		(56,343)	(232,005)
Loans and advances		(33,587)	(74)
Trade deposits and short term prepayments		(2,568)	6,742
Other receivables		23,005	(23,542)
		(181,858)	(399,424)
Increase / (decrease) in current liabilities:			
Trade and other payables, excluding employee benefits		(85,346)	424,229
Net cash generated from operations		474,713	953,916
Decrease in long term loans		19,598	1,487
Decrease / (increase) in long term deposits and prepayments		527	(1,582)
Employee benefits paid		(46,943)	(50,314)
Taxes paid		(247,655)	(273,959)
Net cash generated from operating activities		200,240	629,548
Cash flows from investing activities			
Payments for capital expenditure		(120,422)	(280,454)
Payments for software development costs		(37,668)	-
Proceeds from disposal of property, plant and equipment		1,806	2,091
Proceeds from disposal of Specialty Chemicals business		33,500	-
Interest received		68,656	70,285
Net cash used in investing activities		(54,128)	(208,078)
Cash flows from financing activities			
Dividend paid		(321,162)	(300,244)
Net cash used in financing activities		(321,162)	(300,244)
(Decrease) / increase in cash and cash equivalents		(175,050)	121,226
Cash and cash equivalents at the beginning of the year		2,070,177	1,948,951
Cash and cash equivalents at the end of the year	22	1,895,127	2,070,177

The annexed notes 1 to 43 form an integral part of these financial statements.



Mueen Afzal
Chairman



Saad Mahmood Rashid
Chief Executive



Harris Mahmood
Chief Financial Officer

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

1 Legal status and nature of business

Akzo Nobel Pakistan Limited ("the Company") is a public limited company listed on the Pakistan Stock Exchange. The registered office of the Company and the factory is situated at 346, Ferozepur Road, Lahore. The Company is primarily involved in the manufacturing and sale of paints and coatings, along with trading of specialty chemicals up to August 31, 2018, as stated in note 2. The Company is a subsidiary of ICI Omicron B.V. which is a wholly owned subsidiary of Akzo Nobel N.V.

2 Significant transactions and events affecting the Company's financial position and performance

- Due to first time application of financial reporting requirements under Companies Act, 2017, including presentation and disclosure requirements of the fourth schedule to the Companies Act, 2017, some additional disclosures have been added and some amounts reported for the previous periods have been reclassified. Further, due to such application, the Company accounted for a change in accounting policy relating to surplus on revaluation of property, plant and equipment, as disclosed in note 4.1 to these financial statements; and
- The Company sold off its Specialty Chemicals Business as a going concern, effective from August 31, 2018, to Akzo Nobel Chemicals (SMC-Private) Limited, a wholly owned subsidiary of Carlyle Group and GIC (previously Akzo Nobel Chemicals Holding B.V. of Amsterdam, the Netherlands; an affiliate of Akzo Nobel N.V.) at a sale consideration of Rs. 33.5 million.

All other significant events and transactions that have affected the Company's financial position and performance, if any, have been adequately disclosed in the notes to these financial statements.

3 Basis of preparation

3.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of the directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 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 and machinery) that are stated at revalued amounts, certain foreign currency translation adjustments, defined benefit asset / liability at fair value of plan asset less present value of defined benefit obligation and derivative financial instruments.

3.3 Critical accounting estimates and judgments

The Company's significant accounting policies are stated in note 3.6. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates.

Notes to the Financial Statements

For the year ended December 31, 2018

The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Defined benefit obligation

Certain actuarial assumptions have been adopted as disclosed in note 8.11 to the financial statements for present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might affect gains and losses in those years.

b) Property, plant and equipment and Intangible assets

The estimates for revalued amounts, if any, of different classes of property, plant and equipment, are based on valuations performed by an external professional valuation expert and on recommendations of technical teams of the Company. The said recommendations also include estimates with respect to residual values and useful lives of property, plant and equipment and intangible assets. 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 equipment and intangible assets with a corresponding effect on the depreciation / amortization charge and impairment.

c) Income taxes

In making the estimates for income taxes currently payable by the Company, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past. In determination of deferred taxes, estimates of the Company's future taxable profit are taken into consideration.

The tax period of the Company is the same as its accounting year. The income tax assessments of the Company up to and including tax year 2018 have been completed under the provisions of section 120 of the Income Tax Ordinance, 2001 except for the cases as mentioned in note 10.1.1 to 10.1.3.

d) Stock-in-trade and stores and spares

The net realizable value of stock-in-trade and stores and spares are assessed for any diminution in their respective values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores and spares with the corresponding effect of the impairment. Net realizable value is determined with respect to estimated selling price less estimated expenditure to make the sale.

e) Trade debts, advances and other receivables

The recoverability of trade debts, advances and other receivables are reviewed at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

f) Provision for discounts

The Company offers various forms of discounts to its customers based on approved promotion schemes. In this regard, the Company maintains a provision for discounts based on the sales that satisfy the promotion criteria at the reporting date. Adjustment of the same is made upon claim by the respective customers. Charges and reversal thereof are recognized in the profit and loss account.

3.4 Functional and presentation currency

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

Notes to the Financial Statements

For the year ended December 31, 2018

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

The following amendments to existing standards have been published that are / will be applicable to the Company's financial statements covering annual periods, beginning on or after the dates mentioned in the sub-notes.

3.5.1 Standards, interpretations and amendments to published approved accounting standards that became effective during the year and are relevant

The Companies Act, 2017 (the Act) has also brought certain changes with regard to the preparation and presentation of the financial statements of the Company. These changes also include change in nomenclature of the primary financial statements, etc.

Further, the disclosure requirements contained in the Fourth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements;
- change in the definition of "executives";
- incorporation of significant additional disclosures, including a separate disclosure of unclaimed dividends; and
- change in accounting policy relating to surplus on revaluation of property, plant and equipment (detailed in note 4).

Keeping in view of the above, the presentation of these financial statements has been realigned with the provisions contained in the Act, however, this does not have any material impact on the recognition and measurement of the amounts included in the financial statements of the Company, except for as disclosed in note 4 to the financial statements.

The other amendments to published standards and interpretations that were applicable for the Company's financial year ended December 31, 2018 are considered not to be relevant or do not have any material impact on the Company's financial reporting, and therefore are not disclosed in these financial statements.

3.5.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after their respective effective dates but the Company has not early adopted them.

The management is in the process of assessing the impact of changes laid down by these standards on its financial statements.

	Effective date (accounting periods beginning on or after)
IFRS 15 - 'Revenue from Contracts with Customers'	July 1, 2018
IFRS 16 - 'Leases'	January 1, 2019
IFRIC 23 - 'Uncertainty over income tax'	January 1, 2019
IAS 19 - 'Employee Benefits in relation to plan amendments, curtailments or settlements'	January 1, 2019
IAS 12 - 'Annual Improvements to IFRS 2015 - 2017 Cycle'	January 1, 2019

The SECP, vide SRO 22(I) / 2019, dated February 14, 2019 has modified the effective date of IFRS 9 - 'Financial Instruments' to become applicable for the reporting period / year ending on or after June 30, 2019, with earlier application being permitted.

3.5.3 Standards, amendments and interpretations to existing standards not yet effective and not applicable / relevant to the Company

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2019 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

Notes to the Financial Statements

For the year ended December 31, 2018

3.6 Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.6.1 Stores and spares

Stores and spares are stated at the lower of cost and net realizable value. Cost is determined using weighted average method. Items in transit are valued at a cost, comprising invoice value plus other charges invoiced there on up to the reporting date.

3.6.2 Stock-in-trade

Stock-in-trade is valued at 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.

Raw materials	Weighted average cost
---------------	-----------------------

Work-in-process and finished goods	Cost of direct materials, labour and appropriate manufacturing overheads
------------------------------------	--

Net realizable value signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and estimated costs necessary to make the sale.

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

3.6.3 Property, plant and equipment

Property, plant and equipment (except freehold land, buildings on freehold land and plant and machinery) are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is stated at revalued amount, buildings on freehold land and plant and machinery are stated at revalued amounts less accumulated depreciation and accumulated impairment losses, if any. 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 borrowing cost.

Depreciation charge is based on the straight-line method whereby the cost or revalued amount of an asset is written off to the 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 preceding the disposal. The rate of depreciation is specified in note 11.1 to these financial statements.

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 reporting 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 tax) is transferred directly to unappropriated profit.

Maintenance and normal repairs are charged to the profit and loss account as and when incurred. Subsequent improvements to the assets 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).

Capital work-in-progress is stated at cost less any identified impairment loss.

Notes to the Financial Statements

For the year ended December 31, 2018

3.6.4 Intangible assets

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 accumulated 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 the profit and loss account as incurred.

Amortization is based on the cost of an asset less its residual value, if any. Amortization is recognized in the profit and loss account 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. The rate of amortization is specified in note 12.1 to these financial statements.

3.6.5 Financial instruments

3.6.5.1 Non-derivative financial assets

The Company initially recognizes 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 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 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 recognized as a separate asset or liability.

The Company classifies non-derivative financial assets into financial assets at fair value through profit or loss; held-to-maturity financial assets; loans and receivables; and available-for-sale financial assets.

As at December 31, 2018 no financial assets of the Company are classified as financial assets at fair value through profit or loss; available-for-sale financial assets; and held-to-maturity financial assets.

3.6.5.2 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 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 include loans, deposits, trade debts, interest accrued, other receivables and cash and bank balances of the Company.

3.6.5.3 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.

3.6.5.4 Non-derivative financial liabilities

The Company initially recognizes 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 expired.

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. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Notes to the Financial Statements

For the year ended December 31, 2018

3.6.5.5 Derivative financial instruments

These are initially recorded at fair value on the date a derivative contract is entered into and are re-measured to fair value at subsequent reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company does not apply hedge accounting for any derivatives.

Any gain or loss from change in fair value of derivatives are taken directly to the profit and loss account.

3.6.5.6 Offsetting

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 realize the asset and settle the liability simultaneously.

3.6.6 Impairment

3.6.6.1 Financial assets

Financial assets are assessed at each reporting date to determine whether there is an 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 or indications that a debtor / 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 the profit and loss account 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 the profit and loss account.

3.6.6.2 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 higher 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 the 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 that are 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.

Notes to the Financial Statements

For the year ended December 31, 2018

3.6.7 Share capital (ordinary shares)

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

3.6.8 Staff retirement benefits

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

3.6.9 Defined benefit plans

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

All past service costs are recognized at earlier of when the amendment or curtailment occurs and when the Company has recognized related restructuring or termination benefits.

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.

Remeasurement 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 recognized 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 the 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 recognized immediately in the profit and loss account. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3.6.10 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 July 31, 2004 or have joined the Company after April 30, 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.

3.6.11 Provisions

A provision is recognized in the statement of financial position 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.

Notes to the Financial Statements

For the year ended December 31, 2018

3.6.12 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
- 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.

3.6.13 Revenue recognition

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customer (i.e. after obtaining customer acknowledgment at the time of delivery of goods), recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and the amount of revenue can be measured reliably. In case of goods sold through consignment, revenue is recognized after assuming lead time for the delivery of goods from the shipment date unless the sales are acknowledged by the customer.

Revenue is measured at the fair value of the consideration received or receivable for the goods sold, net of returns, discounts and sales tax.

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

3.6.14 Financial expenses and financial income

Financial expenses are recognized using the effective interest rate method and comprise of mark-up / interest expense on borrowings, along with amortization losses on interest free loans given to staff.

Financial income comprises of income on funds invested, mark-up / interest income on lendings made by the Company, if any, and amortization gains on interest free loans given to staff. Income are recognized as they accrue in the profit and loss account, using the effective interest rate method.

3.6.15 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.

3.6.16 Borrowing cost

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.

3.6.17 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 reporting date. Exchange differences i.e. gains / losses, are taken to the profit and loss account.

3.6.18 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss, 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.

Notes to the Financial Statements

For the year ended December 31, 2018

a) Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted or substantially enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

b) Deferred

Deferred tax is accounted for using the statement of financial position liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits shall be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

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 asset is 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.

3.6.19 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 year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.6.20 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.

3.6.21 Related party transactions

Transactions with related parties are carried out on mutually agreed terms and conditions.

4 Change in accounting policy

The Securities and Exchange Commission of Pakistan (SECP) vide circular No. 23, reference CLD/CCD/PR(11) / 2017, dated October 4, 2017 allowed companies whose financial year closes on or before December 31, 2017 to prepare their financial statements in accordance with provisions of the repealed Companies Ordinance, 1984. Section 235 of the repealed Companies Ordinance, 1984, specified the accounting treatment and presentation of surplus on revaluation of property, plant and equipment. This differed from the requirements under the IFRS (IAS 16 'Property, plant and equipment'). However, in the Companies Act, 2017 the relevant section has not been carried forward and companies are now required to follow the requirements as specified in IAS 16.

With effect from January 1, 2018 the Company has changed its accounting policy regarding the accounting treatment and presentation of surplus on revaluation of property, plant and equipment to ensure compliance with the IFRS regarding presentation, offsetting and transfers of surplus on revaluation of property, plant and equipment.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

4.1 The effect of change in accounting policy and related restatements is summarised below:

	As at December 31, 2017			As at December 31, 2016		
	As previously reported	Restatement	As re-stated	As previously reported	Restatement	As re-stated
4.1.1 Effect on statement of financial position						
Surplus on revaluation of property, plant and equipment - net of tax	1,306,613	(1,306,613)	-	1,347,799	(1,347,799)	-
Share capital and reserves						
Surplus on revaluation of property, plant and equipment - net of tax	-	1,306,613	1,306,613	-	1,347,799	1,347,799

4.1.2 Effect on statement of changes in equity

Surplus on revaluation of property, plant and equipment - net of tax	-	1,306,613	1,306,613	-	1,347,799	1,347,799
--	---	-----------	-----------	---	-----------	-----------

There was no impact on the Company's profit or loss, other comprehensive income, earning per share or cash flows as a result of the retrospective application of the abovementioned change in accounting policy.

5 Share capital

	2018	2017	Note	2018	2017
5.1 Authorized share capital					
Number of shares					
100,000,000	100,000,000	Ordinary shares of Rs. 10/- each		1,000,000	1,000,000

5.2 Issued, subscribed and paid-up capital

Number of shares		Ordinary shares of Rs. 10/- each issued as fully		
46,443,320	46,443,320	paid shares for consideration other than cash	464,433	464,433

5.2.1 ICI Omicron B.V. (which is a wholly owned subsidiary of Akzo Nobel N.V.) holds 35,209,665 (2017: 35,209,665) ordinary shares of Rs. 10/- each representing 75.81% (2017: 75.81%) of the share capital of the Company.

6 Reserves

Capital reserves				
- Share premium	6.1	156,006	156,006	
- Capital receipts	6.2	196	196	
		156,202	156,202	
Revenue reserve				
- Unappropriated profit		1,974,430	1,862,301	
		2,130,632	2,018,503	

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

	Note	2018	2017
6.1	This amount has been allocated and transferred to the Company pursuant to the Scheme of demerger. This reserve can be utilized by the Company only for the purposes specified in section 81 (2) of the Companies Act, 2017.		
6.2	Capital receipts represent the amount received from various Akzo Nobel companies overseas for the purchase of property, plant and equipment. The remitting companies have no claim to their repayments. The amount has been allocated and transferred to the Company pursuant to the Scheme of demerger.		
7	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 previous years.		
		1,306,613	1,347,799
		-	-
		(41,651)	(41,186)
		1,264,962	1,306,613

As explained in note 4, the Company has changed its accounting policy and now the surplus on revaluation of fixed assets has been presented within shareholders' equity.

