AkzoNobel

REPORT 2022

Akzo Nobel Pakistan Limited

Our beating heart: People. Planet. Paint.

AkzoNobel has a long and proud heritage. Throughout our history, we've made things happen. We've always evolved and expanded our horizons.

Some things, however, have always remained constant. Like being an employer of choice. A responsible global citizen. A pioneer. That's our bedrock. The foundations of what we stand for. So we have a truly meaningful purpose, with People. Planet. Paint. as our beating heart.

We're ideally placed to demonstrate our passion for bringing genuine benefits to society and the world we live in. How? By using our pioneering spirit and centuries of paints and coatings expertise to make a real impact. By delivering the sustainable and innovative solutions that our customers, communities – and the planet – are increasingly relying on.

So there's a deeper, wider meaning to People. Planet. Paint. It's not only about doing business sustainably. It touches everything we do. It's our reason for being. It excites us. It challenges us. It's about making a genuine and lasting difference so we can remain at the forefront of our industry.

People
We care passionately about people and building communities, with safety, integrity and sustainability at our core.

Planet
We challenge ourselves and our partners every day to be better global citizens and protect the future of our planet.

Paint
We keep pushing boundaries to develop paint solutions that make a world of difference.

www.akzonobel.com

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THE NEXT PHASE OF OUR TRANSFORMATION

Grow & Deliver

Ambitions 2023

- Growth in line with relevant markets
- €1.2 to €1.5 bln adjusted EBITDA

AkzoNobel is a global paints and coatings company with a proud heritage, which can be traced back to 1792. Our world class portfolio of established brands is trusted by customers around the world and we continue to be guided by our overarching mantra of People. Planet. Paint.

An enduring set of core values – safety, integrity and sustainability – underpins everything we do. Key behaviors – based on passion for paint, precise processes, powerful performance and proud people – guide our ways of working.

Our Grow & Deliver strategy balances growth with profitability improvement. Right now, macro-economic uncertainty means we need to focus on delivering profit and cash, while keeping a close eye on our markets and selectively pursuing growth opportunities. Our goal is to be a leader in the industry. And we're well placed in the more than €140 billion paints and coatings industry. Our broad geographic presence and leading positions in many market segments still provide several opportunities for growth, despite the challenging economic outlook for 2023.

We have a significant presence in the South Asia Pacific region, where we generate around 13% of total revenue. And, thanks to our acquisition of Grupo Orbis – completed in 2022 – we now have a more significant presence in Latin America, which accounts for 12% of total revenue.

More selective opportunities for growth also exist. For example, we're growing our Decorative Paints business in China by leveraging our premium Dulux brand to serve customers in a greater number of cities with more innovative and sustainable solutions. In addition, aerospace – as well as marine and protective coatings – market segments once again offer growth opportunities.

With stakeholders increasingly demanding more sustainable solutions, we're able to capitalize on this trend by leveraging our leadership position when it comes to sustainability – reflected in the recognition we've received from various rating agencies, such as EcoVadis, MSCI and Sustainalytics. Sustainable solutions already account for 40% of revenue and we have a target to increase this to more than 50% by 2030. We're creating a more efficient company, while lowering our carbon footprint, and are proud to have set science-based carbon reduction targets for our full value chain – a truly fact-based approach.

Innovation is essential to our success. For us, this means understanding and anticipating the changing needs and expectations of customers when it comes to providing them with products and services. Our industry-leading Paint the Future collaborative innovation ecosystem is just one example of how

Passion for paint
Be customer focused

Precise processes
Execute with discipline

Powerful performance
Deliver on commitments

Proud people
Take ownership

Dulux Assurance - the ultimate Dulux Ka Waada of quality

AkzoNobel believes that quality is about delivering on the high expectations of our consumers consistently. According to research done by Dulux, when it comes to choosing a brand of paint, expertise and high quality are the key priorities for consumers. As pioneering experts in the paint industry, we're confident that the extensive research and development that goes into each can of Dulux will speak for itself. Further strengthening consumer trust and confidence in AkzoNobel, our Dulux Assurance program completed its first anniversary. This first-of-its-kind quality promise to Dulux consumers assures consumers of Perfect Colour, Uniform Finish and the Coverage stated, or else a free replacement*.

*Terms and Conditions apply. Applicable on Select products only. For more details, visit **www.dulux.com.pk.**

our pioneering spirit is helping us to continue pushing boundaries.

We're also building the product management capabilities necessary to deliver the products our customers desire, and which will help us win in the market at the most competitive cost – with less complexity and increased collaboration with our suppliers.

Strategic mandates – per market segment and region – are used to provide clear direction for each of our businesses, including relative priorities for growth and profitability improvement.

We're committed to retaining a strong investment grade credit rating and have clear capital allocation priorities, including a disciplined approach to targeted value-creating acquisitions, aligned with our strategic mandates.

During 2022, we completed the acquisition of Grupo Orbis and announced our intended acquisition of the African paints and coatings activities from Kansai Paint (expected to be completed in the second half of 2023).

To help deliver our strategy, we're evolving our operating model, moving from functional excellence in silos to driving cross-functional collaboration, with an emphasis on end-to-end processes and becoming even more customer focused.

In addition, we continue to integrate our systems and applications to provide business services that are both effective and cost competitive, allowing for greater focus on what matters most. During 2023, we'll focus on execution. Margin management is particularly important to ensure we benefit from our robust pricing initiatives in response to significant raw material cost inflation.

We're building on our experience and setting ourselves up to deal with future cycles. When it comes to costs, we've identified multiple opportunities – especially within our integrated supply chain – to deliver significant savings.

These actions are necessary to adapt to changes in the markets where we operate and offset cost inflation, while delivering improved performance during both the short and medium term. Furthermore, attention is required to normalize our working capital position, which will result in stronger cash flow and lower net debt/EBITDA leverage ratio.

Construction of New Manufacturing Facility in Faisalabad

Foreseeing a strong growth in the paints and coatings business in the country, AkzoNobel Pakistan Ltd. is on track to complete the construction of it's new manufacturing plant in Pakistan.

The integrated paints and coatings plant located at the Allama Iqbal Industrial City in Faisalabad will span 25 acres and is scheduled to start operations in 2023.

With agile manufacturing, the new manufacturing plant shall allow AkzoNobel to be more competitive in the market. Designed to deliver a planned year-on-year expansion in production volumes over the next five years, this shall support AkzoNobel Pakistan Ltd. in realizing its growth ambitions for Pakistan with more speed.

This green-field expansion in the strategic industrial hub of Faisalabad strengthens AkzoNobel Pakistan's commitment to serve its diversified performance coatings and decorative paints customer base today and will also act as a tailwind to realize it's ambitions to meet the growing market demand in the future.

The new civil infrastructure in the plant will allow for a redesign of the production flow to deliver increased safety, efficiency and better product handling during manufacturing.

Prioritizing sustainability, the facility will also include green energy generation through solar panels, waste-water treatment, design optimization to reduce energy consumption.

"Since 2020, AkzoNobel has been consolidating its position in the Pakistan market. The new manufacturing facility at Faisalabad is the next step to grow on our strong foundation. With the biggest investment of AkzoNobel in Pakistan till date, the new facility is a true vote of confidence in this market's growth potential."

Mubbasher Omar, Chief Executive Officer, AkzoNobel Pakistan Limited.

Innovative offerings that stretch the boundaries of paints

Innovation is essential to our success. For us, this means understanding and anticipating the changing needs and expectations of consumers when it comes to providing them with products and services. From reflecting heat and protecting and beautifying walls to boosting health and wellbeing of families at home, our world class reputation for pushing boundaries can be found in all our products. In 2022 too, we continued to invest in innovation with differentiated product launches and upgrades.

'Dulux Aquashield' range of waterproofing solutions invigorated

While it isn't possible to control the weather, consumers can now effectively manage how the weather affects their homes with the three new customer-centric innovations launched under the Dulux Aquashield range of premium waterproofing solutions.

These include Dulux Aquashield Pre-Treatment Coat for surface preparation, Dulux Aquashield Interior Waterproof Basecoat for interior walls and Dulux Aquashield Waterproof Roofcoat to prevent water seepage through the roof.

The invigorated Dulux Aquashield range of advanced waterproofing products helps consumers prepare and protect their homes from water damage, thus giving families more peace-of-mind whilst also reducing the need for frequent home re-painting.

Dulux Promise Interiors packs in a punch

To provide more value to its customers, Dulux Promise Interior now comes with added benefits which includes Easy-Wipe and Washable, Anti-Bacterial, and Anti-Mould/Fungus properties.

The new formulation makes wiping away common household stains easier, inhibits the growth of bacteria on walls, and protects walls from the development of mould and fungus on them.

The full painting system from Dulux Promise ensures the best performance of Promise Interior, with Chromabrite Technology ensuring that the colour of walls are brighter and last longer.

AkzoNobel Pakistan Limited also extended its economy range in light of the changing customer needs with the launch of Paintex water-based primer, which was well-received by the market and achieved high volumes within a few months of its launch.

Dulux Easycare upgraded with new Anti-viral properties

Prioritizing health of families and making home worry-free spaces, Akzo Nobel Pakistan relaunched the upgraded Dulux EasyCare with new Anti-Viral* proposition in the premium interior washable paints segment.

The celebrated KidProof+ technology in Dulux Easy Care ensures that walls stay stain free and clean for longer. The paint that parents trust on their walls as it is tough on bacteria*, is now also tough on virus. Boosted with the new Silver Ion Technology, Dulux EasyCare provides an added layer of anti-viral protection* that helps to effectively work against certain virus.

Pehchaan Ka Rung takes the significance of colours a step further and celebrates the hues of patriotism. Reinforcing that the homeland comes before home and will always be the biggest part of every Pakistani citizen's identity, the campaign aimed to inspire the youth of today to play an active role in shaping the destiny of the country.

Scan QR code to view campaign

'Pehcahaan Ka Rung' celebrates the colours of patriotism

For nearly five decades now, Dulux Paints have been an instrinsic part of every family's life in Pakistan. As a global colour expert, AkzoNobel knows the importance of colours in our lives. Homes are much more than walls they symbolise identity, respect, emotions and their most cherished moments. The over 2,000 vibrant colours of Dulux have been protecting the interior and exterior of homes and adding colours to the lives of families.

The "Pehchaan Ka Rung" campaign generated positive word of mouth and drove saliency for AkzoNobel in Pakistan. From being featured as one of the best Independence Day digital campaigns by the leading advertising and marketing magazine 'Aurora' to generating strong social media engagements for the user generated contest on Facebook; #PehchaanKaRung struck a chord with our consumers and community at large.

* Under test conditions. Detail information on the anti-virus information please visit **dulux.com.pk** or TDS/PDS

AkzoNobel Cares for Pakistan

As AkzoNobel Cares, our numerous societal projects are supporting the vulnerable, educating future generations and using the power of paints to transform lives by uplifting communities across Pakistan.

Creates an inspiring learning environment for school children
AkzoNobel Pakistan donated it's Dulux paint to create a colourful and inspiring learning environment for the under-privileged children of Salamat Welfare School.

ANPL also donated 250 litres of paint to renovate the building of the Deaf Reach School which was destroyed by unprecedented monsoon rain and floods in the country. The school on educating the deaf and creating leaders amongst them by instilling a pride for their language and enlightening them about the endless possibilities of what they can achieve. Additional, more than 450 liters of paint were donated to The Citizen Foundation and Happy Home School for renovation of the premises.

The magic of Dulux transforms a community library
ANPL provided support to low-income community under the renovation project of Kitab Ghar by Teach for Pakistan. With the free-of-cost paints provided, the community members were able to successfully transform a run-down space into an inspiring and joyful library with resources to aid children's learning curve.

The new look is nothing short of an inspiring art gallery that sparks children's creativity as well.

AkzoNobel partners with Akhuwat

In continuation of efforts to provide students in underprivileged communities exposure to the professional setting, ANPL offered internships to 5 students from Akhuwat College for Women in Chakwal.

The internees were inducted in various departments including Marketing, HR and Sales Excellence where they completed individual projects, allowing the internees to learn from seasoned employees working in various departments.

The opportunity allowed these students from various disciplines to explore their interests and career paths. Being a strong proponent of gender equity, AkzoNobel Pakistan has consistently been working for diverity and inclusivity in the work environment by creating a collabo-rative working environment.

Together for Pakistan' raises 20,000 Euros for flood-relief efforts

As Pakistan faced one of the worst natural disasters with millions impacted by the unprecedented floods AkzoNobel initiated "Together for Pakistan" – an emergency fund-raising effort for the millions of Pakistani people impacted by the unprecedented floods in the country. The donation-matching campaign which collected 20,000 Euros ensured that for every euro or dollar donated by employees of AkzoNobel anywhere in the globe; the company matched the same.

The campaign of AkzoNobel was facilitated by Disaster Emergency Committee (DEC), an umbrella group of charities which coordinates and launches collective appeals for people caught up in disasters and humanitarian crises around the world.

The DEC brings together 15 leading aid agencies at times of crisis overseas with seven of its member charities, including Action Against Hunger, Islamic Relief and Save the Children, providing life-saving aid to support communities with food, clean drinking water and shelter in the time of crisis.

COMPANY INFORMATION

Board of Directors

OSCAR WEZENBEEK	Chairman
MUBBASHER OMAR	Executive
HARRIS MAHMOOD	Executive

Share Transfer Committee

MUBBASHER OMAR	Chief Executive
HARRIS MAHMOOD	Chief Financial Officer
RABIA BAKHTAWAR PIRZADA	Company Secretary

Chief Financial Officer

HARRIS MAHMOOD

Company Secretary

RABIA BAKHTAWAR PIRZADA

Bankers

CITIBANK N.A.
DEUTSCHE BANK LIMITED A.G
HABIB BANK LIMITED
FAYSAL BANK LIMITED

External Auditor

BDO EBRAHIM & CO.
OFFICE NO. 4, 6TH FLOOR,
ASKARI CORPORATE TOWER,
75/76 D-1, MAIN BOULEVARD
GULBERG-III, LAHORE
PAKISTAN

Registered Office

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

Executive Management Team

MUBBASHER OMAR	Chief Executive
HARRIS MAHMOOD	Chief Financial Officer
FAROOQ AYUB KHAN	Operation Manager
RIZWAN AFZAL	Project Lead
SANA SHERAZ	Country HR Manager
ABDUL REHMAN SHABBIR	Head of Brand & Customer Marketing Decorative Paints

Shares Registrar

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

Regional Offices

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

E-Square Service Apartments, Civic
Center, Block C,
Office No. 7(AkzoNobel), Bahria
Town Islamabad,
Tel: (051)4447968

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.

Oscar Wezenbeek
Chairman

Mr. Oscar Wezenbeek is currently the Managing Director for AkzoNobel Decorative Paints, South East and South Asia (SESA) at AkzoNobel. Over the course of his 32 years career with AkzoNobel Group, he has successfully led various portfolios in the coatings and automobile businesses in different countries. In his previous role, Oscar managed the global Marine, Protective and Yacht Coatings 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 in the Powder Coatings business. With a key interest in Sustainability, Oscar is actively involved in the ADB DutchCham Sustainable Business Committee.

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 Master's in Business Engineering and Management Sciences in 1988. Oscar was born in the Netherlands, and in addition to speaking English and Dutch, he is also fluent in Spanish, Swedish, German, and French.

Mubbasher Omar
Chief Executive

Mr. Mubbasher Omar joined Akzo Nobel Pakistan Limited as the Chief Executive in August 2020 and was subsequently appointed on the Board of Directors. A seasoned commercial professional, Mubbasher comes with over 25 years of diverse experience in senior roles across reputed market leading organizations such as Shell Pakistan Limited, Indus Motor Company Limited and Regus Pakistan Limited.

At AkzoNobel, Mubbasher is entrusted to lead the company's growth agenda, develop and retain world class talent, increase market presence and enhance customer satisfaction through consistent delivery of high-quality products and product innovation.

He holds a degree of 'Master of Business Administration' (MBA) from Lahore University of Management Sciences (LUMS) and has also done 'Master of Public Administration' (MPA) from University of Punjab.

Harris Mahmood
Executive Director and Chief Financial Officer

Mr. Harris Mahmood was appointed to the Board of Directors of Akzo Nobel Pakistan Limited in January of 2015 and is also the Chief Financial Officer (CFO). He has been associated with ICI Pakistan and later Akzo Nobel Pakistan Limited for around 15 years in various roles looking after Finance and Internal Audit. Harris joined ICI Pakistan Limited in 2006 as Internal Audit Manager at the head office and subsequently worked in business finance functions at Polyester Fibers and Paints before joining the Chemicals and Soda Ash businesses as Finance Manager. In March of 2013, he joined Akzo Nobel Pakistan Limited as Finance Manager and took over as CFO in January 2015.

He received his schooling from Aitchison College, Lahore, became an Associate Chartered Accountant from Institute of Charted 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.

OUR EXECUTIVE MANAGEMENT TEAM

1. Mubbasher Omar

Chief Executive

Mr. Mubbasher Omar joined Akzo Nobel Pakistan Limited as the Chief Executive in August 2020 and was subsequently appointed on the Board of Directors. A seasoned commercial professional, Mubbasher comes with over 25 years of diverse professional experience in leadership roles across reputed market leading organizations such as Shell Pakistan Limited, Indus Motor Company Limited and Regus Pakistan Limited.

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He holds a degree of 'Master of Business Administration' (MBA) from Lahore University of Management Sciences (LUMS) and has also done 'Master of Public Administration' (MPA) from University of Punjab.

2. Harris Mahmood

Chief Financial Officer

Mr. Harris Mahmood joined ICI Pakistan Limited in 2006 as Internal Audit Manager at the head office. He 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 re-joined AkzoNobel Pakistan as Finance Manager and took over as CFO of the company in January 2015.

Harris 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.

3. Abdul Rehman Shabbir

Head of Brand and Customer Marketing, Decorative Paints

Mr. Abdul Rehman Shabbir is the Head of Brand and Customer Marketing, Decorative Paints at AkzoNobel Pakistan. He joined AkzoNobel as management trainee in June 2012. Over the course of his career, he has done multiple roles across sales and marketing demonstrating high performance levels and played an instrumental role in supporting the paints business to deliver its short to long term goals.

He holds a bachelors' degree in Accounting & Finance from Lahore University of Management Sciences (LUMS).

4. Sana Sheraz

Country HR Manager

Ms. Sana Sheraz joined AkzoNobel Pakistan in 2022 as Country HR Manager and is based at the Head Office in Lahore. She brings with her 12 years of diverse HR experience across various domains in manufacturing, healthcare, and tech industry. Sana is a certified HR Professional from Chartered Institute of Personnel Development (UK) and holds an MSc in Human Resources & Organizational Analysis from Kings College London. Prior to this she did her BSc (Hon) in Economics and Finance from Lahore School of Economics.

At AkzoNobel Pakistan, her prime role is to bring the HR strategy and targets to life by developing and maintaining HR processes and services in line with global practices, partner with local leadership and business management teams to achieve their agenda; and build a culture which is conducive for growth.

5. Farooq Ayub Khan

Operations Manager

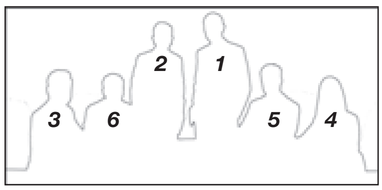
Mr. Farooq Ayub Khan is the Operations Manager for the Paints and Coatings site in Lahore. He joined AkzoNobel Pakistan as an Engineering Manager in 2015 and since then has led the team in successfully achieving various milestones in re-structuring, process safety and lean manufacturing and sustainability. Prior to joining AkzoNobel, Farooq worked at Pakistan Tobacco Company in various functions across the supply chain as the Production Manager, Engineering Manager and Secondary Logistics Manager.