8 Deferred liabilities

8.1 The amounts recognized in the statement of financial position are:

Non-current liabilities

Unfunded - recognized in deferred liability

- Gratuity fund - non-management	10,406	9,491
- Post retirement medical benefits	51,162	48,571
	61,568	58,062

Current liabilities

Funded - payable to employee retirement benefit fund:

- Pension fund - management	75,829	87,877
- Gratuity fund - management	42,849	59,216
	118,678	147,093
	180,246	205,155

		2018				2017					
		Funded			Unfunded	Total	Funded			Unfunded	Total
		Pension	Gratuity	Subtotal			Pension	Gratuity	Subtotal		
8.2	The amounts recognized in the profit and loss account against defined benefit schemes are as follows:										
	Current service cost	5,211	13,131	18,342	1,718	20,060	8,822	12,322	21,144	1,746	22,890
	Interest cost	16,365	13,087	29,452	4,263	33,715	18,177	14,738	32,915	4,012	36,927
	Expected return on plan assets	(10,495)	(9,411)	(19,906)	-	(19,906)	(14,880)	(11,280)	(26,160)	-	(26,160)
	Net charge for the year	11,081	16,807	27,888	5,981	33,869	12,119	15,780	27,899	5,758	33,657

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

	2018					2017				
	Funded			Unfunded	Total	Funded			Unfunded	Total
	Pension	Gratuity	Subtotal			Pension	Gratuity	Subtotal		
8.3 Included in other comprehensive income:										
Actuarial (loss) / gain on remeasurement of plan obligation from:										
- Change in financial assumptions	4,833	159	4,992	(159)	4,833	(14,694)	-	(14,694)	-	(14,694)
- Experience adjustments	5,596	6,853	12,449	1,720	14,169	(21,497)	(6,583)	(28,080)	3,412	(24,668)
Return on plan assets, excluding interest income	(6,544)	(623)	(7,167)	-	(7,167)	(7,461)	(11,454)	(18,915)	-	(18,915)
Net gain / (loss) for the year	3,885	6,389	10,274	1,561	11,835	(43,652)	(18,037)	(61,689)	3,412	(58,277)
8.4 Movement in the net liability recognized in the statement of financial position are as follows:										
Balance at beginning of the year	87,877	59,216	147,093	58,062	205,155	54,698	51,627	106,325	57,210	163,535
Net charge for the year	11,081	16,807	27,888	5,981	33,869	12,119	15,780	27,899	5,758	33,657
Contributions / payments during the year	(19,244)	(26,785)	(46,029)	(914)	(46,943)	(22,592)	(26,228)	(48,820)	(1,494)	(50,314)
Actuarial loss charged to / (gain) recognized in other comprehensive income	(3,885)	(6,389)	(10,274)	(1,561)	(11,835)	43,652	18,037	61,689	(3,412)	58,277
Balance at end of the year	75,829	42,849	118,678	61,568	180,246	87,877	59,216	147,093	58,062	205,155
8.5 The amounts recognized in the statement of financial position are as follows:										
Fair value of plan assets	(112,647)	(118,619)	(231,266)	-	(231,266)	(133,169)	(118,608)	(251,777)	-	(251,777)
Present value of defined benefit obligation	188,476	161,468	349,944	61,568	411,512	221,046	177,824	398,870	58,062	456,932
Liability recognized	75,829	42,849	118,678	61,568	180,246	87,877	59,216	147,093	58,062	205,155
8.6 Movement in the present value of defined benefit obligation:										
Balance at beginning of the year	221,046	177,824	398,870	58,062	456,932	269,343	213,789	483,132	57,210	540,342
Current service cost	5,211	13,131	18,342	1,718	20,060	8,822	12,322	21,144	1,746	22,890
Interest cost	16,365	13,087	29,452	4,263	33,715	18,458	15,676	34,133	4,012	38,145
Benefits paid	(43,717)	(35,562)	(79,279)	(914)	(80,193)	(111,768)	(70,546)	(182,314)	(1,494)	(183,808)
Actuarial (gain) / loss on remeasurement of plan obligation	(10,429)	(7,012)	(17,441)	(1,561)	(19,002)	36,192	6,583	42,775	(3,412)	39,363
Balance at end of the year	188,476	161,468	349,944	61,568	411,512	221,046	177,824	398,870	58,062	456,932
8.7 Movement in the fair value of plan assets:										
Balance at beginning of the year	133,169	118,608	251,777	-	251,777	214,645	162,162	376,807	-	376,807
Expected return	10,495	9,411	19,906	-	19,906	14,880	11,280	26,160	-	26,160
Contributions	19,244	26,785	46,029	-	46,029	22,873	27,166	50,039	-	50,039
Benefits paid	(43,717)	(35,562)	(79,279)	-	(79,279)	(111,768)	(70,546)	(182,314)	-	(182,314)
Return on plan assets, excluding interest income	(6,544)	(623)	(7,167)	-	(7,167)	(7,461)	(11,454)	(18,915)	-	(18,915)
Balance at end of the year	112,647	118,619	231,266	-	231,266	133,169	118,608	251,777	-	251,777

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

	2018					2017				
	Funded			Unfunded	Total	Funded			Unfunded	Total
	Pension	Gratuity	Subtotal			Pension	Gratuity	Subtotal		
8.8 Plan assets comprise:										
Government bonds	8,618	2,527	11,145	-	11,145	-	-	-	-	-
Corporate bonds	6,740	4,815	11,555	-	11,555	7,054	5,039	12,093	-	12,093
Mutual funds – debt	925	27	952	-	952	713	25	738	-	738
Equity instruments	38,490	34,402	72,892	-	72,892	30,516	25,295	55,811	-	55,811
Cash	57,874	77,545	135,419	-	135,419	94,886	88,249	183,135	-	183,135
	112,647	119,316	231,963	-	231,963	133,169	118,608	251,777	-	251,777

8.9 The expected charge pertaining to pension fund, gratuity fund and unfunded schemes for the year ending December 31, 2019 is Rs. 10.76 million, Rs. 16.73 million and Rs. 7.69 million, respectively.

8.10 Government bonds, mutual funds and shares are valued at quoted market prices and are level 1. Cash includes notional accrual of interest and is therefore level 2. Corporate bonds are valued at market prices and are level 2. The funds do not have any investment in the securities issued by the Company or any associated companies. The Gratuity Fund and Pension Fund are invested within the limits specified by the regulations governing investment of approved retirement funds in Pakistan.

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

	2018	2017
Discount rate	10.10%	7.50%
Expected return on plan assets	10.10%	7.50%
Future salary increases - Management staff	10.60%	8.00%
Future salary increases - Non-management staff	7.90%	5.40%
Future pension increases	5.60%	3.00%
Medical cost trend	4.90%	2.40%

As at December 31, 2018, the weighted average duration of the defined benefit obligation was 10 years (2017: 9.4 years).

Plan duration of defined benefit obligation:

Pension	8.0 years	8.1 years
Gratuity - Management staff	9.5 years	9.0 years
Gratuity - Non-management staff	5.2 years	6.1 years
Pensioners' medical plan	16.7 years	17.2 years

8.12 The plans expose the Company to the actuarial risks such as:

Salary risks

The risk that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Notes to the Financial Statements

For the year ended December 31, 2018

Mortality / withdrawal risks

The risks that the actual mortality / withdrawal experiences are different. The effect depends upon beneficiaries' service / age distribution and the benefit.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities. This is managed by formulating an investment policy and guidelines based on which investments are made after obtaining approval of trustees of funds.

- 8.13** In case of the funded plans, it is ensured that the long-term investments are in line with the obligation under the retirement benefit plan. Duration and the expected yield of the investments are matched with the expected cash outflows arising from the retirement benefit plan obligations. The process used to manage its risks has not been changed from previous periods. Investments are well diversified and a large portion of the plan assets in 2018 consist of cash and equity instruments.
- 8.14** The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the reporting date. Expected return on equity investments reflect long term real rates of return experienced in the market.
- 8.15** Normal retirement age is 60 years for non-management staff. Normal retirement age for management staff depends on date of joining. If joining date is before February 1988, normal retirement age is 58 years for men and 55 years for women. If joining date falls between February 1, 1988 and February 24, 2013, it is 60 years extendable to 62 years by the mutual consent of employee and Company. If joining date is February 25, 2013 or later, normal retirement age is 62 years.

Currently the Company has the following plans:

a) Pension

Pension scheme entitles the members to pension, subject to the conditions laid down in the rules, on reaching the normal retirement age, disability, early retirement or death in which case the surviving spouse and the children under the age of 25 shall be entitled.

Retirement benefit is a pension of 1.25% of final gross salary for each year of service less actuarial equivalent of any gratuity, if service is at least 10 years. Members may commute up to one-half of pension and the trustees may commute the balance.

The Trustees increase pensions in payment on an ad-hoc basis to provide some relief against inflation. The plan guarantees a minimum annual increase of 6%.

b) Gratuity

Gratuity scheme entitles the members to gratuity on resignation, termination, retirement, early retirement, retrenchment, death and dismissal based on the Company's Service Rules. The Company maintains a separate gratuity fund for management and non-management staff.

Gratuity is based on the last month's basic salary for each year of service.

c) Pensioners' medical plan

The pensioners' medical plan reimburses medical expense to retirees, their wives and widows and widows of management staff employees who died in service. Benefits are limited to a maximum amount depending on grade at retirement.

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

- 8.16** The Pension and Gratuity management plans are fully funded. The funds are legally separate from the Company and are recognized by the Commissioner of Income Tax under Income Tax Rules, 2002. Members do not contribute to the pension and gratuity funds. The Company contributes at rates advised by the actuary. The contributions are equal to current service cost with adjustment for any deficit. If there is a surplus, the Company takes a contribution holiday.

8.17 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:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	(17,287)	18,680
Salary growth rate	0.50%	9,820	(9,338)
Pension growth rate	0.50%	5,003	(4,621)
Medical cost trend rate	0.50%	4,144	(3,732)

If life expectancy increases by 1 year, the obligation decreases by Rs. 2.06 million.

The impact of changes in financial assumptions has been determined by revaluation of the obligations on different sets of assumptions. The impact of increase in longevity has been calculated on the aggregate for each class of employees.

- 8.18** The Company contributed Rs. 22.42 million (2017: Rs. 21.46 million) and Rs. 10.83 million (2017: Rs. 11.14 million) to the provident fund and the defined contribution superannuation fund respectively during the year.

	Note	2018	2017
8.19 Investments out of fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.			
9 Trade and other payables			
Creditors:			
- Related parties - associated companies	9.1	176,766	186,789
- Others		880,702	929,323
		1,057,468	1,116,112
Royalty and technical service fee		181,352	171,966
Accrued liabilities		244,318	272,032
Advances from customers		49,975	35,617
Sales tax, excise and custom duties	9.3	38,024	68,934
Workers' Profit Participation Fund	9.4	31,240	44,923
Workers' Welfare Fund		3,246	8,909
Payable for capital expenditure	8.1	23,076	15,907
Withholding tax payable to Government		10,337	7,863
Payable to employee retirement benefit funds		118,678	147,093
Others		2,287	9,430
		702,533	782,674
		1,760,001	1,898,786

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

	Note	2018	2017
9.1	This includes balances due to following related parties:		
Akzo Nobel Car Refinishes B.V.		26,481	47,378
Akzo Nobel N.V.		43,852	27,190
Akzo Nobel Middle East FZE		-	21,718
ICI Omicron B.V.		20,754	20,754
Akzo Nobel Chemicals (Ningbo) Company Limited		-	15,343
Akzo Nobel Singapore Pte Limited		55,714	11,601
Akzo Nobel Packaging Coatings Limited		6,284	10,155
International Paint (Netherlands) B.V.		9,113	9,504
Akzo Nobel Saudi Arabia Limited		7,326	5,777
Akzo Nobel Chemicals AG		-	5,630
Akzo Nobel Surface Chemistry AB		-	5,554
Akzo Nobel India Limited		2,742	3,893
Akzo Nobel UAE Paints L.L.C.		1,878	1,487
Akzo Nobel Functional Chemicals B.V.		-	411
Akzo Nobel Hilden GmbH		-	202
Akzo Nobel Chemicals S.P.A		-	192
Akzo Nobel GEHQ		2,622	-
		176,766	186,789
9.2	This includes royalty and technical service fee payable to the following related parties:		
Akzo Nobel Coatings International B.V.		174,984	165,674
Akzo Nobel Chemicals International B.V.		-	3,275
		174,984	168,949
9.3	Workers' Profit Participation Fund		
Balance at beginning of the year		44,923	40,628
Allocation for the year	27	31,240	44,923
Interest on funds utilized in the Company's business		919	283
Payments made to the fund during the year		(45,842)	(40,911)
Balance at end of the year	28	31,240	44,923
9.4	Workers' Welfare Fund		
Balance at beginning of the year		8,909	7,385
Allocation for the year		13,376	15,236
Provision written back		(7,000)	-
Payments made during the year		(12,039)	(13,712)
Balance at end of the year		3,246	8,909

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

10 Contingencies and commitments

10.1 Contingencies

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

- 10.1.1** For the tax year 2012, the Additional Commissioner Inland Revenue (Audit) [ACIR], Zone-II, Large Taxpayers Unit, Lahore through order dated January 31, 2014 raised a tax demand of Rs. 89.49 million in addition to the original assessment of Rs. 151.91 million. The tax demand pertains to disallowance of deductions from income for technical fee, advertisement and publicity, bad debts written off and stock-in-trade written off. Further, there was disagreement over the tax treatment of certain matters including calculation of Workers' Welfare Fund, claim for tax credit and apportionment of other income.

The Company filed an appeal before Commissioner Inland Revenue (Appeals) [CIR (A)] against the aforesaid order, which was disposed through the appellate order dated May 5, 2014 wherein the CIR (A) remanded majority of the issues back to the assessing officer. The remaining issues of 'apportionment of other income' and 'disallowance of tax credit' have been contested by the Company with the Appellate Tribunal Inland Revenue (ATIR) whereas the tax department has also contested the issue of 'Workers Welfare Fund' and 'amortization of advertisement expense' with the ATIR. The Additional Commissioner Inland Revenue (Audit) [ACIR], Zone-II, Large Taxpayers Unit, Lahore, through notice dated June 8, 2015 initiated the proceedings under section 124 of the Ordinance and confronted the issues remanded by the CIR (A) to the Company, which have been duly replied to. However, the respective order had not been finalized. The management, in consultation with their tax advisor, is of the view that these tax matters will eventually be decided in the favor of the Company; therefore no provision has been made in these financial statements.

- 10.1.2** For the tax year 2013, the ACIR through assessment order dated April 30, 2014 passed under section 122 (5A) of the Income Tax Ordinance, amended the taxable income of the Company and raised a tax demand of Rs. 15.53 million, in addition to original assessment of Rs. 44.73 million. The tax demand pertains to disallowance of deductions from income for bad debts written off, exchange losses, write-off of property, plant and equipment, advertisement and publicity expenses. Further, there was disagreement over the tax treatment of certain matters including calculation of Workers' Welfare Fund and claim for tax credit.

The Company filed an appeal before the CIR (A), which was disposed through the appellate order dated October 27, 2014 wherein the CIR (A) decided some of the issues in favour of the Company. The remaining issues have been contested by the Company with the ATIR. The department has also filed an appeal with the ATIR on the issues decided in favour of the Company. The Company had partially paid the demand raised through the amendment order and as a consequence of the aforementioned appellate order, an amount of Rs. 4.6 million becomes refundable if the appeal effect is given by the department. The management, in consultation with their tax advisor, is of the view that these tax matters will eventually be decided in the favor of the Company; therefore no provision has been made in these financial statements.

- 10.1.3** For the tax years 2014 and 2016, the CIR through assessment orders dated March 1, 2018 and March 31, 2018 passed under section 122(5A) of the Income Tax Ordinance, amended the taxable income of the Company and raised additional tax demands of Rs. 747.48 million and Rs. 454.48 million, respectively. The tax demands mainly pertain to disallowance of advertisement and publicity; discounts and commission; and expenses on account of gratuity, provident and pension funds. The Company has filed appeals before the CIR (A), which are currently pending adjudication. The management, in consultation with their tax advisor, is of the view that these tax matters will eventually be decided in the favor of the Company; therefore no provision has been made in these financial statements.

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

10.1.4 A show cause notice for alleged contravention of Section 36-A of the Central Excise Act, 1944 was served upon the Company on December 21, 2000 by the Collector of Sales Tax & Central Excise, Lahore. The Company contested the matter before the Collector of Customs, Central Excise & Sales Tax (Adjudication) who issued an order on April 21, 2001 in favour of the show cause notice. The Company was thereby ordered to pay an amount of Rs. 40.61 million. The Company preferred an appeal before the Customs, Excise & Sales Tax Tribunal which was accepted in total through order dated March 29, 2002. An appeal has been filed by the Collector of Sales Tax & Central Excise, Lahore before the Honorable Lahore High Court, Lahore. The appeal is pending adjudication. The management, in consultation with their tax advisor, is of the view that these tax matters will eventually be decided in the favor of the Company; therefore no provision has been made in these financial statements.

	Note	2018	2017
10.2 Commitments			
10.2.1 Commitments in respect of capital expenditure		13,615	11,681
10.2.2 Commitments in respect of forward exchange contracts		-	11,227
10.2.3 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:			
Year			
2018		-	12,964
2019		18,836	12,240
2020		18,336	10,906
2021		13,968	6,126
2022		6,102	298
2023		647	-
		57,889	42,534
Payable not later than one year		18,836	12,964
Payable later than one year but not later than five years		39,053	29,570
		57,889	42,534

10.2.4 Commitments in respect of outstanding letters of credit and outstanding letter of guarantee at the reporting date have been disclosed in note 22.3 of these financial statements.

10.2.5 The Company has a commitment in respect of indemnity agreement signed with ICI Pakistan Limited to cover the possible outcome of the tax issues of ICI Pakistan Limited prior to demerger up to the extent of Rs. 1,583 million (December 31, 2017: Rs. 1,583 million).