Farooq has done his Bachelor's in mechanical engineering from Ghulam Ishaq Khan Institute of Engineering Sciences & Technology. He is married and has three children.

6. Rizwan Afzal

Project Lead

Rizwan Afzal is the Project Leader for Akzo Nobel Pakistan Ltd and currently responsible for setting up a new Paints & Coatings factory in Pakistan. He has been associated with ICI Pakistan and later Akzo Nobel Pakistan Limited for around 28 years in various roles looking after engineering, manufacturing, supply chain and projects. Rizwan joined ICI Pakistan Limited in 1992 and has worked in Polyester Fibers, Soda Ash and Paints businesses. He has done his Bachelor's in electrical engineering from University of Engineering & Technology.



Report of the Directors

For the year ended December 31, 2022

The Directors of the Company are pleased to present the Annual Report along with the audited financial statements for the year ended December 31, 2022.

Overview Financial and Business Performance

Year 2022 has been a challenging year for most of the businesses in Pakistan, as the country was grappled by an economic crisis. After the change in government in April 2022, political uncertainty has made business challenging. The inflation rose to higher than 26% in Oct'22, after closing on 24.5% in Dec'22. This is in comparison to 11.5% inflation in Dec'21. Pakistan's currency also depreciated significantly during the year, and rose to above 240 in Sep'22, before closing at 226 at the end of the year compared to 178 in Dec'21. The government imposed ban on imports of luxury and non-essential items in May'22. SBP has also taken multiple restrictive measures to stop the outflow of foreign exchange from the country.

The country also faced a natural calamity in the monsoon season as unprecedented floods hit the country, affecting around 33 million people and killing more than 1,730. The flooding also killed more than 1.2 million livestock animals and damaged 13,000 kilometers of roads. The financial loss due to the floods is estimated at around $40 billion.

Despite these tough economic times, the company posted a 21% increase in net sales during the year. Given the high inflation, the company continued its efforts to control cost through multiple measures, resulting in 9% increase in gross profit as compared to 2021. Due to foreign exchange rate fluctuation, the company posted PKR 156M exchange loss, resulting in a 40% lower profit after tax.

Financial Performance

	2022	2021	**Increase / Decrease** PKR million
Turnover	**12,048**	9,940	21.2%
Net sales	**7,650**	6,313	21.2%
Cost of Sales	**5,531**	4,376	26.4%
Gross profit	**2,119**	1,937	9.4%
Operating profit	**806**	849	5.1%
Profit after taxation	**371**	618	(40.0%)
Earnings/share – Rs	**7.98**	13.30	(40.0%)

Health, Safety and Environment

The Company demonstrated its strong commitment to HSE with zero reportable injury and only one LOPC 2 during the year 2022. We continued to drive the implementation of our HSE&S on the 6 pillars: Health, People, Process, Product Safety, Environment & Security to achieve leading levels. In 2022 site closure audit was conducted by regional HSE manager and as a result the audit was acceptable.

Future Outlook

The inflation and political instability would also impact businesses across the country in 2023. However, the company is determined to take proactive measures to mitigate the impact, such as taking timely price increases and implementing cost controls within the company.

Corporate Social Responsibility

AkzoNobel Pakistan's numerous societal projects are supporting the vulnerable, educating future generations, and using the power of paints to transform lives by uplifting communities across Pakistan. ANPL provided support to the low-income communities under the renovation project of `Kitab Ghar' by Teach for Pakistan. With the free-of-cost paints provided, the community members successfully transformed a run-down space into an inspiring and joyful library with resources to aid children's learning curve.

AkzoNobel Pakistan donated Dulux paint to bring alive the learning environment for underprivileged students in Salamat Welfare School. The paint was used to create a colorful environment to promote creativity and ignite the passion of learning in the children. ANPL also donated over 650 liters of paints to many social well-fare institutions including The Citizen Foundation, Happy Home School and Deaf Reach School for renovation of the premises.

Board, Committee and Attendance

During the year, 4 (four) Board of Directors meetings were held. Attendance by each Director/CFO/Company Secretary was as follows:

	Name of Directors	**Board of Directors attendance**
4	**Mr. Mubbasher Omar** Chief Executive Officer	4
5	**Mr. Harris Mahmood** Chief Financial Officer	4
6	**Mr. Oscar Wezenbeek** Chairman	4
8	**Ms. Naima Ahmed*** Ex. Company Secretary	1
9	**Mr. Raja Akbar Ali Mahboob**** Ex. Company Secretary	3
10	**Ms. Rabia Bakhtawar Pirzada***** Company Secretary	0

* left in 2022 | ** Left in Nov'22 | *** Joined in Nov'22

Share buy-back process

ICI Omicron B.V. offered to buy back shares from minority shareholders during the post delisting buy back period with initial deadline on June 18, 2021. The buy-back period was further extended till June 18, 2023, to facilitate minority shareholders. During the year, ICI Omicron B.V bought back over 430,000 shares, increasing the percentage of holding from 97.95% to 98.08%.

Pattern of Shareholding

A statement showing the pattern of shareholding in the Company along with additional information at December 31, 2022 appears on page numbers F57.

Oscar Wezenbeek
Chairman

Mubbasher Omar
Chief Executive

Akzo Nobel Pakistan Limited
Financial Statements

AkzoNobel

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, 2022, and the statement of profit or loss, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity 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 statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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, 2022 and of the profit and other comprehensive income, its cash flows and the changes in equity 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.

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.

Board of directors are responsible for overseeing the Company's financial reporting process.

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.

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 statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Imran.

BDO Ebrahim & Co.

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

Lahore
Date: 30 March 2023
UDIN: AR2022101319dqc1v45k

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

Amounts in Rs '000

	Note	2022	Restated 2021
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	6.1	**1,000,000**	1,000,000
Issued, subscribed and paid-up capital	6.2	**464,433**	464,433
Reserves	7	**3,821,885**	3,385,536
Surplus on revaluation of property, plant and equipment	8	**3,465,503**	3,511,505
		7,751,821	7,361,474
NON-CURRENT LIABILITIES			
Deferred liabilities	9	**72,005**	61,793
Long term financing	10	**300,000**	-
Payable against purchase of land	11	**77,804**	111,454
Lease liabilities against right-of-use assets	12	**2,932**	4,371
		452,741	177,618
CURRENT LIABILITIES			
Trade and other payables	13	**3,260,391**	1,833,224
Contract liabilities	14	**33,407**	10,001
Current portion of lease liabilities	12	**1,439**	7,936
Current portion of payable against purchase of land	11	**50,469**	50,469
Accrued markup	15	**4,893**	-
Unpaid dividend		**3,188**	3,188
Unclaimed dividend		**26,645**	27,832
		3,380,432	1,932,650
CONTINGENCIES AND COMMITMENTS	16	-	-
		11,584,994	9,471,742

Mubbasher Omar
Chief Executive

Harris Mahmood
Chief Financial Officer

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

Amounts in Rs '000

	Note	2022	Restated 2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	17	**6,873,615**	4,372,023
Right-of-use assets	19	**6,303**	13,926
Intangible assets	20	**21,641**	29,273
Long term loans	21	**77,444**	84,249
Long term deposits and prepayments	22	**5,470**	6,756
Deferred tax asset - net	23	**147,707**	65,882
		7,132,180	4,572,109
CURRENT ASSETS			
Stores and spares	24	**39,424**	31,903
Stock in trade	25	**1,809,099**	1,249,692
Trade debts	26	**1,437,792**	878,691
Loans and advances	27	**61,478**	52,490
Trade deposits and short term prepayments	28	**39,964**	8,603
Other receivables	29	**90,872**	41,605
Taxation - net	30	**8,307**	309
Cash and bank balances	31	**965,878**	2,456,779
		4,452,814	4,720,072
NON-CURRENT ASSETS HELD FOR SALE			
Freehold land	32	-	**179,561**
TOTAL ASSETS		**11,584,994**	9,471,742

The annexed notes 1 to 62 form an integral part of these financial statements.

Mubbasher Omar
Chief Executive

Harris Mahmood
Chief Financial Officer

STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2022

Amounts in Rs '000

	Note	2022	Restated 2021
Revenue	33	**12,048,208**	9,940,166
Sales tax and discounts	33	**(4,398,306)**	(3,627,020)
Net revenue		**7,649,902**	6,313,146
Cost of sales	34	**(5,526,009)**	(4,380,944)
Gross profit		**2,123,893**	1,932,202
Selling and distribution expenses	35	**(963,309)**	(811,777)
Administrative and general expenses	36	**(317,023)**	(268,967)
Net impairment losses on financial assets	37	**(36,626)**	(2,557)
Operating profit		**806,935**	848,901
Finance cost	38	**(52,564)**	(27,163)
Other charges	39	**(209,649)**	(110,229)
Other income	40	**88,227**	172,128
Profit before taxation		**632,949**	883,637
Taxation	41	**(255,353)**	(265,825)
Profit for the year		**377,596**	617,812
Earnings per share - Basic and diluted (Rupees)	45	**8.13**	13.30

The annexed notes 1 to 62 form an integral part of these financial statements.

Mubbasher Omar

Mubbasher Omar
Chief Executive

Harris Mahmood
Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

Amounts in Rs '000

	Note	2022	Restated 2021
Profit for the year		**377,596**	617,812
Other comprehensive income			
Items that may not be reclassified subsequently to the profit or loss			
Remeasurement of defined benefit liability	9.3	**19,031**	(5,810)
Related tax impact		**(6,280)**	1,685
		12,751	(4,125)
Items that may be reclassified subsequently to the profit or loss			
Reversal of revaluation surplus of non-current asset held for sale - freehold land	17.1	**-**	(50,439)
Related tax impact		**-**	-
	23	**-**	(50,439)
Total comprehensive income for the year		**390,347**	563,248

The annexed notes 1 to 62 form an integral part of these financial statements.

Mubbasher Omar
Chief Executive

Harris Mahmood
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

Amounts in Rs '000

	Note	Issued, subscribed and paid-up capital	Capital reserves		Revenue reserve	Surplus on revaluation of property, plant and equipment	Total
			Share premium	Capital receipts	Unappropriated profit		
Balance as at January 01, 2021		464,433	156,006	196	2,560,995	3,616,596	6,798,226
Total comprehensive income for the year							
Profit for the year (restated)		-	-	-	617,812	-	617,812
Other comprehensive income		-	-	-	(4,125)	(50,439)	(54,564)
		-	-	-	613,687	(50,439)	563,248
Incremental depreciation charge during the year - net of deferred tax		-	-	-	54,652	(54,652)	-
Transfer of revaluation surplus relating to assets disposed off - net of deferred tax		-	-	-	-	-	-
Balance as at December 31, 2021		**464,433**	**156,006**	**196**	**3,229,334**	**3,511,505**	**7,361,474**
Total comprehensive income for the year							
Profit for the year		-	-	-	377,596	-	377,596
Other comprehensive income		-	-	-	12,751	-	12,751
		-	-	-	390,347	-	390,347
Incremental depreciation charge during the year - net of deferred tax		-	-	-	46,002	(46,002)	-
		-	-	-	46,002	(46,002)	-
Balance as at December 31, 2022		**464,433**	**156,006**	**196**	**3,665,683**	**3,465,503**	**7,751,821**

The annexed notes 1 to 62 form an integral part of these financial statements.

Mubbasher Omar
Chief Executive

Harris Mahmood
Chief Financial Officer

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

Amounts in Rs '000

	Note	2022	Restated 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash flows from operating activities before working capital changes	42	**1,010,322**	1,009,183
(Increase) / decrease in current assets:			
Stores and spares		**(7,521)**	(4,278)
Stock-in-trade		**(578,917)**	(442,444)
Trade debts		**(559,101)**	(116,659)
Loans and advances		**(8,988)**	1,649
Trade deposits and short term prepayments		**(31,361)**	(3,672)
Other receivables		**(49,267)**	6,898
		(1,235,155)	(558,506)
(Decrease) / increase in current liabilities:			
Trade and other payables, excluding employee benefits		**1,483,464**	182,112
Contract liabilities		**23,406**	(62,725)
Net cash generated from operations		**1,282,037**	570,064
Decrease in long term loans		**6,805**	(5,924)
Decrease in long term deposits and prepayments		**1,286**	(1,542)
Employee benefits paid		**(69,675)**	(34,158)
Taxes paid		**(351,456)**	(229,558)
Interest paid		**(857)**	(1,351)
Net cash generated from operating activities		**868,140**	297,531
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital expenditure		**(2,831,993)**	(137,391)
Addition to intangible assets		**-**	(1,160)
Payments against purchase of land		**(50,469)**	-
Proceeds from disposal of asset held for sale		**179,897**	4,741
Interest received		**52,647**	130,582
Net cash used in investing activities		**(2,649,918)**	(3,228)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(1,187)**	(542)
Long term loan received		**300,000**	-
Payment principal portion of lease liability against right-of-use assets		**(7,936)**	(6,343)
Net cash generated from / (used in) financing activities		**290,877**	(6,885)
Net (decrease) / increase in cash and cash equivalents		**(1,490,901)**	287,418
Cash and cash equivalents at the beginning of the year		**2,456,779**	2,169,361
Cash and cash equivalents at the end of the year	31	**965,878**	2,456,779

The annexed notes 1 to 62 form an integral part of these financial statements.

Mubbasher Omar
Chief Executive

Harris Mahmood
Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

Akzo Nobel Pakistan Limited (“the Company”) is a public limited Company registered under the Companies Ordinance, 1984 (now Companies Act, 2017). The Company is primarily involved in the manufacturing and sale of paints and coatings. The Company is a subsidiary of ICI Omicron B.V. which is a wholly owned subsidiary of Akzo Nobel N.V.

The Company was listed on the Pakistan Stock Exchange (PSX) up to August 9, 2020, and with effect from August 10, 2020 is an unlisted public limited Company.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated at 346, Ferozepur Road, Lahore. The manufacturing facility/factory of the Company is also located at the same address. The Company is in the process of establishing a new plant at Allama Iqbal Industrial City, Faisalabad.

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 Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, 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 and defined benefit asset / liability at fair value of plan asset less present value of defined benefit obligation.

3.3 Critical accounting estimates and judgements

The Company’s significant accounting policies are stated in note 5. 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.

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

a) Defined benefit obligations

Certain actuarial assumptions have been adopted as disclosed in note 9.11 to these 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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 after every five years or earlier if necessary 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) Provision for taxation

The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Company's views differ from the view taken by income tax department at the assessment stage and where the Company considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

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 2021 have been completed under the provisions of section 120 of the Income Tax Ordinance, 2001 except for the cases as mentioned in note 16.1.1 to 16.1.10.

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and tax credits to the extent that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. The recoverability of deferred tax assets are analyzed at each reporting period end and adjusted if considered necessary with a corresponding effect on deferred tax charge/income for the period.

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) Impairment of trade debts and contract assets

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debts and contract assets.

The expected loss rates are based on the payment profiles of sales over a period of time before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

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 statement of profit or loss account.

g) Lease term of right-of-use asset and lease liability

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

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, 2022

4 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended December 31, 2022

The following standards, amendments and interpretations are effective for the year ended December 31, 2022. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	April 01, 2021
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022
Certain annual improvements have also been made to a number of IFRSs.	January 01, 2022

4.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IFRS 16 'Leases' - Lease liability in a sale and leaseback	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1 First time adoption of International Financial Reporting Standards

IFRS 17 Insurance Contracts

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

5 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented in these financial statements.

5.1 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.

5.2 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 thereon.

5.3 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 statement of 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 17 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, in the statement of changes in equity.

Maintenance and normal repairs are charged to the statement of profit or loss 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 statement of profit or loss, and the related surplus/deficit on revaluation of property, plant and equipment is transferred directly to retained earnings (unappropriated profits) through the statement of changes in equity.

Capital work-in-progress
Capital work-in-progress are stated at cost less impairment losses, if any, and consists of expenditure incurred, advances made and other costs directly attributable to operating fixed assets in the course of their construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant operating fixed assets category as and when assets are available for use intended by the management.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

5.4 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 statement of profit or loss account as incurred.

Amortization is based on the cost of an asset less its residual value, if any. Amortization is recognized in the statement of 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 20 to these financial statements.

5.5 Financial instruments

5.5.1 Financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- at fair value through profit or loss (“FVPL”),

- at fair value through other comprehensive income (“FVOCI”), or

- at amortised cost.

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics.

For assets measured at fair value, gains and losses will either be recorded in profit or loss, or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date i.e. the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in statement of profit and loss account.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are Solely Payment of Principal and Interest (SPPI).

a) Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

i) At amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the statement of profit or loss and presented in other income/(other charges), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit and loss account, if significant. The Company measures its trade debts and other receivables at amortised cost because it meets the criteria of the SPPI test.

ii) At FVOCI

Assets that are held for both collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the statement of profit or loss and recognised in other income/(other charges). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/(other charges).

iii) At FVPL

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in statement of profit or loss and presented net within other income/(other charges) in the period in which it arises.

b) Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to statement of profit and loss account following the derecognition of the investment. Dividends from such investments continue to be recognised in statement of profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other income/(other charges) in the statement of profit or loss, as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value and are recognised in the statement of comprehensive income.

5.6 Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts the Company applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance to be recognised from initial recognition of the receivables while general 3-stage approach for loans, deposits, other receivables and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Loss allowances are forward looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. In the absence of a change in credit rating, allowances are recognised when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognised without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 month to lifetime expectations.

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The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are considered while assessing credit risk:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor’s ability to meet its obligations;

- actual or expected significant changes in the operating results of the debtor;

- significant increase in credit risk on other financial instruments of the same debtor; and

- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees, if applicable.

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

Irrespective of the above analysis, in case of trade debts, the Company considers that default has occurred when a debt is more than 360 days past due, unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;

- a breach of contract, such as a default or past due event;

- The lender(s) of The borrower, for economic or contractual reasons relating to The borrower’s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

- The disappearance of an active market for that financial asset because of financial difficulties.

The Company recognises life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; and

- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade debts with individually significant balance are separately assessed for ECL measurement. All other receivables are grouped and assessed collectively based on shared credit risk characteristics and the days past due. The expected credit losses on these financial assets are estimated using a provision matrix approach based on the Company’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

NOTES TO THE FINANCIAL STATEMENTS
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Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the nature of financial instruments; past-due status; nature, size and industry of debtors; and external credit ratings where available. The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Company recognizes an impairment gain or loss in the statement of profit and loss account for financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position. The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

5.7 Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the obligation specified in the contract is discharged, cancelled or expired. The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit and loss account.

All financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial liabilities are subsequently measured at FVPL or at amortised cost, as the case may be. Financial liabilities are measured at amortised cost, unless they are required to be measured at FVPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVPL. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. Where management has opted to recognise a financial liability at FVPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVPL.

5.8 Derivative financial instruments

Derivative financial instruments are recognized at fair value on the statement of financial position. Fair values are derived from market prices and quotes from dealers and brokers, or are estimated using observable market inputs. When determining fair values, credit risk for our contract party, as well as for the Company, is taken into account. Changes in the fair value are recognized in the statement of profit and loss account, unless cash flow hedge accounting or net investment hedge accounting is applied. In those cases, the effective part of the fair value changes is deferred in the statement of other comprehensive income and released to the related specific lines in the statement of profit and loss account, or the statement of financial position at the same time as the hedged item.

5.9 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents are stated at cost and comprise of cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash which are subject to insignificant risk of changes in values. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purpose.