11 Property, plant and equipment

Property, plant and equipment	11.1	1,895,907	1,919,453
Capital work-in-progress	11.2	65,646	64,461
		1,961,553	1,983,914

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

11.1 Property, plant and equipment

	Note	Freehold land	Buildings On Freehold land	Plant and machinery	Furniture and fixtures	Office equipment	Vehicles	Total
Net carrying value basis								
Year ended December 31, 2018								
Opening net book value (NBV)		1,348,361	114,641	431,604	19,047	5,273	527	1,919,453
Additions (at cost)		-	11,856	96,004	5,168	11,907	1,472	126,407
Disposals / write-off (at NBV)		-	(586)	(710)	(1)	(326)	(1)	(1,624)
Adjustments		-	(555)	-	481	74	-	-
Depreciation charge for the year	11.1.2	-	(29,477)	(105,093)	(3,400)	(9,664)	(695)	(148,329)
Closing net book value (NBV)		1,348,361	95,879	421,805	21,295	7,264	1,303	1,895,907
Gross carrying value basis								
As at December 31, 2018								
Cost / revalued amount		1,348,361	375,138	1,401,824	119,450	32,520	2,281	3,279,574
Accumulated depreciation		-	(279,259)	(980,019)	(98,155)	(25,256)	(978)	(1,383,667)
Net book value (NBV)		1,348,361	95,879	421,805	21,295	7,264	1,303	1,895,907
Depreciation rate (% per annum)		-	4 - 20	5 - 33.33	10 - 33.33	10 - 33.33	25 - 33.3	
Net carrying value basis								
Year ended December 31, 2017								
Opening net book value (NBV)		1,133,800	136,271	426,026	11,568	4,144	908	1,712,717
Additions (at cost)		214,561	10,053	102,368	15,295	4,009	-	346,286
Disposals / write-off (at NBV)		-	-	(63)	(95)	(7)	-	(165)
Depreciation charge for the year	11.1.2	-	(31,683)	(96,727)	(7,721)	(2,873)	(381)	(139,385)
Closing net book value (NBV)		1,348,361	114,641	431,604	19,047	5,273	527	1,919,453
Gross carrying value basis								
As at December 31, 2017								
Cost / revalued amount		1,348,361	372,198	1,308,860	114,201	28,246	1,270	3,173,136
Accumulated depreciation		-	(257,557)	(877,256)	(95,154)	(22,973)	(743)	(1,253,683)
Net book value (NBV)		1,348,361	114,641	431,604	19,047	5,273	527	1,919,453
Depreciation rate (% per annum)		-	5 - 10	3.33 - 10	10 - 33.33	10 - 33.33	25 - 33.33	

11.1.1 Particulars of immovable property and plant are as follows:

S.No	Class	Location	Usage of immovable property	Total area (Sq. feet)
1	Land and building	346-Ferozepur Road, Lahore, Pakistan	Plant and Head office	504,914
2	Land	Rachna Industrial Estate, Sheikhpura, Pakistan	Idle	720,000
3	Land and building	Port Qasim, Karachi, Pakistan	Training center	87,120

11.1.2 The depreciation charged during the year has been allocated as follows:

	Note	2018	2017
Cost of sales	24	100,439	99,131
Selling and distribution expenses	25	30,016	24,136
Administrative and general expenses	26	17,874	16,118
		148,329	139,385

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

11.1.3 Depreciation for the year includes incremental depreciation due to revaluation, amounting to Rs. 58.7 million (2017: Rs. 58.8 million).

11.1.4 Subsequent to transfer of property, plant and equipment (along with net revaluation surplus of Rs. 526.56 million) from ICI Pakistan Limited on the effective date (July 01, 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 valuation expert during 2011 which resulted into a revaluation surplus of Rs. 371.02 million. During August 2016, specific classes of operating assets (freehold land, buildings on freehold land and plant and machinery) of the Company were revalued by an independent valuation expert which has resulted in a surplus of Rs. 587.92 million. Valuations for buildings on 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. The fair value measurement of the assets is categorized as a Level 3 fair value based on the inputs to revaluation technique used, as stated above.

11.1.5 Following assets were disposed / written-off during the year:

2018							
Particulars of assets	Sold to	Mode of disposal	Cost / Revalued amount	Accumulated depreciation	Net book value	Gain / (loss) on disposal	Sale proceeds
Plant and machinery							
Forklift truck #9 with accessories	Jamshed Khan	Mutual negotiation	821	520	301	(145)	156
Forklift truck #10 with accessories	Jamshed Khan	Mutual negotiation	821	520	301	(145)	156
Building on Freehold land							
Islamabad Office Setup Cost - Electrical Works	-	Write-off	879	747	132	(132)	-
Islamabad Office Setup Cost - Civil Works	-	Write-off	3,034	2,579	455	(455)	-
Others							
Fixed assets sold having aggregate book value less than Rs. 500,000	-	-	14,414	13,979	435	1,059	1,494
			19,969	18,345	1,624	182	1,806

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

Particulars of asset	Sold to	Mode of disposal	2017	Accumulated depreciation	Net book value	Gain / (loss) on disposal	Sale proceeds
			Cost / Revalued amount				
Fixed assets sold having aggregate book value less than Rs. 500,000	-	-	11,535	11,370	165	1,926	2,091

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

	Note	2018	2017
Freehold land		220,819	220,819
Buildings on freehold land		37,751	38,101
Plant and machinery		277,155	251,654
		535,725	510,574

11.1.7 The forced sale value of revalued property, plant and machinery as per latest available revaluation reports are as follows:

Particulars	Date of inspection	Revaluation report dates	Forced Sales value
Freehold land	August 12, 2016	October 22, 2016	851,040
Buildings on freehold land	August 12, 2016	October 22, 2016	113,883
Plant and machinery	August 12, 2016	October 22, 2016	371,300
			1,336,223

11.2 Capital work-in-progress

Civil works and buildings	3,761	-
Plant and machinery	55,069	60,123
Equipments	6,816	4,338
	65,646	64,461

12 Intangible assets

Software and licenses	12.1	-	9
Capital work-in-progress	12.3	37,668	-
		37,668	9

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

	Note	Software	Licenses	Total
12.1 Software and licenses				
Net carrying value basis				
Year ended December 31, 2018				
Opening net book value (NBV)		9	-	9
Additions (at cost)		-	-	-
Disposals (at NBV)		-	-	-
Amortization charge	12.2	(9)	-	(9)
Closing net book value (NBV)		-	-	-
Gross carrying value basis				
As at December 31, 2018				
Cost		1,207	96,555	97,762
Accumulated amortization		(1,207)	(96,555)	(97,762)
Net book value (NBV)		-	-	-
Amortization rate (% per annum)		33.33	33.33	
Net carrying value basis				
Year ended December 31, 2017				
Opening net book value (NBV)		66	608	674
Additions (at cost)		-	-	-
Disposals (at NBV)		-	-	-
Amortization charge	12.2	(57)	(608)	(665)
Closing net book value (NBV)		9	-	9
Gross carrying value basis				
As at December 31, 2017				
Cost		1,207	96,555	97,762
Accumulated amortization		(1,198)	(96,555)	(97,753)
Net book value (NBV)		9	-	9
Amortization rate (% per annum)		33.33	33.33	
12.2 The amortization charged during the year has been allocated as follows:				
	Note	2018	2017	
Cost of sales	24	9	16	
Administrative and general expenses	26	-	649	
		9	665	

Notes to the Financial Statements

For the year ended December 31, 2018

		Amounts in Rs '000	
	Note	2018	2017
12.3 Capital work-in-progress			
Software	12.3.1	37,668	-
		37,668	-
12.3.1	This represents capital expenditure incurred on development of a new ERP system i.e. SAP Saturn, to be implemented in coming financial year.		
13 Long term loans			
Secured - considered good			
- Executives	13.2	19,661	23,319
- Other employees		72,481	88,028
		92,142	111,347
Less: Receivable within one year	19	(25,395)	(25,002)
		66,747	86,345
13.1	The Companies Act, 2017 has changed the definition of "executives", therefore for the purpose of comparability, certain corresponding figures pertaining to "executives" have been reclassified to "other employees".		
13.2	Reconciliation of the carrying amount of loans to executives:		
Balance at beginning of the year		23,319	21,903
Disbursements - gross		12,194	8,510
Repayments / adjustments		(15,852)	(7,094)
Balance at end of the year	13.4	19,661	23,319
13.3	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 employees.		
13.4	Loans for purchase of motor cars and house building are repayable between two to ten years. These loans are interest-free and granted to the employees including executives of the Company in accordance with their terms of employment. The Company is entitled to recover from the employee's salary and other dues in case of default.		
13.5	The maximum aggregate amount of long term loans due from the executives at the end of any month during the year was Rs. 30.25 million (2017: Rs. 24.11 million).		
14 Long term deposits and prepayments			
Deposits		3,715	4,266
Prepayments		1,998	1,974
		5,713	6,240

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

	Note	2018	2017
15 Deferred tax asset - net			
15.1 The balance comprises of the following temporary differences:			
Deductible temporary differences			
Provisions		204,286	206,699
Property, plant and equipment		3,676	110
	15.2	207,962	206,809
Taxable temporary differences			
Property, plant and equipment	15.3	(60,640)	(74,645)
Net deferred tax asset		147,322	132,164
15.2 Changes in deductible temporary differences			
Opening balance		206,809	231,805
Credited / (charged) to profit and loss		8,047	(24,996)
Adjustment for change in tax rate		(6,894)	-
Closing balance		207,962	206,809
15.3 Changes in taxable temporary differences			
Opening balance		74,645	96,115
Credited to profit and loss		(11,517)	(21,470)
Adjustment for change in tax rate		(2,488)	-
Closing balance		60,640	74,645
16 Stores and spares			
Stores		4,774	4,030
Spares		17,968	21,668
		22,742	25,698
Less: Provision for slow moving and obsolete stores and spares - net	16.1	(81)	(130)
Closing balance		22,661	25,568
16.1 Provision for slow moving and obsolete stores and spares			
Balance at beginning of the year		130	130
Provision charged during the year		2,300	-
Stores written-off against provision		(2,349)	-
Balance at end of the year		81	130
16.2 Stores and spares do not include any item that has been purchased for the purpose of capital expenditure.			
17 Stock in trade			
Raw and packing material including stock in transit amounting to Rs. 86.82 million (2017: Rs. 106.53 million)		437,915	358,049
Work-in-process	24	9,312	12,217
Finished goods		189,303	176,746
Goods purchased for resale including stock in transit amounting to Rs. Nil (2017: Rs. 25.54 million)		108,619	91,648
		745,149	638,660

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

	Note	2018	2017
Provision for slow moving and obsolete stock-in-trade:			
- Raw material		(28,704)	(16,552)
- Finished goods		(47,562)	(35,064)
	17.1	(76,266)	(51,616)
		668,883	587,044

17.1 Provision for stock-in-trade

Balance at beginning of the year		51,616	28,404
Provision charged during the year		31,133	25,085
Stock written-off against provision		(6,483)	(1,873)
Balance at end of the year		76,266	51,616

17.2 Out of the total carrying value of inventory, Rs. 7.46 million (December 31, 2017: Rs. Nil) is measured at net realizable value. As at December 31, 2018 stock has been written down by Rs. 0.19 million (December 31, 2017: Rs. Nil) to arrive at its net realizable value.

18 Trade debts

Considered good:			
- Secured	18.1	51,272	50,261
- Unsecured		1,166,338	1,165,195
		1,217,610	1,215,456
Considered doubtful		203,712	211,659
		1,421,322	1,427,115
Provision for:			
- Doubtful debts	18.4	(203,712)	(211,659)
- Discounts	18.5	(475,772)	(475,863)
		(679,484)	(687,522)
		741,838	739,593

18.1 These trade debts are secured against letters of credit and bank guarantee.

18.2 Trade debts include balances due from the following related parties:

Akzo Nobel Paints (Malaysia) Sdn Bhd		3,338	-
Akzo Nobel UAE Paints L.L.C		33	-
	18.3.1	3,371	-

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

18.2.1 Ageing analysis of amounts due from related parties, included in trade debts, are as follows:

	2018				As at December 31, 2018
	Neither past due nor impaired (1-30 days)	Past but not impaired (31 - 90 days)	Past and impaired (91 - 120 days)	Past and impaired (More than 120 days)	
Akzo Nobel Paints (Malaysia) Sdn Bhd	3,338	-	-	-	3,338
Akzo Nobel UAE Paints L.L.C	-	-	-	33	33
	3,338	-	-	33	3,371

	2017				As at December 31, 2017
	Neither past due nor impaired (1-30 days)	Past but not impaired (31 - 90 days)	Past and impaired (91 - 120 days)	Past and impaired (More than 120 days)	
Akzo Nobel Paints (Malaysia) Sdn Bhd	-	-	-	-	-
Akzo Nobel UAE Paints L.L.C	-	-	-	-	-
	-	-	-	-	-

18.2.2 The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs. 3.37 million (2017: Rs. Nil).

18.3 The outstanding trade debts in relation to the export sales made during the year are as follows:

Name of Party	Country	Export sale during the year		Outstanding trade debts as on	
		2018	2017	2018	2017
Akzo Nobel Paints (Malaysia) Sdn Bhd - a related party	Nilai, Malaysia	3,338	-	3,338	-
Akzo Nobel UAE Paints L.L.C - a related party	Dubai, UAE	33	-	33	-

18.3.1 The outstanding trade debts relate to the export sales made in accordance with contract terms and are unsecured.

	Note	2018	2017
18.4 Provision for doubtful debts			
Balance at beginning of the year		211,659	249,523
Provision charged / (written back) during the year	25 & 29	54,098	(14,389)
Debts written-off against provision		(62,045)	(23,475)
Balance at end of the year		203,712	211,659

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

	Note	2018	2017
18.5 Provision for discounts			
Balance at beginning of the year		475,863	526,460
Charge for the year - net		919,374	974,817
Discounts paid during the year		(919,465)	(1,025,414)
Balance at end of the year		475,772	475,863

19 Loans and advances

Secured - considered good

Current portion of long term loans to:

- Executives		4,696	5,596
- Other employees		20,699	19,406
	13	25,395	25,002

Unsecured - considered good

Advances to contractors and suppliers		70,003	36,809
		95,398	61,811

19.1 The Companies Act, 2017 has changed the definition of "executives", therefore for the purpose of comparability, certain corresponding figures pertaining to "executives" have been reclassified to "other employees".

19.2 Following are particulars of loans / advances having outstanding balances exceeding rupees one million at the reporting dates:

2018

Name of the borrowers	Type of loan	Terms of repayment	Collateral / security
Syed Muhammad Haider Raza Junaid Saeed	Staff loan for purchase of car	Monthly deductions from salary over standard tenure of the loan as per Company policy, unless repaid earlier.	Secured against registration documents of vehicles.

2017

Name of the borrowers	Type of loan	Terms of repayment	Collateral / security
Farooq Shah	Staff loan for house building	Monthly deductions from salary over standard tenure of the loan as per Company policy, unless repaid earlier.	Secured against promissory note, gratuity and provident fund of employees.

20 Trade deposits and short term prepayments

Trade deposits		1,348	1,348
Short term prepayments		15,253	12,685
		16,601	14,033

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

	Note	2018	2017
21 Other receivables			
Unsecured - considered good			
Due from related parties	21.1	10,918	32,548
Others		10,563	11,938
		21,481	44,486

21.1 These represent receivable from following related parties:

Akzo Nobel UAE Paints L.L.C	2,983	2,557
Akzo Nobel N.V.	7,560	26,179
Akzo Nobel Chemicals (Ningbo) Company Limited	-	800
ICI Swire Paints (Shanghai) Limited	145	115
Akzo Nobel Middle East FZE	-	247
Akzo Nobel Functional Chemicals B.V.	-	167
Akzo Nobel Singapore Pte Limited	-	92
Akzo Nobel Packaging Coatings Limited	-	2,391
Akzo Nobel Paints Lanka Private Limited	230	-
	10,918	32,548

21.1.1 Ageing analysis of amounts due from related parties, included in other receivables, are as follows:

	2018				As at
	Neither past due nor impaired (1 - 30 days)	Past due but not impaired (31 - 90 days)	Past due and impaired (91 - 120 days)	Past due and impaired (More than 120 days)	December 31, 2018
Akzo Nobel UAE Paints L.L.C	-	-	-	2,983	2,983
Akzo Nobel N.V.	6,209	1,351	-	-	7,560
Akzo Nobel Chemicals (Ningbo) Company Limited	-	-	-	-	-
ICI Swire Paints (Shanghai) Limited	-	-	145	-	145
Akzo Nobel Middle East FZE	-	-	-	-	-
Akzo Nobel Functional Chemicals B.V.	-	-	-	-	-
Akzo Nobel Singapore Pte Limited	-	-	-	-	-
Akzo Nobel Packaging Coatings Limited	-	-	-	-	-
Akzo Nobel Paints Lanka Private Limited	-	-	-	230	230
	6,209	1,351	145	3,213	10,918
	2017				
Akzo Nobel UAE Paints L.L.C	643	2	1	1,911	2,557
Akzo Nobel N.V.	26,161	-	18	-	26,179
Akzo Nobel Chemicals (Ningbo) Company Limited	335	105	132	228	800
ICI Swire Paints (Shanghai) Limited	-	-	-	115	115
Akzo Nobel Middle East FZE	-	247	-	-	247
Akzo Nobel Functional Chemicals B.V.	-	-	-	167	167
Akzo Nobel Singapore Pte Limited	-	-	-	92	92
Akzo Nobel Packaging Coatings Limited	-	2,391	-	-	2,391
Akzo Nobel Paints Lanka Private Limited	-	-	-	-	-
	27,139	2,745	151	2,513	32,548

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

	Note	2018	2017
22 Cash and bank balances			
Cash in hand		17,112	17,501
Cash at bank - current accounts	22.1	290,751	288,121
Cash at bank - saving accounts		264	255
Short term deposits	22.2	1,587,000	1,764,300
		1,895,127	2,070,177

22.1 Cash and bank balances include cheques in hand amounting to Rs. 239.32 million (2017: Rs. 209.23 million) and US Dollars amounting to US\$ 8,332 (2017: US\$ 6,239).