5.10 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

5.11 Impairment of 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.

5.12 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.

5.13 Staff retirement benefits

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

5.14 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 statement of profit or loss account.

NOTES TO THE FINANCIAL STATEMENTS
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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 statement of profit and loss account. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

5.15 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.

5.16 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.

5.17 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.

5.18 Revenue recognition

Revenue from contract with customers primarily includes sale of paints and coatings. Revenue is recognized when performance obligations are satisfied by transferring control of a good or service to a customer, either at a point in time or over time of an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised in accordance with the aforementioned principle by applying the following steps:

i) Identify the contract with a customer.

ii) Identify the performance obligation in the contract.

iii) Determine the transaction price of the contract.

iv) Allocate the transaction price to each of the separate performance obligations in the contract.

v) Recognise the revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers. Any bundled goods or services that are distinct are separately recognized, and any discounts or rebates on the contract price are generally allocated to the separate elements.

NOTES TO THE FINANCIAL STATEMENTS
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a) Sale of goods

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). Although the transfer of risks and rewards is not the only criterion to be considered to determine whether control over the goods has transferred, it is in most situations considered to be the main indicator of the customer's ability to direct the use of and obtain the benefits from the asset and largely also coincides with the physical transfer of the goods and the obligation of the customer to pay. In case of expected returns, no revenue is recognized for such products.

Variable considerations, including among others rebates and discounts are accrued for as performance obligations are satisfied and revenue is recognized. Variable considerations are only recognized when it is highly probable that it is not subject to significant reversal.

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

b) Equipment provided to customers

The Company at times also provides tinting machines to its customers at the start of a paint delivery contract.

Under IFRS 15, the delivery of such assets qualifies as a separate performance obligation. Revenue can only be recognized at the moment of transfer of such assets, when there is an agreed sales price or when there is a binding take-or-pay commitment for a minimum quantity of paint to be acquired by the customer.

c) Other

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

- Financial income on funds invested, mark-up / interest income on lendings made by the Company and amortization gains on interest free loans given to staff is accounted for using the effective interest rate method.

5.19 Financial expenses

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.

5.20 Operating lease / Ijarah contracts

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an underlying asset i.e. 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 statement of profit and loss account on a straight-line basis over the period of the lease.

5.21 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.

5.22 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 statement of profit and loss account.

5.23 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income or below equity, in which case it is recognized in other comprehensive income or below equity respectively.

NOTES TO THE FINANCIAL STATEMENTS
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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 these 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 statement of 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 assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Further, the Company recognizes deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.

5.24 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.

5.25 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.

5.26 Related party transactions

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

5.27 Leases

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment testing at each reporting date.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

To calculate the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

NOTES TO THE FINANCIAL STATEMENTS
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Amounts in Rs '000

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of its assets (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

6 SHARE CAPITAL

6.1 Authorized share capital

2022	2021		**2022**	2021
(Number of shares)				
100,000,000	100,000,000	Ordinary shares of Rs. 10/- each	**1,000,000**	1,000,000

6.2 Issued, subscribed and paid-up capital

2022	2021		**2022**	2021
(Number of shares)				
46,443,320	46,443,320	Ordinary shares of Rs. 10/- each issued as fully paid shares for consideration other than cash	**464,433**	464,433

6.3 ICI Omicron B.V. (which is a wholly owned subsidiary of Akzo Nobel N.V.) holds 45,553,145 (2021: 45,491,286) ordinary shares of Rs. 10/- each representing 98.08% (2021: 97.95%) of the share capital of the Company.

In the year 2020 ICI Omicron B.V. initiated the process of buying the shares from the market to comply with requirements of delisting regulations. After the requisite shareholding was purchased by ICI Omicron B.V. and in accordance with the notice: PSX(N-866) dated July 29, 2020 from Pakistan Stock Exchange (PSX), the Company has been delisted from PSX with effect from August 10, 2020.

ICI Omicron B.V. offered to buy back shares from minority shareholders during the post delisting buy back period with initial deadline on June 18, 2021. However, the buy back period was extended till June 18, 2022 with further extension till June 18, 2023 to facilitate minority shareholders.

6.4 There is no shareholder agreement for voting rights, board selection, rights of first refusal and block voting.

7 RESERVES

	Note	**2022**	2021
Capital reserves			
- Share premium	7.1	**156,006**	156,006
- Capital receipts	7.2	**196**	196
		156,202	156,202
Revenue reserve			
- Unappropriated profit		**3,665,683**	3,229,334
		3,821,885	3,385,536

7.1 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.

7.2 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Amounts in Rs '000

8 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

This represents surplus arising on revaluation of freehold land, buildings on freehold land and plant and machinery.

	2022	2021
Balance at beginning of the year	**3,511,505**	3,616,596
Transferred to unappropriated profit in respect of incremental depreciation during the year - net of deferred tax	**(46,002)**	(54,652)
Reversal of revaluation surplus of non-current asset held for sale	**-**	(50,439)
Balance at end of the year	**3,465,503**	3,511,505

9 DEFERRED LIABILITIES

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

Non-current liabilities

Unfunded - recognized in deferred liability:

- Gratuity fund - non-management	**9,853**	11,525
- Post retirement medical benefits	**62,152**	50,268
	72,005	61,793

Current liabilities

Funded - payable to employee retirement benefit fund:

- Pension fund - management	**63,642**	82,642
- Gratuity fund - management	**7,095**	29,137
	70,737	111,779
	142,742	173,572

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

Amounts in Rs '000

	2022					2021				
	Funded			Unfunded	Total	Funded			Unfunded	Total
	Pension	Gratuity	Subtotal			Pension	Gratuity	Subtotal		
9.2 The amounts recognized in the profit and loss account against defined benefit schemes are as follows:										
Current service cost	**4,753**	**14,238**	**18,991**	**1,570**	**20,561**	5,001	12,323	17,324	1,744	19,068
Contribution by associates	-	-	-	-	-	-	-	-	-	-
Interest cost	**23,604**	**18,600**	**42,204**	**6,235**	**48,439**	22,164	16,215	38,379	6,558	44,937
Expected return on plan assets	**(15,718)**	**(17,060)**	**(32,778)**	**-**	**(32,778)**	(15,297)	(15,001)	(30,298)	-	(30,298)
Net charge for the year	**12,639**	**15,778**	**28,417**	**7,805**	**36,222**	11,868	13,537	25,405	8,302	33,707
9.3 Included in other comprehensive income:										
Actuarial (loss) / gain on remeasurement of plan obligation from:										
- Change in demographic assumptions	-	-	-	-	-	-	-	-	-	-
- Change in financial assumptions	**(889)**	**154**	**(735)**	**(936)**	**(1,671)**	(297)	48	(249)	(269)	(518)
- Experience adjustments	**5,533**	**828**	**6,361**	**(5,464)**	**897**	4,136	2,513	6,649	12,720	19,369
Return on plan assets, excluding interest income	**11,910**	**7,895**	**19,805**	**-**	**19,805**	(11,548)	(13,113)	(24,661)	-	(24,661)
Net (loss) / gain for the year	**16,554**	**8,877**	**25,431**	**(6,400)**	**19,031**	(7,709)	(10,552)	(18,261)	12,451	(5,810)
9.4 Movement in the net liability recognized in the statement of financial position are as follows:										
Balance at beginning of the year	**82,642**	**29,137**	**111,779**	**61,793**	**173,572**	77,790	19,853	97,643	68,885	166,528
Net charge for the year	**12,639**	**15,778**	**28,417**	**7,805**	**36,222**	11,868	13,537	25,405	8,302	33,707
Contributions / payments during the year	**(15,084)**	**(28,945)**	**(44,029)**	**(3,993)**	**(48,022)**	(14,725)	(14,805)	(29,530)	(2,943)	(32,473)
Actuarial loss charged to / (gain) recognized in other comprehensive income	**(16,554)**	**(8,877)**	**(25,431)**	**6,400**	**(19,031)**	7,709	10,552	18,261	(12,451)	5,810
Balance at end of the year	**63,643**	**7,093**	**70,736**	**72,005**	**142,741**	82,642	29,137	111,779	61,793	173,572
9.5 The amounts recognized in the statement of financial position are as follows:										
Fair value of plan assets	**(181,249)**	**(179,951)**	**(361,200)**	**-**	**(361,200)**	(145,662)	(160,023)	(305,685)	-	(305,685)
Present value of defined benefit obligation	**244,891**	**187,046**	**431,937**	**72,005**	**503,942**	228,304	189,160	417,464	61,793	479,257
Liability recognized	**63,642**	**7,095**	**70,737**	**72,005**	**142,742**	82,642	29,137	111,779	61,793	173,572
9.6 Movement in the present value of defined benefit obligation:										
Balance at beginning of the year	**228,304**	**189,160**	**417,464**	**61,793**	**479,257**	230,614	175,297	405,911	68,885	474,796
Current service cost	**4,753**	**14,238**	**18,991**	**1,570**	**20,561**	5,001	12,323	17,324	1,744	19,068
Interest cost	**23,604**	**18,600**	**42,204**	**6,235**	**48,439**	22,164	16,215	38,379	6,558	44,937
Benefits paid	**(7,126)**	**(33,970)**	**(41,096)**	**(3,993)**	**(45,089)**	(25,636)	(12,114)	(37,750)	(2,943)	(40,693)
Actuarial (gain) / loss on remeasurement of plan obligation	**(4,644)**	**(982)**	**(5,626)**	**6,400**	**774**	(3,839)	(2,561)	(6,400)	(12,451)	(18,851)
Balance at end of the year	**244,891**	**187,046**	**431,937**	**72,005**	**503,942**	228,304	189,160	417,464	61,793	479,257
9.7 Movement in the fair value of plan assets:										
Balance at beginning of the year	**145,662**	**160,023**	**305,685**	**-**	**305,685**	152,824	155,444	308,268	-	308,268
Expected return	**15,718**	**17,060**	**32,778**	**-**	**32,778**	15,297	15,001	30,298	-	30,298
Contributions by the Company	**15,084**	**28,945**	**44,029**	**-**	**44,029**	14,725	14,805	29,530	-	29,530
Contributions by associates	-	-	-	-	-	-	-	-	-	-
Benefits paid	**(7,125)**	**(33,972)**	**(41,097)**	**-**	**(41,097)**	(25,636)	(12,114)	(37,750)	-	(37,750)
Return on plan assets, excluding interest income	**11,910**	**7,895**	**19,805**	**-**	**19,805**	(11,548)	(13,113)	(24,661)	-	(24,661)
Balance at end of the year	**181,249**	**179,951**	**361,200**	**-**	**361,200**	145,662	160,023	305,685	-	305,685
9.8 Plan assets comprise:										
Government bonds	**107,643**	**96,118**	**203,761**	**-**	**203,761**	103,160	103,588	206,748	-	206,748
Corporate bonds	**5,013**	**3,644**	**8,657**	**-**	**8,657**	2,952	2,952	5,904	-	5,904
Mutual funds – debt	**51,022**	**52,613**	**103,635**	**-**	**103,635**	32,144	45,006	77,150	-	77,150
Equity instruments	**15,013**	**22,917**	**37,930**	**-**	**37,930**	5,634	3,484	9,118	-	9,118
Cash	**2,557**	**4,944**	**7,501**	**-**	**7,501**	1,772	4,993	6,765	-	6,765
	181,248	**180,236**	**361,484**	**-**	**361,484**	145,662	160,023	305,685	-	305,685