22.2 These represent Term Deposit Receipts placed with commercial banks, having maturity period ranging from 30 to 31 days (2017: 14 to 33 days). The mark-up on these deposits range between 8.85% to 9.32% (2017: 5.25% to 5.31%) per annum.

22.3 Particulars of credit facilities available to the Company

2018						
Bank	Nature of facility	Mark up rate / Commission	Frequency of mark-up / commission payment	Facility expiry date	Facility limit	Facility utilized at year end
Deutsche Bank	Bank Guarantee	0.20%	Quarterly	N/A	38,000	1,540
Deutsche Bank	Letters of credit (LC)	0.10%	Upon LC issuance	N/A	315,000	103,155
Deutsche Bank	Short-term running finance	1 Month KIBOR + 1% per annum	Calendar quarter basis	N/A	38,000	-
2017						
Bank	Nature of facility	Mark up rate / Commission	Frequency of mark-up / commission payment	Facility expiry date	Facility limit	Facility utilized at year end
Deutsche Bank	Bank Guarantee	0.20%	Quarterly	N/A	38,000	1,540
Deutsche Bank	Letters of credit (LC)	0.10%	Upon LC issuance	N/A	315,000	23,803
Deutsche Bank	Short-term running finance	1 Month KIBOR + 1% per annum	Calendar quarter basis	N/A	38,000	-

22.3.1 The above mentioned facilities are secured by parental guarantee from Akzo Nobel N.V. along with first pari passu hypothecation charge over the current assets amounting to Rs. 210 million (2017: Rs. 210 million), demand promissory note and counter guarantee / indemnity duly signed and stamped by the Company.

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

	Note	2018	2017
23 Turnover			
Export sales		8,288	7,499
Local sales and commission income		8,738,558	8,522,138
		8,746,846	8,529,637
Less: Sales tax		1,299,650	1,279,790
Discounts		1,634,453	1,559,270
		2,934,103	2,839,060
		5,812,743	5,690,577
24 Cost of sales			
Raw and packing materials consumed	24.1	2,881,565	2,617,250
Salaries, wages and benefits	24.2	124,816	118,153
Fuel and power		23,599	22,922
Stores and spares consumed		19,320	19,194
Insurance		722	640
Repairs and maintenance		19,664	19,751
Royalties and technical assistance	24.3	219,713	223,154
Depreciation	11.1.2	100,439	99,131
Amortization	12.2	9	16
Communication, printing and stationery		3,100	3,449
Contractual services		50,867	47,577
Security, safety, health and environment		11,683	14,637
Provision for obsolete stocks - raw material		13,417	7,694
Provision for obsolete stores and spares		2,300	-
Other		19,095	16,443
		608,744	592,761
Opening work-in-process		12,217	11,873
Closing work-in-process	17	(9,312)	(12,217)
Cost of goods manufactured		3,493,214	3,209,667
Opening finished goods		233,331	241,509
Finished goods purchased		333,819	243,607
Closing finished goods		(250,360)	(233,331)
		3,810,004	3,461,452
24.1 Raw and packing materials consumed			
Opening stock		341,497	215,167
Add: Purchases		2,949,278	2,743,580
Less: Closing stock		(409,210)	(341,497)
		2,881,565	2,617,250

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

- 24.2** Salaries, wages and benefits include Rs. 4.21 million (2017: Rs. 3.93 million) in respect of provident fund contribution, Rs. 3.10 million (2017: Rs. 3.98 million) in respect of pensions, Rs. 3.98 million (2017: Rs. 3.55 million) in respect of gratuity and Rs. 0.95 million (2017: Rs. 0.85 million) in respect of pensioners' medical plan.
- 24.3** Royalties and technical assistance includes expenses against royalties and technical services obtained from the related parties; Akzo Nobel Coatings International B.V. Rs. 208.24 million (2017: Rs. 212.41 million) and Akzo Nobel Chemicals International B.V. Rs. 3.07 million (2017: Rs. 4.24 million).
- 24.4** Details of royalties and technical assistance paid to companies / entities / individuals during the year are as follows:

Name		Registered address	Relationship with Company		
	Akzo Nobel Coatings International B.V.	Velperweg 76 Arnhem, Netherlands	Associate		
	Akzo Nobel Chemicals International B.V.	Stationsstraat 77, 3811 MH, Amersfoort	Associate		
	Nihon Parkerizing Co. Ltd	1-15-1, Nihonbashi, Chuo-ku, Tokyo, Japan	N/A		
			Note	2018	2017
25	Selling and distribution expenses				
	Salaries and benefits	25.1	296,837	325,351	
	Advertising and publicity		391,740	443,553	
	Outward freight and handling		165,436	156,694	
	Fuel and power		3,613	3,874	
	Rent, rates and taxes		25,322	28,411	
	Repairs and maintenance		2,714	3,141	
	Depreciation	11.1.2	30,016	24,136	
	Travelling expenses		38,478	37,117	
	Communication, printing and stationery expenses		9,361	9,261	
	Contractual services		29,397	29,006	
	Training and recruitment		440	2,200	
	Security, safety, health and environment		8,001	10,728	
	Provision for doubtful debts	18.4	54,098	-	
	Provision for obsolete stocks - finished goods		17,716	17,391	
	Other expenses		22,840	24,804	
			1,096,009	1,115,667	

- 25.1** Salaries, wages and benefits include Rs. 12.06 million (2017: Rs. 11.98 million) in respect of provident fund contribution, Rs. 9.17 million (2017: Rs. 8.86 million) in respect of pensions, Rs. 8.50 million (2017: Rs. 8.03 million) in respect of gratuity and Rs. 2.40 million (2017: Rs. 2.47 million) in respect of pensioners' medical plan.

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

	Note	2018	2017
26 Administrative and general expenses			
Salaries and benefits	26.1	171,581	169,392
Fuel and power		6,840	6,825
Rent, rates and taxes		14,593	14,546
Insurance		7,916	8,178
Repairs and maintenance		22,503	19,793
Depreciation	11.1.2	17,874	16,118
Amortization	12.2	-	649
Travelling		7,105	3,826
Communication, printing and stationery		9,610	8,531
Auditors' remuneration	26.2	2,050	1,900
IT services		46,905	30,861
Contractual services		17,146	20,080
Training and recruitment		1,788	1,256
Other expenses		20,746	28,793
		346,657	330,748
26.1	Salaries, wages and benefits include Rs. 6.14 million (2017: Rs. 6.01 million) in respect of provident fund contribution, Rs. 9.63 million (2017: Rs. 10.36 million) in respect of pensions, Rs. 5.60 million (2017: Rs. 4.93 million) in respect of gratuity and Rs. 1.66 million (2017: Rs. 1.50 million) in respect of pensioners' medical plan.		
26.2 Auditors' remuneration			
Statutory audit		1,285	1,200
Half yearly review		315	300
Other assurances and certifications		200	150
Out of pocket expenses		250	250
		2,050	1,900
27 Finance cost			
Amortization loss on loans to staff		7,559	-
Interest on Workers' Profit Participation Fund	9.3	919	283
Bank charges		1,514	1,770
		9,992	2,053
28 Other charges			
Workers' Profit Participation Fund	9.3	31,240	44,923
Workers' Welfare Fund	9.4	6,376	15,236
Exchange loss		52,322	17,556
		89,938	77,715

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

	Note	2018	2017
29 Other Income			
Income from financial assets			
Profit on short-term and call deposits		71,301	70,027
Amortization gain on staff loans		-	1,604
Income from non-financial assets			
Scrap sales		8,293	5,985
Provisions no longer required written back:			
- Doubtful debts	18.4	-	14,389
- Others		32,193	53,837
Gain on disposal of Specialty Chemicals business		33,500	-
Miscellaneous income		3,743	2,821
Profit on disposal of property, plant and equipment		182	1,926
		149,212	150,589
30 Taxation			
Current year		213,170	250,764
Prior year		24,164	26,235
Deferred	15	(15,158)	3,526
		222,176	280,525
30.1 Tax charge reconciliation			
Profit before taxation		609,355	853,531
Tax using domestic rates	30.2	176,713	256,059
Current year super tax charge		13,666	-
Effect of prior year charge		24,164	26,235
Tax impact on income under presumptive tax regime of the current year		9,714	(591)
Others		(2,081)	(1,178)
Net tax charged		222,176	280,525
Average effective tax rate		36.46%	32.87%

30.2 The Federal Government of Pakistan through an amendment vide Finance Act, 2018 reduced the rate of tax for the tax year 2019 from 30% to 29%. The current tax expense has been computed using the tax rate enacted for the tax year 2019.

30.3 Management's assessment on sufficiency of provision for income taxes

A comparison of provision on account of income taxes with most recent tax assessment for last three tax years is as follows:

	TY 2018	TY 2017	TY 2016
Tax assessed as per most recent tax assessment	257,445	287,094	788,940
Provision in accounts for income tax	257,445	280,283	334,453

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

The tax assessed as per most recent tax assessment for the tax year 2018 is based on "deemed assessment" as per income tax return filed for the respective year.

The treatments adopted in tax returns filed by the Company are based on the applicable tax laws and decisions of appellate authorities on similar matters. The management, in consultation with their tax advisor, is of the view that the provision in accounts for income tax is sufficient as there are strong grounds that the said treatments are likely to be accepted by the tax authorities. Accordingly, no provision has been made in these financial statements in this regard.

31 Earnings per share

31.1 Basic earnings per share

	2018	2017
Profit for the year (after tax)	387,179	573,006
	(Number of shares)	
Weighted average number of ordinary shares	46,443,320	46,443,320
	(Rupees)	
Earnings per share	8.34	12.34

31.2 Diluted earnings per share

There is no dilutive effect as the Company does not have any convertible instruments in issue as at December 31, 2018 and December 31, 2017, which would have any effect on the earnings per share if the option to convert was exercised.

32 Operating segments

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

32.2 Revenue from sale of paints represents 97.39% (2017: 97.22%) of the total revenue of the Company.

32.3 99.86% (2017: 99.87%) sales of the Company relates to customers in Pakistan.

32.4 All non-current assets of the Company as at December 31, 2018 are located in Pakistan.

33 Remuneration of Chief Executive, Directors and Executives

The aggregate amounts in these financial statements during the year for remuneration, including certain benefits, to the Chief Executive, Executive Director, Non-Executive Directors and Executives of the Company are as follows:

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

	Chief Executive		Directors		Executives	
	2018	2017	2018	2017	2018	2017
Fee - note 33.4	-	-	1,970	1,980	-	-
Managerial remuneration	13,802	19,745	8,522	7,586	135,907	222,122
Bonus and sales incentives	9,140	8,890	2,660	2,740	30,950	45,190
Retirement benefits	3,363	6,777	2,560	2,141	36,995	55,013
Group insurance	45	47	34	35	715	1,630
Rent and house maintenance	3,739	6,844	3,088	2,754	39,675	57,067
Utilities	935	1,711	686	612	9,741	14,347
Medical expenses	251	349	16	81	7,842	14,099
	31,275	44,363	19,536	17,929	261,825	409,468
Number of person(s)	1	1	6	6	50	48

33.1 The Chief Executive and the Executive Director hold 10 shares each of the Company.

33.2 During the year an amount of Rs.42.64 million (2017: Rs.76.02 million) on account of bonus and sales incentives to employees has been recognized as expense in the current year. This is payable in the year 2019 after verification of achievement against target.

Out of the bonus and sales incentives recognized for 2017, payment of Rs.9.14 million (2017: Rs.8.89 million) and Rs.23.89 million (2017: Rs.56.16 million) were made to Chief Executive and Executives respectively.

33.3 The Chief Executive, one Director and certain Executives are provided with free use of Company maintained cars in accordance with their entitlement.

33.4 Fee represents payments made to the Chairman and Non-Executive Director for attending board and other meetings. The total Non-Executive Directors of the Company as at December 31, 2018 are 5 (December 31, 2017: 5).

33.5 The Companies Act, 2017 has changed the definition of "Executives", therefore for the purpose of comparability, corresponding figures of executive remuneration have been changed.

34 Transactions with related parties

The related parties comprise of the parent company (ICI Omicron B.V.), the ultimate parent company (Akzo Nobel N.V.), related group companies, staff retirement funds, companies where Directors also hold directorship, Directors and key management personnel of the Company, and their close family members. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

		2018	2017
Associated companies	Purchase of goods, materials and services	359,876	336,503
	Indenting commission income	2,240	13,215
	Sale of goods and services	16,445	525
	Reimbursement of expenses	19,241	18,957
	Royalty paid	168,717	151,774
	Disposal of Specialty Chemicals business	33,500	-
Retirement benefit plan	Contributions made to retirement funds / plans	114,854	106,203
Key management personnel	Remuneration of key management personnel	95,991	120,529

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

- 34.1** The above transactions with related parties are carried out on mutually agreed terms and conditions.
- 34.2** The names of related parties with whom the Company has entered into transactions or had agreements / arrangements in place during the year:

Basis of association	Name of the related party	Aggregate % of shareholding**
Parent company	ICI Omicron B.V.	75.81%
Group / associated companies	Akzo Nobel (Asia Pacific) Pte Limited	-
	Akzo Nobel Car Refinishes B.V.	-
	Akzo Nobel Chemicals International B.V. *	-
	Akzo Nobel Chemicals S.P.A*	-
	Akzo Nobel Chemicals (Ningbo) Company Limited*	-
	Akzo Nobel Chemicals (SMC Private) Limited*	-
	Akzo Nobel Chemicals AG*	-
	Akzo Nobel Coatings International B.V.	-
	Akzo Nobel Functional Chemicals B.V.*	-
	Akzo Nobel GEHQ	-
	Akzo Nobel Hilden GmbH*	-
	Akzo Nobel India Limited	-
	Akzo Nobel Middle East FZE*	-
	Akzo Nobel N.V.	-
	Akzo Nobel Packaging Coatings Limited	-
	Akzo Nobel Saudi Arabia Limited	-
	Akzo Nobel Surface Chemistry AB*	-
	Akzo Nobel UAE Paints L.L.C.	-
	ICI Swire Paints (Shanghai) Limited	-
	International Paint (Netherlands) B.V.	-
Associated company / common directorship	Akzo Nobel Paints (Malaysia) Sdn Bhd	-
	Akzo Nobel Paints Lanka Private Limited	-
	Akzo Nobel Singapore Pte Limited	-
Retirement benefit plan	Akzo Nobel Pakistan Limited Management Staff Provident Fund	-
	Akzo Nobel Pakistan Limited Management Staff Gratuity Fund	-
	Akzo Nobel Pakistan Limited Management Staff Pension Fund	-
	Akzo Nobel Pakistan Limited Management Staff Defined Contribution Superannuation Fund	-
	Akzo Nobel Pakistan Limited Provident Fund	-

* Companies were related party till October 1, 2018 only.

** This represents aggregate % of shareholding, including shareholding through other companies or entities.

Notes to the Financial Statements

For the year ended December 31, 2018

34.3 Following are the details of the holding company incorporated outside Pakistan with whom the Company had entered into transactions or had agreements and / or arrangements in place during the financial year:

<u>Name of undertaking</u>	<u>Registered address</u>	<u>Country of incorporation</u>	<u>Basis of association</u>	<u>Name of CEO / Principal officer</u>	<u>Operational status</u>	<u>Auditor's opinion on the latest available financial statements</u>	<u>Percentage of shareholding</u>
ICI Omicron B.V.	Velperweg 76, 6824 BM	The Netherlands	Parent company	Mr. T.F.J. Vanlancker	Operational	Unmodified	75.81%

34.3.1 The aforementioned details with respect to associated companies incorporated outside Pakistan, with whom the Company had entered into transactions or had agreements and / or arrangements in place during the financial year, were not available to the Company and therefore have not been disclosed in these financial statements. The Company has applied for a specific relaxation vide letter SECP 01 / 2019 dated February 19, 2019, from the SECP in this regard for the year ended December 31, 2018.

35 Financial instruments - Fair values and risk management

35.1 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy, which has the following levels:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

	Carrying amount			Fair value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
December 31, 2018							
Financial assets							
Measured at fair value	-	-	-	-	-	-	-
Not measured at fair value							
Long term loans	66,747	-	66,747	-	-	-	-
Long term deposits	3,715	-	3,715	-	-	-	-
Trade debts	741,838	-	741,838	-	-	-	-
Loans and advances	25,395	-	25,395	-	-	-	-
Short term trade deposits	1,348	-	1,348	-	-	-	-
Other receivables	21,481	-	21,481	-	-	-	-
Interest accrued	7,141	-	7,141	-	-	-	-
Cash and bank balances	1,877,751	-	1,877,751	-	-	-	-
	2,745,416	-	2,745,416	-	-	-	-
Financial liabilities							
Measured at fair value							
Forward exchange contract	-	-	-	-	-	-	-
Not measured at fair value							
Deferred liabilities	61,568	-	61,568	-	-	-	-
Trade and other payables	1,661,665	-	1,661,665	-	-	-	-
Unpaid dividend	2,986	-	2,986	-	-	-	-
Unclaimed dividend	26,612	-	26,612	-	-	-	-
	1,752,831	-	1,752,831	-	-	-	-
December 31, 2017							
Financial assets							
Measured at fair value	-	-	-	-	-	-	-
Not measured at fair value							
Long term loans	86,345	-	86,345	-	-	-	-
Long term deposits	4,266	-	4,266	-	-	-	-
Trade debts	739,593	-	739,593	-	-	-	-
Loans and advances	25,002	-	25,002	-	-	-	-
Short term trade deposits	1,348	-	1,348	-	-	-	-
Other receivables	44,486	-	44,486	-	-	-	-
Interest accrued	4,496	-	4,496	-	-	-	-
Cash and bank balances	2,070,177	-	2,070,177	-	-	-	-
	2,975,713	-	2,975,713	-	-	-	-
Financial liabilities							
Measured at fair value							
Forward exchange contract	-	433	433	-	433	-	433
Not measured at fair value							
Deferred liabilities	58,062	-	58,062	-	-	-	-
Trade and other payables	1,785,939	-	1,785,939	-	-	-	-
Unpaid dividend	2,811	-	2,811	-	-	-	-
Unclaimed dividend	22,844	-	22,844	-	-	-	-
	1,869,656	-	1,869,656	-	-	-	-

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

35.2 Financial risk management

The Company's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk. Market risk includes 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.

35.3 Risk management framework

The Board of Directors have 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.

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.

35.4 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted, without taking into account the fair value of any collateral. The Company does not have significant exposure to any individual counter party. 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.

35.4.1 Exposure to credit risk

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

	Note	2018	2017
Long term loans	13	66,747	86,345
Long term deposits	14	3,715	4,266
Trade debts	18	741,838	739,593
Loans and advances	19	25,395	25,002
Trade deposits	20	1,348	1,348
Other receivables	21	21,481	44,486
Interest accrued		7,141	4,496
Bank balances and short term deposits	22	1,877,751	2,052,421
		2,745,416	2,957,957
Secured			
Long term loans	13	66,747	86,345
Trade debts	18	51,272	50,261
Loans and advances	19	25,395	25,002
		143,414	161,608
Unsecured			
		2,602,002	2,796,349
		2,745,416	2,957,957

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

35.4.2 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.

35.4.2.1 Bank balances and accrued interest on short term deposits

	Note	2018	2017
Bank balances and short term deposits	22	1,877,751	2,052,421
Interest accrued		7,141	4,496
		1,884,892	2,056,917

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

	Credit Ratings		Rating Agency	2018	2017
	Short term	Long term			
Habib Bank Limited	A-1+	AAA	JCR-VIS	733,050	624,268
United Bank Limited	A-1+	AAA	JCR-VIS	-	2,168
Citi Bank N.A.	P-1	A1	Moody's	7,029	5,199
Deutsche Bank A.G.	P-2	Baa2	Moody's	1,118,418	1,402,643
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	50	50
Faysal Bank Limited	A-1+	AA	JCR-VIS	26,611	22,843
				1,885,158	2,057,171

35.4.2.2 Trade debts

The trade debts as at the reporting date are classified in Pak Rupees. The aging of trade debts which are past due at the reporting date is as follows:

Neither past due nor impaired	980,179	965,569
Past due		
1 - 30 days	126,966	143,083
31 - 90 days	91,459	69,079
91 - 120 days	23,718	34,314
More than 120 days	199,000	215,070
	441,143	461,546
	1,421,322	1,427,115
Provision for doubtful debts	18.4	(203,712)
Provision for discounts	18.5	(475,772)
	741,838	739,593

The above mentioned ageing includes outstanding balances of related parties as disclosed in note 18.2.1 to the financial statements.

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

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

	Note	2018	2017
Wholesale customers		69,826	113,549
Retail customers		266,665	283,826
End-user customers		104,652	64,171
		441,143	461,546
Provision for doubtful debts	18.4	(203,712)	(211,659)
		237,431	249,887

The procedure introduces a company-standard for dynamic provisioning. This involves providing impairment loss for 50% of the outstanding receivables when overdue for more than 90 days and providing an impairment loss for 100% when the receivables are overdue for more than 120 days.

35.4.2.3 Other receivables and deposits

Other receivables include balance of Rs. 10.92 million (2017: Rs. 32.55 million) receivable from related parties as mentioned in Note 21.1. The remaining other receivables and deposits mainly pertain to balances due from related parties and employees which are expected to be received in due course. Based on past experience the credit risk related to these financial assets is not material.

35.4.3 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 credit worthy counter parties thereby mitigating any significant concentrations of credit risk.

	2018	2017
Textile	1,874	3,478
Paper and board	776	1,200
Chemicals	16,524	12,074
Pharmaceuticals	7	49
Construction	21,357	16,849
Transport	30,757	25,996
Dealers	1,161,703	1,204,166
Banks	1,884,892	2,056,917
Employees	92,539	111,347
Others	214,472	213,404
	3,424,901	3,645,481
Provision for doubtful debts	(203,712)	(211,659)
Provision for discounts	(475,772)	(475,863)
	(679,484)	(687,522)
	2,745,417	2,957,959

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

35.5 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 A.G. to meet any deficit, if required, to meet the short term liquidity commitments.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the maturity date. The following are contractual maturities of financial liabilities at the reporting dates:

	2018			
	Carrying amount	Contractual cash flows	Up to one year or less	More than one year
Non-derivative financial liabilities				
Deferred liabilities	61,568	61,568	-	61,568
Trade and other payables	1,661,665	1,661,665	1,661,665	-
Unpaid dividend	2,986	2,986	2,986	-
Unclaimed dividend	26,612	26,612	26,612	-
Derivative financial liabilities				
Forward foreign exchange contracts	-	-	-	-
	1,752,831	1,752,831	1,691,263	61,568

	2017			
	Carrying amount	Contractual cash flows	Up to one year or less	More than one year
Non-derivative financial liabilities				
Deferred liabilities	58,062	58,062	-	58,062
Trade and other payables	1,785,939	1,785,939	1,785,939	-
Unpaid dividend	2,811	2,811	2,811	-
Unclaimed dividend	22,844	22,844	22,844	-
Derivative financial liabilities				
Forward foreign exchange contracts	433	11,227	11,227	-
	1,870,089	1,880,883	1,822,821	58,062

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

35.6 Market risk

Market risk is the risk that the fair value of 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.

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

35.6.1 Interest rate risk

Interest rate risk is the risk that the fair value 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:

Fixed rate instruments	Note	Effective rate		Carrying amount	
		2018	2017	2018	2017
Financial assets					
Short term deposits	22.2	8.85% to 9.32%	5.25% to 5.31%	1,587,000	1,764,300

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.

35.6.2 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 instructions of State Bank of Pakistan and the Company's treasury policy. The policy allows the Company to take currency exposure within predefined limits while open exposures are rigorously monitored.

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

	Average rate for the year		Spot rate as at December 31	
	2018	2017	2018	2017
AED				
JPY	36.44	28.73	37.80	30.06
SGD	1.21	0.94	1.26	0.98
EUR	99.16	76.73	101.92	82.65
USD	157.64	119.75	158.84	132.25
GBP	133.86	105.53	138.86	110.42
	177.85	136.96	176.90	149.09

35.6.2.2 The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and the Euro. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities as given below:

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

		2018						
	Note	AED	JPY	SGD	EUR	USD	GBP	Total
Financial assets								
Due from related parties	21.1	2,964	-	-	7,790	164	-	10,918
Cash and bank balances		-	-	-	-	1,157	-	1,157
		2,964	-	-	7,790	1,321	-	12,075
Financial liabilities								
Trade and other payables		14	6,936	13,484	11,164	22,884	2,727	57,209
Due to related parties		-	-	37,058	59,467	23,344	6,284	126,153
		14	6,936	50,542	70,631	46,228	9,011	183,362
Gross statement of financial position exposure		2,949	(6,936)	(50,542)	(62,840)	(44,906)	(9,011)	(171,287)
Forward foreign exchange contracts		-	-	-	-	-	-	-
		2,949	(6,936)	(50,542)	(62,840)	(44,906)	(9,011)	(171,287)
		2017						
	Note	AED	JPY	SGD	EUR	USD	GBP	Total
Financial assets								
Due from related parties	21.1	2,347	-	-	9,494	3,741	-	15,582
Cash and bank balances		-	-	-	-	655	-	655
		2,347	-	-	9,494	4,396	-	16,237
Financial liabilities								
Trade and other payables		-	-	6,475	14,766	159,165	10,073	190,479
Due to related parties		-	-	11,601	55,630	63,226	11,963	142,420
		-	-	18,076	70,396	222,391	22,036	332,899
Gross statement of financial position exposure		2,347	-	(18,076)	(60,902)	(217,995)	(22,036)	(316,662)
Forward foreign exchange contracts		-	-	-	28	405	-	433
		2,347	-	(18,076)	(60,874)	(217,590)	(22,036)	(316,229)

35.6.2.3 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 year by Rs. 1.69 million (2017: Rs. 3.17 million). The weakening of the Pak Rupees 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.

35.7 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 behavior. 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.

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

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; and
- risk mitigation, including insurance where this is effective.

35.8 Capital risk management

The Company's objective when managing capital is to safeguard 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.

36 Employee provident fund

The Company has maintained an employee provident fund trust and investments out of provident fund have been made in accordance with the provisions of section 218 of the Act and the conditions specified thereunder. Details regarding investments of the provident fund trust are as follows:

	2018	2017
Size of the fund - fund assets	268,745	253,725

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

	2018 (Un-audited)			2017 (Audited)		
	Cost	Fair Value	Percentage	Cost	Fair Value	Percentage
Government securities	48,483	48,908	18.20%	16,414	16,243	6.40%
Listed securities	85,165	78,451	29.19%	49,799	52,447	20.67%
	133,648	127,359		66,213	68,690	

- 36.1** The Company has maintained an employee provident fund trust and investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017. Compliance with the rules formulated for this purpose under S.R.O 731 (I) / 2018, dated June 6, 2018 "Employees Contributory Funds (Investment in Listed Securities)" Regulations, 2018 (the Rules'), will be ensured by the Trustees of the provident fund within the one year transition period as prescribed under the aforementioned Rules.

37 Plant capacity and annual production

	2018	2017
Annual production - thousands of litres	22,185	22,071

The capacity of the plant is indeterminable because this is a multi-product plant involving varying processes of manufacturing.

Notes to the Financial Statements

For the year ended December 31, 2018

38 Number of employees

Number of employees as at December 31,	245	255
- Of which factory employees	55	57
Average number of employees during the year	250	252
- Of which factory employees	56	58

The number of employees mentioned above does not include third party contractual employees.

39 Disclosure for all shares Islamic index

39.1 Description	Explanation
(i) Loans/advances obtained as per Islamic mode;	There were no loans / advances obtained under Islamic mode of financing.
(ii) Shariah compliant bank deposits/bank balances;	There are no deposits / bank balances in Shariah compliant financial institutions.
(iii) Profit earned from shariah compliant bank deposits/bank balances;	No profit was earned from shariah compliant bank deposits / bank balances.
(iv) Revenue earned from a shariah compliant business segment;	Revenue earned from sale of paints and coatings, along with trading of specialty chemicals is Shariah compliant.
(v) Gain/loss or dividend earned from shariah compliant investments;	No gain / loss or dividends was earned from Shariah compliant investments.
(vi) Exchange gain / (loss);	Loss incurred on actual currency amounting to Rs. 53.10 million and gain incurred on forward contracts amounting to Rs. 0.78 million.
(vii) Mark up paid on Islamic mode of financing;	The Company is engaged in a shariah compliant arrangement with Orix Modaraba in respect of vehicles under operating lease / Ijarah contracts, as disclosed in note 39.2.
(viii) Relationship with shariah compliant banks; and	The Company has no relationship with shariah compliant banks.
(ix) Profits	Profits earned by the Company, as disclosed in note 29 on short-term and call deposits with conventional banks.

Notes to the Financial Statements

For the year ended December 31, 2018

Amounts in Rs '000

39.2 Ijarah Rentals

The company is engaged in a shariah compliant arrangement with Orix Modaraba in respect of vehicles under operating lease / Ijarah contracts. Rentals in respect of aforementioned contracts included in financial statements are as under:

	Note	2018	2017
Description			
Cost of sales	24	2,683	2,087
Selling and distribution expenses	25	4,365	4,912
Administrative and general expenses	26	5,602	5,572

Disclosures other than above are not applicable to the Company.

40 Non adjusting event after reporting date

The Board of Directors of the Company in its meeting held on February 27, 2019 has proposed a final dividend of Rs. 5 per share. The financial statements of the Company for the year ended December 31, 2018 do not include the effect of the final dividend which will be accounted for in the year in which it is approved.

41 Date of authorization

These financial statements were authorized for issue in the meeting of the Board of Directors held on February 27, 2019.

42 General

Figures in the financial statements have been rounded off to the nearest thousand rupees.

43 Corresponding figures

Corresponding figures have been reclassified or arranged, wherever necessary, to comply with the requirements of the fourth schedule of the Companies Act, 2017 and for better and fair presentation. However, no significant reclassifications / rearrangement have been made during the year, except for the following as per requirement of the fourth schedule of the Companies Act, 2017:

	2017
- Reimbursement of expense previously off-set under 'Other charges' is now separately presented under 'Other income' in the profit and loss account.	16,966
- Unpaid dividend previously presented under 'Trade and other payables' now separately presented on the face of the statement of financial position.	2,811



Mueen Afzal
Chairman



Saad Mahmood Rashid
Chief Executive



Harris Mahmood
Chief Financial Officer

Comparison of Results

For the year ended December 31, 2018

	Amounts in Rs '000'				
	2018	2017	2016	2015	2014
Statement of Financial Position					
Equity and revaluation reserve	3,860,027	3,789,549	3,559,221	2,880,812	2,594,261
Non-current liabilities	61,568	58,062	57,210	48,440	44,227
Current liabilities	1,789,599	1,924,441	1,491,872	1,286,581	1,334,879
Total equity and liabilities	5,711,194	5,772,052	5,108,303	4,215,833	3,973,367
Non-current assets	2,219,003	2,208,672	2,068,270	1,537,520	1,538,314
Current assets	3,492,191	3,563,380	3,040,033	2,678,313	2,435,053
Total assets	5,711,194	5,772,052	5,108,303	4,215,833	3,973,367
Profit and Loss Account					
Turnover	8,746,846	8,529,637	7,684,222	7,170,924	6,915,474
Net sales	5,812,743	5,690,577	5,136,961	4,927,235	4,901,791
Cost of sales	3,810,004	3,461,452	2,947,355	2,909,340	3,129,630
Gross profit	2,002,739	2,229,125	2,189,606	2,017,895	1,772,161
Operating profit	560,073	782,710	674,894	647,616	554,918
Profit before taxation	609,355	853,531	771,931	804,222	678,499
Profit after taxation	387,179	573,006	490,737	539,311	458,856
Summary of Cash Flows					
Cash generated from operations	474,713	953,916	868,377	901,506	1,101,634
Net cash generated from operating activities	200,240	629,548	537,482	509,397	821,713
Net cash generated from / (used in) investing activities	(54,128)	(208,078)	(57,580)	13,545	19,610
Net cash used in financing activities	(321,162)	(300,244)	(301,722)	(232,093)	(765,907)
Cash and cash equivalents at 31 December	1,895,127	2,070,177	1,948,951	1,770,771	1,479,922
Ratios					
Profitability Ratios					
Gross margin	34.45%	39.17%	42.62%	40.95%	36.15%
Gross profit turnover	22.90%	26.13%	28.49%	28.14%	25.63%
Operating profit	9.64%	13.75%	13.14%	13.14%	11.32%
Net profit margin	6.66%	10.07%	9.55%	10.95%	9.36%
Profit markup	52.57%	64.40%	74.29%	69.36%	56.63%
Profit before tax margin	10.48%	15.00%	15.03%	16.32%	13.84%
Return on equity	14.92%	23.08%	22.19%	26.92%	26.77%
Return on capital employed	15.54%	22.18%	21.35%	27.45%	25.72%
Return on assets	6.78%	9.93%	9.61%	12.79%	11.55%
Return on fixed assets	19.37%	28.88%	26.66%	44.14%	35.74%