9.9 The expected charge in statement of profit or loss pertaining to pension fund, gratuity fund and unfunded schemes for the year ending December 31, 2022 is Rs. 12.639 million, Rs. 15.77 million and Rs. 7.80 million, respectively.

9.10 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 through approved trust funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

	2022	2021
Discount rate	**12.8%**	10.50%
Expected return on plan assets	**10.5%**	10.50%
Future salary increases - Management staff	**13.3%**	11.00%
Future salary increases - Non-management staff	**10.50%**	8.25%
Future pension increases	**8.3%**	6.00%
Medical cost trend	**7.50%**	5.25%

As at December 31, 2022, the weighted average duration of the defined benefit obligation was 8.5 years (2021: 8.5 years).

Plan duration of defined benefit obligation:

Pension	**6.4 years**	7.1 years
Gratuity - Management staff	**9.4 years**	8.5 years
Gratuity - Non-management staff	**4.1 years**	3.9 years
Pensioners' medical plan	**14.5 years**	15.9 years

9.12 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.

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.

9.13 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 composition of the plan assets is disclosed in note 9.8 to the financial statements.

9.14 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.

9.15 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%.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Amounts in Rs '000

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.

9.16 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.

9.17 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%	17,903	19,302
Salary growth rate	0.50%	9,777	(9,269)
Pension growth rate	0.50%	5,269	(4,908)
Medical cost trend rate	0.50%	4,566	(4,142)

If life expectancy increases by 1 year, the obligation increases by Rs. 11.105 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.

9.18 The Company contributed Rs. 23.52 million (2021: Rs. 23.49 million) and Rs. 8.23 million (2021: Rs. 10.17 million) to the provident fund and the defined contribution superannuation fund respectively during the year.

9.19 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.

Amounts in Rs '000

		Note	2022	2021
10	**LONG TERM FINANCING**			
	Secured:			
	Banking Companies			
	Citibank N.A			
	Principal	10.1	**300,000**	-
	Less: Current portion shown under current liabilities		**-**	-
			300,000	-

10.1 The Company has obtained this loan under long term finance facility from Citibank N.A, Karachi with the limit of Rs. 2,250 million. This finance is secured against SBLC from the parent company covering 100% of the facility amount. Akzo Nobel N.V has issued unconditionally and irrevocably guarantees by way of an own and independent obligation and not as surety or joint and several to and in favour of Citibank Europe Plc, Netherlands Branch for maximum amount of Rs. 2,250 million against term finance facility availed by the Company. The finance is obtained to meet the long term funding requirements of the Company. It carries mark up at the rate 3 months KIBOR plus 0.75% per annum payable quarterly. The loans will be payable in lumpsum basis on December 15, 2024.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Amounts in Rs '000

	Note	2022	Restated 2021
11 PAYABLE AGAINST PURCHASE OF LAND			
Balance as at 01 January		**161,923**	-
Addition during the year - undiscounted amount	11.1	**-**	201,875
Effect of discounting		**-**	(41,542)
Fair value of payable		**161,923**	160,333
Unwinding of discount		**16,819**	1,590
Payment during the year		**(50,469)**	-
		(33,650)	1,590
		128,273	161,923
Less: current portion of liabilities against purchase of land at year end		**(50,469)**	(50,469)
Non-current liabilities against purchase of land at year end		**77,804**	11,454

11.1 The Company is in process of shifting their manufacturing plant from Lahore to Faisalabad. For that purpose, the Company had acquired land of 25 acres amounting to Rs. 237.646 million from Faisalabad Industrial Estate Development and Management Company (FIEDMC). Down payment of Rs. 35.656 million was paid by the Company and the remaining amount of Rs. 201.875 million will be paid in 16 equal interest free quarterly installments starting from February 2023. The payable has been recognized at amortized cost using effective interest rate of 11.90%. This payable has been restated as explained in Note 60.

12 LEASE LIABILITIES AGAINST RIGHT-OF-USE ASSETS

	2022	Restated 2021
Lease liabilities against right-of-use assets at year end	**4,371**	12,307
Less: current portion of lease liabilities against right-of-use assets	**(1,439)**	(7,936)
Non current lease liabilities against right-of-use assets	**2,932**	4,371

12.1 Commitments in relations to leases recognised under IFRS 16 against right-of-use assets are payable as follows:

	2022	Restated 2021
Payable not later than one year	**1,439**	7,936
Payable later than one year but not later than five years	**2,979**	5,276
	4,418	13,212
Future finance cost	**(47)**	(905)
Total lease liabilities against right-of-use assets	**4,371**	12,307

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Amounts in Rs '000

		Note	2022	2021
13	**TRADE AND OTHER PAYABLES**			
	Creditors:			
	- Related parties	13.1	**587,825**	385,545
	- Others		**1,584,090**	820,479
			2,171,915	1,206,024
	Royalty and technical service fee	13.2	**463,296**	206,255
	Accrued liabilities		**133,353**	160,769
	Retention money		**237,432**	-
	Sales tax, excise and custom duties		**-**	24,857
	Workers' Profit Participation Fund	13.3	**32,169**	45,612
	Workers' Welfare Fund	13.4	**45,419**	8,317
	Withholding tax payable to Government		**13,425**	11,429
	Payable to employee retirement benefit funds	9.1	**70,737**	111,779
	Security deposits	13.5	**87,480**	56,564
	Others		**5,165**	1,618
			1,088,476	627,200
			3,260,391	1,833,224

13.1 This includes balances due to following related parties:

	2022	2021
Akzo Nobel Car Refinishes B.V	**7,284**	3,655
Akzo Nobel N.V.	**360,832**	237,788
ICI Omicron B.V.	**4,370**	4,370
Pinturas Inca SA	**29,903**	70,421
AkzoNobel Packaging Coatings	**3,123**	1,394
International Paint Netherlands	**21,970**	4,531
AkzoNobel Saudi Arabia	**4,937**	10,803
AkzoNobel UAE Paints LLC	**7,910**	139
AkzoNobel Paints Vietnam	**8,796**	482
AkzoNobel Paints Malaysia	**1,305**	2,471
International Paints Singapore	**-**	2,206
AkzoNobel Singapore Pte Ltd	**95,181**	41,609
International Paints Indonesia	**-**	3,717
AkzoNobel Decorative Coatings	**4,438**	1,959
AkzoNobel Industrial Coatings	**12,055**	-
International Paints LLC	**2,063**	-
AkzoNobel Paints (Thailand) Limited	**23,658**	-
	587,825	385,545

13.2 Royalty and technical service fee

This includes royalty and technical service fee payable to the following related parties:

	Note	2022	2021
Akzo Nobel Coatings International B.V.	13.2.1	**404,984**	191,722

13.2.1 The Company was unable to pay royalty and technical service fee for the year 2021 due to foreign payment restriction by the State Bank of Pakistan during the year.

13.3 Workers' Profit Participation Fund

	2022	2021
Balance at beginning of the year	**45,612**	34,204
Allocation for the year	**34,298**	46,590
Interest on funds	**184**	923
Payments made to the fund during the year	**(47,925)**	(36,105)
Balance at end of the year	**32,169**	45,612

13.4 Workers' Welfare Fund

	Note	2022	2021
Balance at beginning of the year		**8,317**	6,274
Allocation for the year		**18,715**	20,430
Adjustment made during the year	13.4.1	**18,387**	(18,387)
Balance at end of the year		**45,419**	8,317

NOTES TO THE FINANCIAL STATEMENTS
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13.4.1 This represents reversal of adjustment of Workers' Welfare Fund liability made last year against advance income tax, as the Company was unable to adjust the same in tax portal. The Company is looking to resolve the issue, so the payment can be adjusted through available tax refunds.

13.5 These represent security deposits received from customers. These are repayable on cancellation of distribution contracts with customers and cannot be utilized for the purpose of the business. These have been kept in separate bank account in accordance with the requirements of the section 217 of the Companies Act, 2017.

14 CONTRACT LIABILITIES

Advances received from customers are recognised as revenue when performance obligation in accordance with the policy as described in note 5.18 is satisfied. Following is a movement in the balance with respect to contract liabilities during the year:

	Note	2022	2021
Balance at beginning of the year		**10,001**	72,726
Advances received during the year		**292,608**	176,837
Revenue recognised during the year		**(269,202)**	(239,562)
Balance at end of the year		**33,407**	10,001

15 ACCRUED MARKUP

	Note	2022	2021
Long term financing			
Mark-up payable	10	**4,893**	-

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

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

16.1.1 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 additional tax demand of Rs. 89.49 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. Some issues were also remanded back to the assessing officer who passed the appeal effect order dated June 30, 2015 and created a demand of Rs. 5.6 million which was adjusted against the refunds of Tax Year 2014.

Appeal had been filed against the appeal effect order before CIR(A) who confirmed the demand of Rs. 5.6 million. The Company has preferred appeal before ATIR which is pending adjudication. The Company in consultation with their tax advisor, is of the view that these tax matters will eventually be decided in favor of the Company; therefore no provision has been made in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
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16.1.2 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 additional tax demand of Rs. 15.53 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 favor of the Company; therefore no provision has been made in these financial statements.

The Company has paid 12.8 million under protest and 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 case has been decided where most of the points were decided in company's favour.

16.1.3 For the tax year 2014, the CIR through assessment orders dated March 1, 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. The tax demands mainly pertain to disallowance of advertisement and publicity; discounts and commission; service expenses due to non-deduction of withholding tax and expenses on account of gratuity, provident and pension funds. The Company had filed appeals before the CIR (A) who annulled the impugned demand and remanded back the case to the assessing officer with directions of re-examination. The management, in consultation with their tax advisor, is of the view that these tax matters will eventually be decided in favor of the Company; therefore no provision has been made in these financial statements.

16.1.4 For the tax year 2016, the CIR through assessment orders dated 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. 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. An appeal was filed before the CIR(A) against the order, which has been decided in company's favor.

16.1.5 For the tax year 2019, the ACIR through assessment orders dated December 02, 2020 passed under section 122(5A) of the Income Tax Ordinance, amended the taxable income of the Company and raised additional tax demands of Rs. 355.56 million. The tax demands mainly pertain to disallowance of royalty and technical fee expense; initial allowance and depreciation on fixed assets, discounts and commission; advertisement and publicity fee expenses; tax credit under section 65(B) and expenses on account of stocks written off. The Company has filed appeals before the CIR(A), out of which most of the issues were decided in company's favour while some points raised by the department were confirmed having tax demands of Rs. 896,417, against which company filed an appeal with Appellate Tribunal Inland Revenue against the order of CIR(A) which has been heard and the order is still pending. The management, in consultation with their tax advisor, is of the view that these tax matters will eventually be decided in favor of the Company; therefore no provision has been made in these financial statements.

16.1.6 The Income Tax Department, during the last reporting period, passed an order under section 161/205 of the Income Tax Ordinance, 2001, creating a demand of Rs. 102.3 million on account of non-deduction/withholding of tax on payments under various heads. The matter was appealed by the Company before the CIR(A) who annulled the impugned demand and remanded back the case to the assessing officer with directions of re-examination. The management, in consultation with their tax advisor, is of the view that all withholding tax deductions have been made and the tax matter will eventually be decided in favor of the Company; therefore no provision has been made in these financial statements.

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16.1.7 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 Appellate 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 favor of the Company; therefore no provision has been made in these financial statements.

16.1.8 The department issued Order dated December 29, 2017 creating a demand of Rs. 13.18 million in respect of sales tax for the period from July 2013 to June 2014. The order was challenged before CIR(A) who, vide his order dated April 30, 2018, gave partial relief to the Company and confirmed the impugned demand amounting to Rs. 7.87 million. The Company preferred an appeal before the ATIR against the decision of CIR(A), which upheld the order of CIR(A) vide its order dated September 09, 2019. Being aggrieved, the Company has filed reference before the Honorable Lahore High Court against the decision of ATIR, which is yet to be fixed for hearing.

16.1.9 The Company's declared taxable income and tax liability for tax year 2020 was amended by the Taxation Officer in March 2022 and raised a further demand of Rs. 743.309 million against the Company. This order was challenged by the Company with the CIR(A), who decided most of the issues in department's favour. The Company has filed appeal with ATIR against the order of CIR(A) which is yet to be fixed for hearing. The management, in consultation with their tax advisor, is of the view that these tax matters will eventually be decided in favor of the Company; therefore no provision has been made in these financial statements.

16.1.10 The Company's declared taxable income and tax liability for tax year 2021 was amended by the Taxation Officer in December 2022 and raised a further demand of Rs. 704.374 million against the Company. This order was challenged by the Company with the CIR(A), which is pending adjudication. The management, in consultation with their tax advisor, is of the view that these tax matters will eventually be decided in favor of the Company; therefore no provision has been made in these financial statements.

Amounts in Rs ‘000

		Note	**2022**	2021
16.2	**Commitments**			
16.2.1	Commitments in respect of capital expenditure		**1,277,928**	3,619,091

16.2.2 The commitments of future payments with respect to leases and Ijarah financing contracts in the year in which these payments shall become due are as follows:

Year	**2022**	2021
2023	**43,178**	16,944
2024	**41,693**	10,167
2025	**31,216**	788
2026	**25,345**	-
2027	**14,326**	-
2028	**995**	-
	156,753	27,899
Payable not later than one year	**43,178**	30,706
Payable later than one year but not later than five years	**113,575**	54,965
	156,753	85,671

Contracts under Ijarah agreements have been accounted for under IFAS-2, and accordingly classified as operating leases.

16.2.3 Commitments in respect of outstanding letters of credit and outstanding letter of guarantee at the reporting date have been disclosed in note 31.4 of these financial statements.

16.2.4 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 (2021: Rs. 1,583 million).

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		Note	2022	Restated 2021
17	**PROPERTY, PLANT AND EQUIPMENT**			
	Operating fixed assets	17.1	**4,203,918**	4,260,248
	Capital work-in-progress	18	**2,669,697**	111,775
			6,873,615	4,372,023

17.1 Operating fixed assets

The following is the statement of property, plant and equipment:

	Freehold land	Buildings on freehold land	Plant and machinery	Furniture and fixtures	Office equipment	Vehicles	Total
Net carrying value basis							
Year ended December 31, 2022							
Opening net book value (NBV)	**3,497,289**	**133,942**	**617,762**	**10,917**	**-**	**338**	**4,260,248**
Additions (at cost)	**115**	**-**	**44,161**	**29,928**	**27,752**	**171**	**102,127**
Disposals and write offs (at NBV)	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation charge for the year (Note 17.8)	**-**	**(29,872)**	**(117,450)**	**(8,007)**	**(3,001)**	**(127)**	**(158,457)**
Closing net book value	**3,497,404**	**104,070**	**544,473**	**32,838**	**24,751**	**382**	**4,203,918**
Gross carrying value basis							
Year ended December 31, 2022							
Cost / revalued amount	**3,532,404**	**191,203**	**912,967**	**154,222**	**48,988**	**2,790**	**4,842,574**
Accumulated depreciation and impairment losses	**(35,000)**	**(87,133)**	**(368,494)**	**(121,384)**	**(24,237)**	**(2,408)**	**(638,656)**
Net book value (NBV)	**3,497,404**	**104,070**	**544,473**	**32,838**	**24,751**	**382**	**4,203,918**
Net carrying value basis							
Year ended December 31, 2021							
Opening net book value (NBV)	3,541,300	128,931	644,763	13,476	607	174	4,329,251
Additions (at cost) - restated (Note 60)	195,989	29,490	94,207	3,859	-	338	323,883
Disposals and write offs (at NBV)	-	-	(2)	(133)	-	-	(135)
Depreciation charge for the year	-	(24,479)	(121,206)	(6,285)	(607)	(174)	(152,751)
Impairment charged during the year (Note 17.5)	(10,000)	-	-	-	-	-	(10,000)
Reversal of revaluation surplus of non-current asset held for sale	(50,439)	-	-	-	-	-	(50,439)
Transfer to non-current asset held for sale	(179,561)	-	-	-	-	-	(179,561)
Closing net book value	3,497,289	133,942	617,762	10,917	-	338	4,260,248
Gross carrying value basis							
Year ended December 31, 2021							
Cost / revalued amount	3,532,289	191,203	868,806	124,294	21,236	2,619	4,740,447
Accumulated depreciation and impairment losses	(35,000)	(57,261)	(251,044)	(113,377)	(21,236)	(2,281)	(480,199)
Net book value (NBV)	3,497,289	133,942	617,762	10,917	-	338	4,260,248
Depreciation rate (% per annum)	-	4 - 20	5 - 33.33	10 - 33.33	10 - 33.33	25 - 33.3	

17.2 During the year, no asset has been disposed by the Company and in prior year the aggregate book value of the assets disposed does not exceed five million rupees.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Amounts in Rs '000

		Note	2022	2021
17.3	The depreciation charge for the year has been allocated as follows:			
	Cost of sales	34	**111,783**	101,877
	Selling and distribution expenses	35	**39,898**	36,627
	General and administrative expenses	36	**6,776**	14,247
			158,457	152,751

Depreciation for the year includes incremental depreciation due to revaluation, amounting to Rs. 64.791 million (2021: Rs. 76.97 million).

17.4 Plant and machinery includes Post mix machines, VR mix machines and furniture's having a net book value of Rs. 200.77 million, Rs. 7.99 million and Rs. 19.94 million respectively which are located at the premises of the customers. These assets are placed at dealer shops as per agreed terms. However, the ownership rights remain with the company.

17.5 Impairment recognized by the Company, being the difference between the recoverable value and cost of land located at Rachna Industrial Park, Sheikhupura, Pakistan. The land was previously purchased by the Company for future capacity expansion. However, due to delayed development in the industrial park / zone the Company has not been able to initiate the project. After finalizing the terms of sale back, the land was classified as "Non-current asset held for sale" in previous year financial statements as disclosed under note 32.

17.6 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. According to Company's policy to revalue property, plant and equipment i.e. after every five year or earlier if fair value of the same is determined to differ materially from its carrying amount at the reporting date, 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 resulted in a surplus of Rs. 587.92 million during August 2016 and Rs. 2,553.94 million during January 2020 respectively. Valuations for buildings on freehold land and plant and machinery are 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 are categorized as Level 3.