Comparison of Results

For the year ended December 31, 2018

		Amounts in Rs '000'				
		2018	2017	2016	2015	2014
Efficiency Ratios						
Asset turnover	Times	1.02	0.99	1.01	1.17	1.23
Fixed asset turnover	Times	2.91	2.87	2.79	4.03	3.82
Inventory turnover	Times	5.84	6.29	6.80	7.66	6.28
Current asset turnover	Times	1.66	1.60	1.69	1.84	2.01
Capital employed turnover	Times	1.48	1.48	1.42	1.68	1.86
Debtor turnover ratio	Days	47	40	34	36	39
Creditor turnover ratio	Days	175	178	170	160	152
Inventory turnover ratio	Days	62	58	54	48	58
Operating cycle	Days	(66)	(80)	(82)	(76)	(55)
Revenue per employee	Rs. '000	35,701	33,450	30,985	28,121	26,496
Net income per employee	Rs. '000	1,580	2,247	1,979	2,115	1,758
Cost Ratios						
Operating costs (as % of sales)		24.82%	25.42%	29.49%	27.81%	24.83%
Administration costs (as % of sales)		5.96%	5.81%	7.19%	7.27%	8.10%
Selling costs (as % of sales)		18.86%	19.61%	22.30%	20.54%	16.74%
Equity Ratios						
Price earning ratio	Times	18.45	17.26	22.14	18.69	36.19
Earnings per share	Rs.	8.34	12.34	10.57	11.61	9.88
Dividend per share	Rs.	5.00	7.00	6.50	6.50	19.00
Dividend cover	Times	1.67	1.76	1.63	1.79	0.52
Dividend yield		3.25%	3.29%	2.78%	3.00%	5.31%
Market value per share	Rs.	153.81	213.00	234.02	216.95	357.53
Break-up value per share						
with surplus on revaluation	Rs.	83.11	81.60	76.64	62.03	55.86
Break-up value per share						
excluding surplus on revaluation	Rs.	55.86	53.46	47.62	43.14	36.91
Liquidity Ratios						
Current ratio	Ratio	1.95:1	1.85:1	2.04:1	2.08:1	1.82:1
Quick ratio	Ratio	1.56:1	1.53:1	1.71:1	1.79:1	1.54:1
Cash ratio	Ratio	1.06:1	1.08:1	1.31:1	1.38:1	1.11:1
Leverage Ratios						
Total debt to capital ratio	Ratio	0:100	0:100	0:100	0:100	0:100

Pattern of Shareholding As at December 31, 2018

NO OF SHAREHOLDERS	CATEGORIES		Total Shares
	FROM	TO	
7,123	1	100	202,145
2,026	101	500	499,937
521	501	1,000	407,969
485	1,001	5,000	1,100,643
74	5,001	10,000	571,141
20	10,001	15,000	237,181
13	15,001	20,000	234,057
10	20,001	25,000	231,571
5	25,001	30,000	141,795
3	30,001	35,000	101,000
4	35,001	40,000	150,649
3	40,001	45,000	128,300
6	45,001	50,000	289,773
2	50,001	55,000	105,000
2	55,001	60,000	116,672
1	60,001	65,000	60,185
1	75,001	80,000	75,900
1	85,001	90,000	86,169
1	95,001	100,000	96,700
1	150,001	155,000	154,518
1	190,001	195,000	191,795
1	200,000	205,000	200,000
1	250,001	255,000	250,900
1	270,001	275,000	273,682
1	360,001	365,000	362,200
1	470,001	475,000	474,700
1	495,001	500,000	496,500
1	945,001	950,000	946,600
1	1,070,001	1,075,000	1,070,673
1	1,975,001	1,980,000	1,975,300
1	35,205,001	35,210,000	35,209,665
10,313			46,443,320

Pattern of Shareholding As at December 31, 2018

Information as required under Code of Corporate Governance

Shareholder's category	Number of Shareholders	Number of Shares Held
Associated Companies, Undertaking and Related Parties (name wise details)		
ICI OMICRON B.V.	1	35,209,665
TOTAL	1	35,209,665
Mutual Funds (name wise details)		
CDC - TRUSTEE AKD OPPORTUNITY FUND	1	6,200
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	1	29,900
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	273,682
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	191,795
CONFIDENCE MUTUAL FUND LTD	1	3
DOMINION STOCK FUND LIMITED	1	85
GOLDEN ARROW SELECTED STOCKS FUND	1	3
SAFEWAY MUTUAL FUND LIMITED	1	128
SECURITY STOCK FUND LIMITED	1	18
TOTAL	9	501,814
Directors and their spouse		
MR. MUEEN AFZAL	1	10
MR. HARRIS MAHMOOD	1	10
MR. TAN TIAN HOCK SEBASTIAN	1	10
MR. SAAD MAHMOOD RASHID	1	10
MS. AYESHA HAMID	1	10
MR. OSCAR WEZENBEEK	1	10
MR. GARY BROWN	1	10
TOTAL	7	70
Executives		
TOTAL	6	107
Public Sector Companies and Corporations		
TOTAL	2	1,070,812
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds		
TOTAL	42	2,285,275
Shareholder 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, 2018

Sr NO.	Shareholders Category	No. of Shareholders	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			
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	21	1,790,440	3.86
5	Insurance Companies	14	1,423,981	3.07
6	Modarabas and Mutual Funds	13	512,968	1.10
7	Share holders holding 10%	1	35,209,665	75.81
8	General Public : a. local b .Foreign	10,121 -	3,903,593 -	8.41 -
9	Others	136	3,602,603	7.76
Total (excluding : share holders holding 10%)		10,313	46,443,320	100.00

Akzo Nobel Pakistan Limited



NOTICE OF 8TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 8th Annual General Meeting of Akzo Nobel Pakistan Limited will be held on Tuesday, April 23, 2019, at 10:30 a.m. at PC Hotel, Shahrah e Quaid e Azam, 54000 Lahore to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 7th Annual General Meeting held on April 25, 2018.
2. To receive, consider and adopt the audited accounts of Akzo Nobel Pakistan Limited, for the year ended December 31, 2018, together with the Auditors Report and the Directors Report thereon.
3. To declare and approve final cash dividend @ 50 % i.e. Rs. 5 per ordinary share of Rs. 10/-each for the year ended December 31, 2018, as recommended by the Directors, payable to the Members whose names appear in the Register of Members as at April 16, 2019.
4. To appoint the External Auditors of the Company and to fix their remuneration.
5. Any other business with the permission of the Chairman.

April 02, 2019
Lahore

By Order of the Board

Zunaira Dar
Company Secretary

NOTES

1 Closure of share Transfer Books:

The Share Transfer Books of the Company will remain closed from April 17, 2019 to April 23, 2019 (both days inclusive). Transfers received in order at the office of our Shares Registrar, Messrs. FAMCO Associates (Pvt) Ltd. 8-F, near Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi, by the close of business on April 16, 2019, will be treated in time for payment of the final dividend to the transferees.

2 Participation in the Annual General Meeting:

All Members entitled to attend and vote at the Meeting, are entitled to appoint another person in writing as their proxy to attend and vote on their behalf. A proxy needs to be a member of the Company. A corporate entity, being a member, may appoint any person, regardless whether they are a member or not, as its proxy. In case of corporate entities, a resolution of the Board of Directors/Power of Attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted to the Company along with a completed proxy form. The proxy holders are requested to produce their national CNICs or original passports at the time of the meeting.

3 Form of Proxy

In order to be effective, duly completed and signed proxy forms must be received at the company's registered office at 346 Ferozepur Road, Lahore at least 48 hours before the time of the meeting. Form of Proxy is attached with the AGM Notice and should be witnessed by two persons whose names, addresses and CNIC Numbers must be mentioned on the forms.

4 Mandatory Notice to Shareholders who have not provided their CNICs:

All shareholders holding physical shares who have not submitted their valid CNICs are requested to send attested copies of their valid CNICs along with their folio number to the Company's Shares Registrar. In the absence of a shareholder's valid CNIC, the Company will withhold dispatch of dividend to such shareholders.

5 Deduction of Income Tax from Dividend:

The Government of Pakistan through Finance Act, 2017 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

(a) Rate of tax deduction for filer of income tax return 15%

(b) Rate of tax deduction for non-filers of income tax return 20%

- (i) To enable the company to make tax deduction on the amount of cash dividend @ 15% instead of 20%, shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to immediately (and latest by the first day of book closure) make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 20% instead of 15%.
- (ii) Withholding Tax exemption from the dividend income, shall only be allowed if a copy of valid tax exemption certificate is made available to FAMCO Associates (Pvt) Ltd., by the first day of Book Closure.
- (iii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them (**only if not already provided**) to our Share Registrar, in writing as follows:

Company Name	Folio/CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

The required information must reach our Share Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

- (iv) Corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or FAMCO Associates (Pvt.) Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

For any query/problem/information, the investors may contact the Company Secretary at phone: 042 111 -551- 111 and email address: zunaira.dar@akzonobel.com and/or FAMCO Associates (Pvt.) Ltd. at phone 021-34380101-5 and email address: info.shares@famco.com.pk

6 MANDATORY Payment of Dividend Electronically (E-Mandate):

Pursuant to the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode by making direct remittance into their respective bank account designated by the entitled shareholder(s) ("the bank account"). Therefore, in order to receive dividends directly into their bank account, shareholders holding shares in physical form are requested to fill in "Electronic Credit Mandate Form" available on Company's website i.e. www.akzonobel.pk and send the completed form along with a copy of a valid CNIC or provide the following information to the registrar of the Company M/s. FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P. E. C. H. S., Shahrah-e-Faisal, Karachi latest by April 15th, 2019. In the absence of valid account details by April 16, 2019 the company will be constrained to withhold dividend payments.

7 Audited Financial Statements Through E-Mail CD/DVD/USB

SECP through its Notification SRO 787(I)/2014 dated September 8, 2014, has allowed the circulation of Audited Financial Statements along with the Notice of Annual General Meeting to the Members of the Company through email/CD/DVD/USB. Therefore, all Members who wish to receive the hard copy of Annual Report are requested to send their addresses.

The Company shall, however, provide hard copy of the Audited Financial Statements to its shareholders, on request, free of cost, within seven days of receipt of such request.

The Company shall place the financial statements and reports on the Company's website, at least twenty-one (21) days prior to the date of the Annual General Meeting in terms of SRO 634(1)/2014 dated July 10, 2014 issued by the SECP.

8 Change of Address and Non-Deduction of Zakat Declaration Form:

Non CDC shareholders are requested to notify any change in their addresses immediately and if applicable provide their non-deduction of Zakat Declaration Form to the Company's Shares Registrar if not provided earlier. Furthermore, members holding shares in CDC/Participants accounts are also requested to update their addresses and if applicable, to provide their non-deduction of Zakat Declaration Form to CDC or their Participants/Stock Brokers.

9 Video Conference Facility:

Members can also avail video conference facility at Karachi and Islamabad. In this regard, please fill the following form and submit to registered address of the Company 10 days before of the Annual General Meeting. The video conferencing facility will be provided only if the company receives consent from members holding in aggregate 10% or more shareholding residing at Karachi or Islamabad.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of Annual General Meeting along with complete information necessary to enable them to access the facility.

10 Guidelines for CDC Account Holders:

CDC account holders will have to follow the guidelines with respect to attending the Meeting and appointing of Proxies as issued by the Securities Exchange Commission of Pakistan through its Circular 1 of January 26, 2000.

11 E voting

Members can exercise their right to poll subject to meeting of requirements of Section 143 – 145 of the Companies Act 2017 and applicable clauses of Companies (Postal Ballot) Regulations, 2018.

ADMISSION SLIP

The 8th Annual General Meeting of Akzo Nobel Pakistan Limited will be held on Tuesday, April 23, 2019, at 10:30 a.m. at PC Hotel, Sharah-e-Quaid-e-Azam, 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 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 8TH 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/our behalf at the 8th Annual General Meeting of the Company to be held at PC Hotel, Sharah-e-Quaid-e-Azam Lahore, 54000, on Tuesday, April 23, 2019, at 10:30 a.m. and at any adjournment thereof.

As witness my/our hand(s) this _____ day of _____ 2019.

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./CDC Account 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 shareholders any one may vote either personally or by proxy but if more than one of such joint shareholders be present either personally or by proxy that one of the said joint shareholders 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.pk

REQUEST FOR VIDEO CONFERENCING FACILITY FORM

Members can also avail the video conference facility in Karachi and Islamabad if the Company receives consent at least 10 days prior to the date of the meeting, from members holding in aggregate 10% or more shareholding and residing at either Karachi and/or Islamabad to participate in the meeting through video conference.

The company will intimate members regarding the venue of video conferencing facility at least 5 days before the date of Annual General Meeting along with complete information necessary to enable them to access the facility.

In this regard, please fill up the following form and submit it to the registered address of the Company 10 days before holding of the Annual General Meeting.

I/We, _____ of _____ being a member of Akzo Nobel
Pakistan Limited, holder of _____ Ordinary Share(s) as per Register Folio No./CDC
A/c No. _____ hereby opt for video conference facility at _____.

Signature of Member/Shareholder

Date: _____



AFFIX
CORRECT
POSTAGE

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

MANDATE LETTER

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 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) Ltd., 8-F, near Hotel Faran Nursery, Block 6, P.E.C.H.S. Shahr-e-Faisal Karachi.

DIVIDEND MANDATE (Mandatory)

We wish to inform you that according to the provisions of the Companies Act, 2017, shareholders are MANDATORILY required to provide their bank account details to receive their dividends by way of direct credit or electronic transfer to their bank accounts instead of receiving them through dividend warrants (crossed as A/c Payee only).

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

Yours faithfully



Zunaira Dar
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:

Folio Number	:
Number of Shareholder	:
Title of Bank Account	:
International Bank Account (IBAN) (24 digits)	:
Name of Bank	:
Name of Bank Branch and Address	:
Cellular Number of Shareholder	:
Landline Number of Shareholder	:
Email 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.

Shareholder's signature

CNIC No: _____
(copy attached)



AFFIX
CORRECT
POSTAGE

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

ویڈیو کانفرنس کی سہولت فراہم کرنے کے لیے درخواست فارم

اجلاس سے 10 روز قبل کراچی اور اسلام آباد میں رہائش پذیر اوسطاً 10 فیصد یا پھر اس سے زیادہ شیئر ہولڈرز کی جانب سے درخواست موصول ہونے پر کمپنی کی جانب سے کراچی اور اسلام آباد میں ویڈیو کانفرنس کی سہولت فراہم کی جاسکتی ہے تاکہ یہ ارکان اجلاس میں بذریعہ ویڈیو کانفرنس شرکت کر سکیں۔

سالانہ عمومی اجلاس سے پانچ روز قبل، کمپنی کی جانب سے ممبران کو ویڈیو کانفرنس کے وقت اور مقام کے متعلق مطلع کیا جائے گا اور ساتھ ہی انہیں ضروری معلومات بھی فراہم کی جائیں گے تاکہ وہ اس سہولت سے استفادہ کر سکیں۔

اس ضمن میں مندرجہ ذیل فارم پُر کر کے رجسٹرڈ دفتر میں سالانہ عمومی اجلاس کے انعقاد سے 10 روز قبل جمع کرائیں۔

میں / ہم _____ کا تعلق _____ سے ہے اور ہم ایگزیکٹو نوٹل پاکستان لمیٹیڈ کے شیئر ہولڈر کی حیثیت سے _____ عمومی شیئرز کے حامل ہیں اور ہمارا رجسٹرڈ فوئیو نمبر / سی ڈی سی اکاؤنٹ نمبر _____ ہے۔ ہم _____ کو شہر میں ویڈیو کانفرنس کی سہولت حاصل کرنا چاہتے ہیں۔

دستخط رکن / شیئر ہولڈر: _____

تاریخ: _____



AFFIX
CORRECT
POSTAGE

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

آٹھویں سالانہ عمومی اجلاس میں شرکت کے لئے

پراکسی فارم

میں/ہم _____ کا تعلق _____ سے ہے اور ہم ایگزوفیل پاکستان لیمیٹڈ کے رکن کی حیثیت سے _____ عمومی شیئرز کے حامل ہیں۔ ہم کو یا ان کی غیر حاضری کی صورت میں _____ کو جو خود بھی ایگزوفیل پاکستان لیمیٹڈ کے رکن ہیں، کو میری/اپنی جانب سے بحیثیت پراکسی مقرر کرتے ہیں جو میری غیر حاضری میں میری جگہ پر آٹھویں سالانہ عمومی اجلاس میں شرکت کرے گا اور ہماری جانب سے ووٹنگ میں حصہ لے گا۔ یہ اجلاس پریل کانٹینیئل ہوٹل شاہراہ قائد اعظم، لاہور بروز منگل مورخہ 23 اپریل 2019 کو صبح ساڑھے دس بجے منعقد ہونے جارہا ہے۔

گواہوں کی موجودگی میں، میں/ہم یہ دستخط کرتے ہیں:

مورخہ: _____ 2019ء

مندرجہ ذیل کی موجودگی میں دستخط کیے گئے:

گواہ نمبر دوم کے دستخط:

گواہ نمبر اول کے دستخط:

گواہ کا نام:

گواہ کا نام:

کمپیوٹرائزڈ شناختی کارڈ نمبر:

کمپیوٹرائزڈ شناختی کارڈ نمبر:

(دستخط مناسب قیمت کے ریونیو اسٹامپ پر کیے جائیں گے)

(دستخط مناسب قیمت کے ریونیو اسٹامپ پر کیے جائیں گے)

دستخط کنندہ

شیئر ہولڈر کا فولیو/سی ڈی سی اکاؤنٹ نمبر

(یہ دستخط کسی کے پاس موجود دستخط کے نمونے کے عین مطابق ہونا چاہئے)

ضروری ہدایات:

- ۱۔ یہ پراکسی فارم مکمل طور پر پُر اور دستخط کر کے اجلاس سے 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس 346، فیروز پور روڈ لاہور بھیجا جائے۔
- ۲۔ کوئی بھی شخص اس وقت بطور پراکسی خدمات انجام نہ دے گا جب تک وہ کمپنی کا رکن نہ ہو، ماسوائے کوئی کارپوریشن کسی ایسے شخص کو مقرر کرے جو کمپنی کا رکن نہیں۔
- ۳۔ اگر کوئی رکن ایک سے زائد پراکسی مقرر کرتا ہے اور ممبر کی جانب سے کمپنی میں پراکسی کا ایک سے زائد انسٹرومنٹ جمع کرایا جاتا ہے تو ایسی صورت میں پراکسی کے تمام انسٹرومنٹ غیر مجاز تصور کئے جائیں گے۔
- ۴۔ پراکسی انسٹرومنٹ میں کسی طرح کی تبدیلی کی صورت میں اس پر دستخط کرنے والے کے دستخط بھی ہونا چاہیے۔
- ۵۔ مشترکہ ہولڈرز کی صورت میں کوئی ایک بذات خود یا پھر پراکسی کے ذریعے ووٹنگ میں حصہ لے سکتا ہے لیکن اگر ایک سے زائد مشترکہ ہولڈرز اجلاس میں موجود ہوں تو وہ خود یا بذریعہ پراکسی جو ان مشترکہ ہولڈرز کی جانب سے مقرر کردہ ہوگا اور جس کا نام ممبرز رجسٹرار کے پاس درج ہوگا، صرف وہی ووٹ دینے کا مجاز ہوگا۔

سی ڈی سی اکاؤنٹ ہولڈرز/کارپوریٹ شناخت رکھنے والوں کے لیے ہدایات:

مذکورہ بالا ہدایات کے علاوہ درج ذیل باتوں کا بھی خیال رکھنا ہوگا۔

- ۱۔ پراکسی فارم پر ایسے دو گواہوں کے دستخط ہوں گے جن کا نام، پتہ اور کمپیوٹرائزڈ شناختی کارڈ اس فارم میں درج ہوں گے۔
- ۲۔ فینیشل اونرز کے کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول پراکسی فارم کے ساتھ منسلک کی جائیں گی۔
- ۳۔ اجلاس کے موقع پر پراکسی کو اپنا اصل کمپیوٹرائزڈ شناختی کارڈ یا پھر اصل پاسپورٹ پیش کرنا ہوگا۔
- ۴۔ کارپوریٹ شناخت کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی بشمول دستخط کا نمونہ جمع کرانا ہوگا (تا وقتیکہ یہ پہلے ہی فراہم کیا جا چکا ہو) اور ساتھ ہی کمپنی میں پراکسی فارم جمع کرانا ہوگا۔

(۸) پتے کی تبدیلی اور زکوٰۃ کی کٹوتی روکنے کا ڈیکلریشن فارم

فزیکل شیئر ہولڈرز سے درخواست ہے کہ پتے کی تبدیلی کی صورت میں فوراً اطلاع کریں اور (اگر اطلاق ہوتا ہے اور پہلے فراہم نہیں کیا تو) زکوٰۃ کی کٹوتی روکنے کا ڈیکلریشن فارم کمپنی شیئر رجسٹرار کو بھجوا دیں۔ مزید برآں وہ ممبر جن کے شیرزی ڈی سی / شراکتی اکاؤنٹس میں ہیں ان سے بھی درخواست ہے کہ اپنے پتے کی درستگی کی تصدیق کے ضمن میں تازہ معلومات فراہم کریں اور (اگر اطلاق ہوتا ہے اور پہلے فراہم نہیں کیا تو) زکوٰۃ کی کٹوتی سے روکنے کا ڈیکلریشن فارم سی ڈی سی یا اپنے شراکت دار اسٹاک بروکرز کو فراہم کریں۔

(۹) وڈیو کانفرنس کی سہولت

ممبرز کراچی اور اسلام آباد میں وڈیو کانفرنس کی سہولت حاصل کر سکتے ہیں۔ اس ضمن میں متعلقہ فارم بھر کے کمپنی کے رجسٹرڈ پتے پر سالانہ جنرل میٹنگ سے دس روز قبل جمع کروادیں۔ وڈیو کانفرنسنگ کی سہولت صرف اس صورت میں فراہم کی جائے گی اگر کمپنی کو وصول ہونے والی تمام درخواستیں مجموعی طور پر کم از کم شیئرز کے دس فیصد یا زائد کے حامل افراد کی جانب سے بھجوائی جائیں گی جو کہ کراچی اور اسلام آباد کے رہائشی ہیں۔ یہ درخواستیں سالانہ جنرل میٹنگ سے دس روز قبل وصول ہونا ضروری ہے۔ کمپنی اپنے ان ممبران کو سالانہ جنرل میٹنگ سے کم از کم دس روز قبل وڈیو کانفرنس کی سہولت سے متعلق معلومات فراہم کر دے گی تاکہ وہ اس سہولت سے مستفید ہو سکیں۔

(۱۰) سی ڈی سی اکاؤنٹ ہولڈرز کے لئے ہدایات

سی ڈی سی اکاؤنٹ ہولڈرز کو میٹنگ میں شامل ہونے کے لئے یا پراسسز کی تعیناتی کے لئے ان ہدایات کی تعمیل کرنا ہوگی جو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے سرکلر 1 مورخہ 26 جنوری 2000 کے ذریعے وضع کی ہیں۔

(۱۱) ای وونگ رائٹس

اراکین کمپنیز ایکٹ 2017 کے سیکشن 143-145 کے ساتھ ساتھ کمپنیز پوسٹل بیلٹ ریگولیشن 2018 کی مد میں پول کا مطالبہ کرنے کا حق رکھتے ہیں۔

(۵) ڈیویڈنڈ (منافع) سے انکم ٹیکس کی کوٹھی

حکومت پاکستان نے فنانس ایکٹ 2017 کے تحت انکم ٹیکس آرڈیننس 2011 کے سیکشن 150 میں کچھ مخصوص ترامیم کی ہیں، جہاں اب کمپنیز کے منافع کی ادائیگیوں پر وید ہولڈنگ ٹیکس کی کوٹھی کے مختلف ریٹ درج ہیں۔

(الف) انکم ٹیکس فائلر کے لئے ٹیکس کوٹھی 15 فیصد

(ب) انکم ٹیکس نان فائلر کے لئے ٹیکس کوٹھی 20 فیصد

(۱) ایسے تمام شیئر ہولڈرز جن کے نام ایف بی آر کی ویب سائٹ پر موجود ایکٹو ٹیکس پیئر زلسٹ (ATL) میں باوجود انکم ٹیکس فائلر ہونے کے شامل نہیں، ان کو ہدایت کی جاتی ہے کہ فی الفور (کتب کی بندش کے پہلے روز تک) اپنے ناموں کا ATL میں اندراج ممکن بنائیں بصورت دیگر ان کے کیش منافع پر 15 فیصد کی بجائے 20 فیصد ٹیکس کی کوٹھی عمل میں لائی جائے گی۔

(۲) منافع کی رقم سے وید ہولڈنگ کی کوٹھی سے استثنیٰ صرف اس صورت میں دیا جائے گا، اگر درست Tax Exemption Certificate کی کاپی، کتب کی بندش کے پہلے روز تک فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ تک دی جائے گی۔

(۳) مزید برآں مشترکہ کھاتوں / اکاؤنٹس کی صورت میں، ایف بی آر کی وضاحت کے مطابق وید ہولڈنگ ٹیکس کا تعین پرنسپل شیئر ہولڈر اور جوائنٹ شیئر ہولڈرز دونوں کے الگ الگ فائلر / نان فائلر سٹیٹس اور شیئر ہولڈنگ کی حصہ داری کے مطابق ہوگا۔

اس حوالے سے وہ تمام شیئر ہولڈرز جن کے مشترکہ کھاتے / اکاؤنٹس ہیں (اور جنہوں نے ابھی تک تفصیل فراہم نہیں کی)، ان سے درخواست کی جاتی ہے کہ اپنے اپنے پرنسپل شیئر ہولڈرز اور جوائنٹ ہولڈرز کی حصہ دار شیئرز کی تفصیل درج ذیل فارمیٹ میں تحریری صورت میں ہمارے شیئر رجسٹرار تک پہنچائیں۔

کمپنی کا نام	فولیو / CDS اکاؤنٹ نمبر	شیئرز کی کل تعداد	اصل پرنسپل شیئر ہولڈرز		مشترکہ (جوائنٹ) شیئر ہولڈرز	
			نام اور شناختی کارڈ نمبر	شیئرز کا تناسب اور (شیئرز کی تعداد)	نام اور شناختی کارڈ نمبر	شیئرز کا تناسب اور (شیئرز کی تعداد)

یہ معلومات ہمارے شیئر رجسٹرار تک اس نوٹس کے جاری ہونے کے دس روز کے اندر اندر پہنچ جانی چاہئیں۔ بصورت دیگر یہ تصور کیا جائے گا کہ پرنسپل شیئر ہولڈر اور جوائنٹ شیئر ہولڈرز شیئرز کی برابر تعداد کے مالک ہیں۔

(۴) ایسے کارپوریٹ شیئر ہولڈرز جن کے سی ڈی سی ڈی اکاؤنٹ ہیں ان کے لئے ضروری ہے کہ اپنے شراکت داروں کے حوالے سے این ٹی این نمبر اپ ڈیٹ کریں جبکہ وہ کارپوریٹ شیئر ہولڈرز جو فزیکل شیئر ہولڈرز ہیں اپنے این ٹی این کی کاپی کمپنی کو یا پھر فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو بھیجائیں۔ این ٹی این یا این ٹی این سرٹیفکیٹ (جو بھی صورت ہو) بھیجواتے وقت یاد سے کمپنی کا نام اور مخصوص فولیو نمبر ضرور درج کریں۔ کسی بھی مسئلے / سوال / معلومات کی صورت میں سرمایہ کار حضرات کمپنی سیکرٹری کو فون 042-111-551-111 یا ای میل zunaira.dar@akzonobel.com پر رابطہ کریں یا پھر فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو فون 021-34380101-5 یا پھر ای میل info.shares@famco.com پر رابطہ کریں۔

(۶) لازمی منافع الیکٹرانک ادائیگی (ای میڈیٹ)

کمپنیز ایکٹ 2017 کے سیکشن 242 کے تحت رجسٹرڈ کمپنیز کے لئے لازمی ہے کہ وہ منافع کو براہ راست الیکٹرانک شیئر ہولڈرز کے نامزد کردہ اکاؤنٹس میں ٹرانسفر کریں۔ لہذا فزیکل شیئر ہولڈرز سے درخواست ہے کہ وہ اپنا منافع حاصل کرنے کے لئے کمپنی کی ویب سائٹ پر دیے گئے فارم کو پر کر کے بمعہ شناختی کارڈ کی کاپی کے کمپنی کے رجسٹرار فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ-F-8 نزد ہوٹل فاران، نرسری بلاک 6 پی ای سی ایچ ایس شاہراہ فیصل کراچی کو 15 اپریل 2019 تک بھیجوا دیں۔ سی ڈی سی ہولڈرز اپنے بینک اکاؤنٹس کے تفصیل اپنے سناک بروکرز کو فراہم کر دے۔ 16 اپریل 2019 تک بینک اکاؤنٹ کی درست تفصیلات نہ ملنے پر کمپنی منافع کی ادائیگی کو روک دے گی۔

(۷) آڈٹ شدہ فنانشل سٹیٹمنٹس بذریعہ ای میل / سی ڈی سی ڈی / ای ڈی سی ڈی

ایس ای سی پی نے اپنے نوٹیفیکیشن 2014(1) SRO787 مورخہ 08 ستمبر، 2014 کے تحت آڈٹ شدہ فنانشل سٹیٹمنٹس اور سالانہ جنرل میٹنگ کا نوٹس کمپنی ممبران میں بذریعہ ای میل / سی ڈی سی ڈی / ای ڈی سی ڈی / ای ڈی سی ڈی کی اجازت دی ہے۔ تاہم ایسے تمام ممبران جو سالانہ رپورٹ کی ہارڈ کاپی حاصل کرنا چاہتے ہیں ان سے درخواست ہے کہ اپنے ایڈریس فراہم کر دیں۔ کمپنی اپنے شیئر ہولڈرز کی درخواست کے مطابق درخواست کی تاریخ سے سات روز کے اندر اندر آڈٹ شدہ فنانشل سٹیٹمنٹس کی ہارڈ کاپی فراہم کر دے گی۔ ایس ای سی پی کے 2014(1) SRO634 مورخہ 10 جولائی 2014 کے قواعد کے مطابق کمپنی اپنی فنانشل سٹیٹمنٹس اور رپورٹس سالانہ جنرل میٹنگ سے 21 روز قبل کمپنی کی ویب سائٹ پر فراہم کر دے گی۔ یا الیکٹرانک ٹرانسمیشن کیلئے Consent Form کمپنی کی ویب سائٹ سے ڈاؤن لوڈ کیا جاسکتا ہے۔

ایگزونوبل پاکستان لمیٹڈ نوٹس برائے آٹھویں سالانہ جنرل میٹنگ

ایگزونوبل پاکستان لمیٹڈ کی جانب سے آٹھویں جنرل میٹنگ کا نوٹس پیش کیا جا رہا ہے، جو کہ مورخہ 23 اپریل 2019 بروز منگل ساڑھے دس بجے، بمقام پرل کائنٹیننل ہوٹل، شاہراہ قائد اعظم، لاہور۔ 54000 میں منعقد ہوگا۔ جس میں درج ذیل نکات کی منظوری دی جائے گی۔

عمومی کارروائی:-

- ۱- 25 اپریل 2018 کو منعقدہ ساتویں سالانہ عمومی اجلاس کے منٹس کی توثیق۔
- ۲- ایگزونوبل پاکستان لمیٹڈ کے 31 دسمبر 2018 کو مکمل ہونے والے سال کے موصول شدہ حسابات (اکاؤنٹس) بشمول آڈیٹرز رپورٹ اور ڈائریکٹرز صاحبان کی رپورٹس کی وصولی اور ان پر غور و خوض اور منظوری۔
- ۳- ڈائریکٹرز کی تجویز کے مطابق 31 دسمبر 2018 کو مکمل ہونے والے سال کے فائنل کیش ڈیویڈنڈ کا اعلان اور منظوری دی جائے گی۔ جو کہ پچاس فیصد کے حساب سے یعنی دس روپے کے ہر عام شیئر پر 5.00 روپے ہوگا جس کی ادائیگی ان ممبران کو کی جائے گی جن کے نام 16 اپریل، 2019 کو رجسٹر آف ممبرز پر موجود ہوگا۔
- ۴- کمپنی کے ایکسٹرل آڈیٹرز کا تقرر اور ان کے معاوضے کا تعین۔
- ۵- چیئرمین کی اجازت سے کوئی بھی دیگر متعلقہ کاروباری معلومات زیر بحث لائے جائیں گے۔

بحوالہ آرڈر آف بورڈ

02 اپریل 2019،

لاہور



زئیرہ ڈار
کمپنی سیکرٹری

نوٹس:-

(۱) شیئرز انسفر بکس کی تکمیل

کمپنی کی شیئرز انسفر بکس 17 اپریل 2019 سے 23 اپریل 2019 کے دوران بند رہے گی (بشمول دونوں دنوں کے) قواعد کے مطابق کاروبار کے اختتام سے قبل 16 اپریل 2019 تک شیئرز رجسٹرار میسرز فیکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، ایف-8، نزد ہوٹل فاران نرسری، بلاک-6، پی-ای-سی-ایچ-ایس، شاہراہ فیصل، کراچی میں موصول ہونے والی ٹرانسفرز کو ٹرانسفریز کے ڈیویڈنڈ کی ادائیگی کے لئے شامل کیا جائے گا۔

(۲) سالانہ عمومی اجلاس میں شرکت

تمام ارکان سالانہ عمومی اجلاس میں شرکت اور ووٹ دینے کا حق رکھتے ہیں۔ ایک ممبر جو اجلاس میں شرکت، اظہار خیال اور ووٹنگ میں حصہ لینے کیلئے کسی پراکسی کو نامزد کر سکتا ہے۔ پراکسی کے لئے ضروری ہے کہ وہ کمپنی کا رکن ہو۔ ایک کارپوریٹ شناخت، با حیثیت رکن، اس بات قطع نظر کسی بھی شخص کو اپنا پراکسی مقرر کر سکتا ہے چاہے وہ رکن ہے یا نہیں۔ کارپوریٹ شخصیات کی صورت میں بورڈ آف ڈائریکٹرز یا پھر پاور آف اٹارنی پراکسی کے لئے نامزد فارم کے ہمراہ جمع کروائی جاسکتی ہے۔ جس پر نمائندگی کیلئے نامزد کردہ شخص کے دستخط موجود ہوں اور یہ بھی درج ہونا چاہیے کہ وہ کارپوریٹ شناخت کی طرف سے ووٹنگ میں حصہ لے گا۔ پراکسی حضرات کو اجلاس کے موقع پر اپنا کمپیوٹر انڈر شناختی کارڈ یا پھر اپنا پاسپورٹ پیش کرنا ہوگا۔

(۳) پراکسی فارم

اجلاس میں شرکت کیلئے ضروری ہے کہ پراکسی فارم مکمل کر کے کمپنی کے رجسٹرڈ دفتر 346 فیروز پور روڈ لاہور میں اجلاس کے انعقاد سے 48 گھنٹے قبل جمع کروانا ضروری ہے پراکسی کیلئے فارم اے جی ایم نوٹس کے ساتھ منسلک ہے اور اس پر دو گواہوں کے دستخط ہونے چاہیے اور ساتھ ہی ان کا پتہ اور کمپیوٹر انڈر شناختی کارڈ نمبر بھی درج ہونا چاہیے۔

(۴) لازمی نوٹس، اُن شیئرز ہولڈرز کیلئے جنہوں نے اپنا شناختی کارڈ فراہم نہیں کیے

تمام شیئرز ہولڈرز جن کے پاس فیزیکل شیئرز موجود ہیں اور جنہوں نے ابھی تک اپنے شناختی کارڈ (جن کی میعاد ختم نہیں ہوئی) جمع نہیں کروائے، ان سے درخواست ہے کہ اپنے شناختی کارڈ کی تصدیق شدہ کاپی بعد اسیے فوئیو نمبر کمپنی کے، شیئرز رجسٹرار کو بھجوادیں۔ شیئرز ہولڈرز کے شناختی کارڈ کی غیر موجودگی کمپنی میں متعلقہ شیئرز ہولڈرز کو ڈیویڈنڈ کی ترسیل روک دے گی۔

4	مس عائشہ حامد	4	3	-
5	مسٹر سعد محمود راشد (چیف ایگزیکٹو آفیسر)	5	-	2
6	مسٹر حارث محمود (چیف فنانشل آفیسر)	5	4	-
7	مسٹر جیری ریو	5	-	2
8	مسٹر سیس ٹین ٹین	4	3	-
9	مسٹر ڈیوڈ ڈنگ	2	-	-
10	مس سارہ شاہ (کمپنی سیکریٹری)	4	-	-
11	مسٹر ریحان حامد (سیکریٹری آڈٹ کمیٹی)	1	4	-
12	مسٹر عثمان علی جمیل (سیکریٹری ایچ آر اینڈ آر کمیٹی)	-	-	2

کمپوزیشن آف بورڈ:-

انڈیپنڈنٹ	2	-	
نان-ایگزیکٹو	3	میل	6
ایگزیکٹو	2	فی میل	1
ٹوٹل	7	ٹوٹل	7

ڈائریکٹرز ٹینگ:-

جناب معین افضل، جناب سعد محمود راشد، جناب حارث محمود اور محترمہ عائشہ حامد پہلے ہی ٹریننگ مکمل کر چکے ہیں۔ اس طرح کمپنی CCG کے قانون کے تحت 50% تک اپنے ڈائریکٹر کی ٹریننگ کروا چکی ہے۔ باقی تین نان ایگزیکٹو ٹریننگ بھی 2021ء تک ہو جائے گی۔

ڈائریکٹرز کی تنخواہ کی تقرری:-

انڈیپنڈنٹ کی تنخواہ بورڈ کی اجازت کے بعد ہر تین سال کے بعد جائزہ کی جاتی ہے۔

بورڈ کمیٹیاں:-

بورڈ کی مختلف کمیٹی کی تشکیل صفحہ نمبر 36 پر درج ہے۔

شیئر ہولڈنگ کا پیٹرن:-

کمپنی میں شیئر ہولڈنگ کا پیٹرن بمعہ اضافی معلومات برائے تکمیلی سال 31 دسمبر 2018 صفحہ نمبر F62 تا F64 پر درج ہے۔

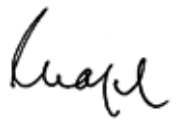
ICI Omicron B.V (جو کہ ایکز و نو بل گروپ کی ایک کمپنی ہے)، 75.81% شیئرز کی مالک ہے جبکہ انسٹی ٹیوشنز کے پاس 8.03% اور افراد اور دیگر کے پاس 16.16% شیئرز ہیلنس ہے۔

فی شیئر بلند ترین اور پست ترین مارکیٹ کی قیمت 2018 کے دوران بالترتیب 240 روپے اور 116 روپے رہی۔

ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکریٹری اور ان کے شریک حیات اور بچوں نے سال کے دوران کمپنی میں موجود اپنے اپنے حصے کے شیئرز کا کوئی لین دین نہیں کیا۔



سعد محمود راشد
(چیف ایگزیکٹو)



معین افضل
(چیرمین)

کارپوریٹ سماجی ذمہ داری۔

ایکڑونوبل پاکستان نے SOS چلڈرن ویلج کے ساتھ یوتھ کین پروگرام کے تحت رہائشی علاقوں کی بحالی کے لیے ایک مشترکہ سرگرمی کا انعقاد کیا۔ اس پروگرام کے تحت SOS ویلج کے گھروں کو پینٹ کیا گیا جسے مکمل طور پر ایکڑونوبل نے اسپانسر کیا۔ ڈیج ایسپیڈر مسز آرڈی بریکن نے اس سرگرمی میں ایکڑونوبل کے ملازمین اور ایگزیکٹو ٹیم کی ہمراہ بھرپور حصہ لیا۔

اعتراف:-

سال 2018 میں ہم نے اپنے انفرادی عوامل کو مضبوط تر بنانے کی جانب سفر جاری رکھا تا کہ مقابلہ کی صورتحال میں برتری کو برقرار رکھا جائے۔ اہم ترین نکات جن پر بھرپور توجہ دی گئی ان میں لیڈرشپ کی تیاری، صلاحیت میں اضافہ اور ملازمین کے معاملات و تعلقات کا انتظام شامل ہیں۔ ہمیں اس سب کی بدولت ایک ایسی ٹیم تیار کرنے میں مدد ملی جو ادارے کے اعلیٰ ترین نتائج کے حصول پر کام کرتی ہے۔ جبکہ تنوع اور نتائج کی حصول کا عزم ہمارے ایجنڈے میں قلب کی حیثیت رکھتے ہیں۔ کمپنی کے کاروباری نتائج ہم سب کے بھرپور عزم اور محنت کا مظہر ہیں، جس پر ہمارے صارفین، سپلائرز، خدمات فراہم کرنے والے اور شیئر ہولڈرز کا ہم پر آٹھ بھروسہ بھی شامل ہے۔

آڈیٹرز:-

موجودہ آرڈیٹرز A.F. Ferguson & Co. Chartered Accountants کی مدت مکمل ہو رہی ہے چنانچہ اہلیت کی بنیاد پر انہوں نے دوبارہ تقرری کی خواہش کا اظہار کیا ہے۔

کوڈ آف کارپوریٹ گورننس کی تعمیل:-

جیسا کہ ہماری ملکی شاہد مارکیٹ کے Listing Rules میں موجود کوڈ آف کارپوریٹ گورننس تقاضا کرتا ہے، اس کے عین مطابق ڈائریکٹرز نہایت مسرت سے بیان کرتے ہیں کہ:

- کمپنی کی انتظامیہ کی تیار کردہ فنانشل سٹیٹمنٹس واضح طور پر کمپنی کی عملی معاملات، نتائج، کیش فلو اور ایکویٹی میں تبدیلی کو ظاہر کرتی ہے۔

- کمپنی کی بقائدہ اکاؤنٹس بکس کو اہتمام سے برقرار رکھا جا رہا ہے۔

- مناسب اکاؤنٹنگ پالیسیز کو فنانشل سٹیٹمنٹس کی تیاری میں مستقل بنیادوں پر لاگو رکھا جاتا ہے اور مالیاتی تخمینے مختلط تجزیوں پر مبنی ہوتے ہیں۔

- مالیاتی رپورٹنگ کے جن بین الاقوامی قواعد کا اطلاق پاکستان میں ہوتا ہے، وہ تمام فنانشل سٹیٹمنٹس کی تیاری میں استعمال کیا جاتے ہیں۔ اس ضمن میں کسی قسم کی تبدیلی کو مناسب طریقے سے واضح طور پر بیان کر دیا گیا ہے۔

- انٹرنل کنٹرول کا نظام مضبوط بنیادوں پر تشکیل دیا گیا ہے اس کا اطلاق پُر اثر ہے اور اس کی بھرپور نگرانی کی جاتی ہے۔

- کمپنی کی قابلیت بطور کاروباری ادارہ مستحکم ہے اور اس مد میں کسی قسم کا کوئی شک موجود نہیں ہے۔

- Listing Regulations کے مطابق بہترین کارپوریٹ میجمنٹ کو ممکن بنایا گیا ہے جس کی بدولت نظام سے کسی قسم کا انحراف یا خلاف ورزی وقوع پذیر نہیں ہوئی۔

- گزشتہ پانچ سال کے اہم عملی و مالیاتی ڈیٹا کی سمری صفحہ نمبر F60 اور F61 پر درج ہے۔

- قابل ادائیگی ٹیکسیز اور لیویز، فنانشل سٹیٹمنٹس کے نوٹس میں درج ہے۔

- کمپنی کے انتظامیہ اچھے کارپوریٹ نظام کے لیے پُر عزم ہے اور اس ضمن میں مناسب اقدامات کر رہی ہے تاکہ بہترین معیار پر پورا اتراسکے۔

ریٹائرڈ منٹ بٹیفنس میں سرمایہ کاری:-

تکمیلی سال 31 دسمبر 2017 کی آڈٹ شدہ فنانشل سٹیٹمنٹس کے مطابق شاف کے ریٹائرڈ منٹ فنڈز سے سرمایہ کاری کی رقم کی تفصیل درج ذیل ہے۔ یہ نظام Trusties of Fund کے زیر اہتمام چلایا جاتا ہے۔

1	ایکڑونوبل پاکستان لیمیٹڈ میجمنٹ اشاف پراویڈنٹ فنڈ	180 ملین روپے
2	ایکڑونوبل پاکستان لیمیٹڈ میجمنٹ گریجویٹ فنڈ	96 ملین روپے
3	ایکڑونوبل پاکستان لیمیٹڈ میجمنٹ شاف پنشن فنڈ	116 ملین روپے
4	ایکڑونوبل پاکستان لیمیٹڈ میجمنٹ اشاف طے شدہ برائے ریٹائرڈ منٹ فنڈ	125 ملین روپے
5	ایکڑونوبل پاکستان لیمیٹڈ نان میجمنٹ اشاف فنڈ	32 ملین روپے

ڈائریکٹرز کی حاضری:-

سال کے دوران پانچ عدد بورڈ آف ڈائریکٹرز میٹنگز، چار آڈٹ کمیٹی کی میٹنگز اور دو ایچ آر اجرت و معاوضہ کمیٹی کی میٹنگز منعقد ہوئیں۔ ہر ڈائریکٹر اسی ایف او/ کمپنی سیکریٹری کی حاضری کی تفصیل درج ذیل ہے۔

نمبر شمار	ڈائریکٹر کا نام	بورڈ آف ڈائریکٹرز کی حاضری	آڈٹ کمیٹی کی حاضری	ایچ آر اور ریمونریشن کمیٹی کی حاضری
1	مسٹر معین افضل	5	4	2
2	مسٹر ضیاء الرحمن	1	1	-
3	مسٹر بارث کاسٹر	1	1	-

ڈائریکٹر رپورٹ

برائے سال تکمیل شدہ 31 دسمبر 2018

کمپنی کے ڈائریکٹر نہایت مسرت سے سالانہ رپورٹ بمعہ آڈٹ شدہ فنانشل سٹیٹمنٹس برائے سال مکمل شدہ 31 دسمبر 2018 پیش کرتے ہیں۔
جائزہ:-

سال 2018 پاکستان کی معیشت کے لیے ایک مشکل سال تھا۔ پیسے کی قدر میں بدترین کمی کی وجہ سے افراط زر میں تیزی سے اضافہ ہوا ہے۔ اس سال کے دوسرے حصے میں پالیسی شرح سود کی قدر میں 250 بی پی ایس اضافہ ہوا ہے جو کہ پورے سال کا 4.25% بنتا ہے۔ ذخائر کی کمی کو پورا کرنے کے لیے حکومت تجارتی اور سرکاری قرضوں کے لیے بین الاقوامی مارکیٹ سے مدد لے رہی ہے۔ حکومت نے درآمد شدہ اشیاء پر ریگولیٹری ڈیوٹی بھی عائد کی تاکہ درآمدات کی شرح میں کمی کی جاسکے۔ اور سال 2018 میں روپے کی قدر مختلف کرنسیوں کے مقابلے میں 26 فیصد کمی ہوئی۔

سال 2018 میں سیاسی غیر یقینی اور عام انتخابات بھی صارفین کی طلب پر اثر انداز ہوئے۔ روپے کی قدر میں کمی اور کسٹم ڈیوٹی کے بڑھنے کی وجہ سے بھی خام مال کی قیمتوں میں اضافہ ہوا۔ اس مشکل معاشی صورتحال کے باوجود کمپنی کے ٹرن اوور 2.5 فیصد اضافہ ہوا۔ خام مال کی بڑھتی ہوئی قیمتوں سے نمٹنے کیلئے کمپنی نے مصنوعات کی قیمتیں بھی بڑھائیں۔ کم مارجنز کے اثرات کو ختم کرنے کے لیے افراط زر کے باوجود کمپنی نے بچت کے اقدامات کو اپنایا اور اخراجات کو پچھلے سال کے برابری کی سطح پر لے کر آئی۔

فنانس بل 2018/2019 میں حکومت نے سپرنٹنڈنٹ کی مدت میں اگلے دو سال کے لیے اضافہ کیا۔ ان عوامل کے نتیجے میں اس سال ٹیکس کے بعد منافع اور ای پی ایس 32.4% اور 387 ملین رہا۔ اس سال کے دوران کمپنی نے اپنا کیمیکل برنس ایکز ڈونول کیمیکل (SMC-Private) کو بیچ دیا۔ سال 2018 کے دوران کمپنی نے 1.104 ملین روپے ٹیکس اور ڈیوٹی کی مد میں قومی خزانے میں جمع کروائے۔

مالیاتی کارکردگی (ملین روپے میں)	2018	2017	اضافہ / (کمی)
ٹرن اوور	8,747	8,530	2.5%
نیٹ سلیز	5,813	5,691	2.1%
سلیز کے اخراجات	3,810	3,461	10.1%
مجموعی منافع	2,003	2,229	(10.2)%
آپریٹنگ منافع	560	783	(28.4)%
ٹیک کی کٹوتی کے بعد منافع	387	573	(32.4)%
فی شیئر کمائی۔ روپوں میں	8.34	12.34	(32.4)%

منافع جات:-

مستقل کے کاروباری مواقع اور کمپنی کی کیش فلو ضروریات کو مد نظر رکھتے ہوئے بورڈ آف ڈائریکٹرز نے نہایت مسرت سے تجویز کرتے ہیں کہ پانچ روپے فی عمومی شیئر (یعنی 50%) برائے تکمیل شدہ سال 31 دسمبر 2018 حتمی منافع کے طور پر جاری کیا جائے گا۔

صحت، حفاظت، ماحول اچھا ایس ای

کمپنی نے اچھا ایس ای کے حوالے سے اپنے عزم کو برقرار رکھا اور اس سال کو بغیر کسی حادثے کے مکمل کیا۔ رویے کی بنیاد پر حفاظتی پروگرام (BBS) جس کا مقصد افراد کے رویے کو بدلنا ہے تاکہ حادثات سے بچا جاسکے، اس سال زیادہ عزم اور ارادے سے جاری رہا جس پر عمل درآمد سے کمپنی نے اپنی سائیٹ پر حفاظتی نظام کو مزید بہتر بنایا۔ دوسری جانب ماحولیاتی کارکردگی کی مد میں شش ماہیاتی کے منصوبے انعقاد کیے گئے جو اپنے حتمی مراحل میں ہیں۔ علاوہ ازیں کمپنی (ISO 14001:2015) کی تصدیق میں کامیاب ہوئی۔ یہ سب چیزیں اس بات کا ثبوت ہیں کہ صحت اور حفاظت کو ترجیحی بنیاد پر دیکھا جائے گا۔ کاروباری کردگی:-

آپ کی کمپنی اپنی تمام مصنوعات کو جدت کے ذریعے بڑھانے کے لیے پرعزم ہیں کیونکہ یہ اپنے صارفین کے معیار زندگی کو ثبت بنانے کے لیے کمپنی کے نقطہ نظر کا لازمی حصہ ہیں۔ صارف کے ساتھ رابطہ بہتر بنانے ان پر اثر انداز ہونے اور ان کی تعداد بڑھانے کے لیے کمپنی نے Dulux Promise متعارف کروایا۔ یہ ایک وسط رینج کی Product تھی جس کی تشہیر کے لیے وسیع پیمانے پر مہم چلائی گئی۔ مستقبل کا جائزہ:-

2018 کے آخر تک تمام عالمی اقتصادی ماہرین نے ملک کے گرتے ہوئے زرمبادلہ کے ذخائر اور بلند قرضوں کی شرح کی وجہ سے ملک کے متوقع ترقیاتی امکانات میں منفی پیش گوئیاں کی ہیں۔ بڑھتی ہوئی مہنگائی، بلند شرح سود اور غیر ملکی انویسٹمنٹ میں نمایاں کمی مختصر مدت میں Product کی طلب میں کمی کا موجب ہے۔ ان تمام معاملات میں بہتری کی امید درمیانی مدت کی معاشی اصلاحات کی وجہ سے ممکن ہیں۔ کمپنی اپنے گاہکوں اور صارفین کو مشغول رکھنے کے لیے مسلسل مختلف مارکیٹنگ اور سلیز کے پروگراموں پر توجہ دیتی رہے گی۔

[illegible]

NOTES

[illegible]