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

	2022	2021
Freehold land	**6,259**	6,259
Buildings on freehold land	**51,200**	57,723
Plant and machinery	**400,958**	385,897
	458,417	449,879

17.8 The Company has a policy of charging depreciation on buildings, plant & machinery, and furniture & fixtures using useful lives of 5-25, 3-5, 3-10 years respectively. The management carried out an exercise in November 2022 to reassess the useful lives of its assets, due to the Company's plan of shifting the factory from Lahore to Faisalabad, and estimated that the remaining useful lives of the following assets has been reduced to 10 months.

Asset	Assets Net Book Value (Rupees in million)	Previous Useful life	New Useful Life
Plant and machinery	52.13	3-5 Years	10 Months
Building	82.67	5-25 Years	10 Months
Office Equipment	2.69	3-10 Years	10 Months

This change has been recorded as a change in accounting estimates in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors), and the impact of this change has been reflected prospectively in the statement of profit or loss. If this change had not been made, the depreciation charge on buildings, plant & machinery and furniture and fixtures for the period would have decreased by Rs. 13.750 million, while the carrying value of these assets and profit before tax would have increased by the same amount.

17.9 The forced sale value of revalued property plant and machinery as per latest available revaluation, conducted in Dec'20 are as follows;

Particulars	Date of inspection	Revaluation report dates	Forced Sales Value
Freehold land			
-346 Ferozpur Road, Lahore, Pakistan	December 12, 2019	January 20, 2020	2,561,132
-Port Qasim, Karachi, Pakistan	December 24, 2019	January 20, 2020	80,365
			2,641,497
Buildings on freehold land			
-346 Ferozpur Road, Lahore, Pakistan	December 12, 2019	January 20, 2020	119,848
-Port Qasim, Karachi, Pakistan	December 24, 2019	January 20, 2020	7,635
			127,483
Plant and machinery	December 12, 2019	January 20, 2020	544,020
			3,313,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Amounts in Rs '000

17.10 Fair value measurement of freehold land, building and plant and machinery are based on the valuations carried out by an independent valuer M/s. Joseph Lobo (Private) Limited as at December 31, 2020 on the basis of market value.

		Note	2022	Restated 2021
18	**CAPITAL WORK-IN-PROGRESS**			
	This comprises of:			
	Civil works and buildings	18.1	**2,208,727**	18,244
	Plant and machinery	18.1	**460,970**	83,982
	Equipment		**-**	9,549
			2,669,697	111,775

18.1 Movement of carrying amount

Year ended December 31, 2022	Civil works and buildings	Plant and machinery	Equipment	Total
Opening balance	**18,244**	**83,982**	**9,549**	**111,775**
Additions	**2,203,788**	**426,350**	**-**	**2,630,138**
Transferred to operating fixed assets	**(9,969)**	**(45,705)**	**(6,521)**	**(62,195)**
Charged to P&L during the year	**(3,336)**	**(3,657)**	**(3,028)**	**(10,021)**
Closing balance	**2,208,727**	**460,970**	**-**	**2,669,697**
Year ended December 31, 2021				
Opening balance	23,116	107,732	8,026	138,874
Additions	13,305	47,091	6,521	66,917
Adjustment	4,939	(4,939)	-	-
Transferred to operating fixed assets	(23,116)	(65,902)	(4,998)	(94,016)
Closing balance	18,244	83,982	9,549	111,775

18.2 Civil works & buildings and plant and machinery include borrowing cost capitalised during the year amounting to Rs. 4.84 million (2021: Nil) and Rs 0.04 million (2021: Nil), respectively at the rate of 17.51% (2021: Nil) per annum.

18.3 The Company during 2021 entered into an EPC contract with Descon Engineering Limited and provided an advance amounting to Rs. 341.12 million. This advance is secured against an insurance guarantee.

		Note	2022	2021
19	**RIGHT-OF-USE ASSETS**			
	Building			
	Year ended December 31, Net carrying value basis			
	Opening net book value (January 01,)		**13,926**	21,549
	Additions during the year		**-**	-
	Depreciation charge	32 & 33	**(7,623)**	(7,623)
	Closing net book value		**6,303**	13,926
	Gross carrying value basis			
	Cost		**61,072**	61,072
	Accumulated depreciation		**(54,769)**	(47,146)
	Closing net book value		**6,303**	13,926
	Depreciation rate % per annum		**20%**	20%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Amounts in Rs '000

		Note	2022	2021
20	**INTANGIBLE ASSETS**			
	Cost			
	Balance as at Jan 01,		**38,160**	37,000
	Additions for the year		**-**	1,160
	Balance as at Dec 31,		**38,160**	38,160
	Amortization			
	Balance as at Jan 01,		**(8,887)**	(1,480)
	Charge for the year		**(7,632)**	(7,407)
	Balance as at Dec 31,		**(16,519)**	(8,887)
	Carrying value		**21,641**	29,273
	Amortization rate % per annum		**20%**	20%
21	**LONG TERM LOANS**			
	Secured - considered good			
	- Executives	21.1	**39,805**	28,068
	- Other employees		**66,401**	88,760
			106,206	116,828
	Less: Receivable within one year	27	**(28,762)**	(32,579)
			77,444	84,249
21.1	Reconciliation of the carrying amount of loans to executives:			
	Balance at beginning of the year		**28,068**	33,440
	Disbursements - gross		**21,161**	14,006
	Repayments / adjustments		**(9,424)**	(19,378)
	Balance at end of the year		**39,805**	28,068

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

21.3 Loans for purchase of motor cars and house building are repayable between two to ten years. These loans are interest-free and granted to the employees including executives of the Company in accordance with their terms of employment. The Company is entitled to recover from the employee's salary and other dues in case of default. These loans are recognized at amortized cost using the effective interest rate prevailing at reporting date.

21.4 The maximum aggregate gross amount of long term loans due from the executives at the end of any month during the year was Rs. 42.047 million (2021: Rs. 31.654 million).

		2022	2021
22	**LONG TERM DEPOSITS AND PREPAYMENTS**		
	Deposits	**3,082**	3,426
	Prepayments	**2,388**	3,330
		5,470	6,756
23	**DEFERRED TAX ASSET - NET**		
23.1	The balance comprises of the following temporary differences:		
	Deductible temporary differences		
	Provisions	**239,116**	153,354
	Property, plant and equipment	**-**	4,686
	Lease liabilities against right-of-use assets	**1,442**	3,369
	Remeasurement of defined benefit liability	**(6,280)**	1,685
		234,278	163,094
	Taxable temporary differences		
	Property, plant and equipment	**(84,491)**	**(93,400)**
	Right-of-use assets	**(2,080)**	**(3,812)**
		(86,571)	**(97,212)**
	Net deferred tax asset	**147,707**	**65,882**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Amounts in Rs '000

		Note	2022	2021
23.2	**Changes in deductible temporary differences**			
	Opening balance Charge / (credit) during the year		**163,094**	153,545
	-statement of profit or loss account		**77,464**	7,864
	-statement of other comprehensive income		**(6,280)**	1,685
	Closing balance		**234,278**	163,094
23.3	**Changes in taxable temporary differences**			
	Opening balance		**97,212**	115,058
	(Credited) during the year in			
	-statement of profit or loss account		**(10,641)**	(17,846)
			86,571	97,212
24	**STORES AND SPARES**			
	Stores		**14,136**	11,206
	Spares		**25,369**	20,778
			39,505	31,984
	Less: Provision for slow moving and obsolete stores and spares - net	24.1	**(81)**	(81)
			39,424	31,903
24.1	**Provision for slow moving and obsolete stores and spares**			
	Balance at beginning of the year		**81**	81
	Provision charged during the year		**-**	-
	Stores written-off against provision		**-**	-
	Balance at end of the year		**81**	81

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

		Note	2022	2021
25	**STOCK IN TRADE**			
	Raw materials:			
	- in hand		**1,104,577**	470,656
	- in transit		**123,210**	159,734
			1,227,787	630,390
	Work-in-process		**25,016**	20,993
	Finished goods		**504,892**	567,409
	Goods purchased for resale		**127,265**	111,400
			1,884,960	1,330,192
	Provision for slow moving and obsolete stock in trade:	25.1		
	- Raw material		**(37,355)**	(21,235)
	- Finished goods		**(38,506)**	(59,265)
			(75,861)	(80,500)
			1,809,099	1,249,692

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Amounts in Rs '000

		Note	2022	2021
25.1	**Provision for slow moving and obsolete stock-in-trade**			
	Balance at beginning of the year		**80,500**	78,974
	Adjustment during the year			
	Provision charged during the year	34	**19,510**	17,236
	Provision reversed during the year	40	**(15,255)**	(10,549)
			4,255	6,687
	Stock written-off against provision		**(8,894)**	(5,161)
	Balance at end of the year	25.1.1	**75,861**	80,500

25.1.1 Out of the total carrying value of inventory Rs. 12.75 million (2021: Rs. 3.7 million) is measured at net realizable value. As at December 31, 2022 stock has been written down by Rs. 1.6 million (2021: Rs. 2.1 million) to arrive at its net realizable value.

26 TRADE DEBTS

	Note	2022	2021
Considered good			
- Secured	26.1	**303,990**	210,956
- Unsecured		**1,701,897**	1,086,759
		2,005,887	1,297,715
Considered doubtful		**80,558**	60,570
		2,086,445	1,358,285
Less: allowances and provisions			
- allowances for impairment of trade debts	26.5	**(80,558)**	(60,570)
- provision for discounts	26.6	**(568,095)**	(419,024)
		(648,653)	(479,594)
		1,437,792	878,691

26.1 These trade debts are secured against letters of credit, bank guarantees and security deposits.

26.2 Trade debts include balances due from the following related party:

	Note	2022	2021
Akzo Nobel UAE Paints L.L.C	26.3	**-**	33

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

	2022	2021
Neither past due nor impaired (1 - 30 days)	**-**	-
Past due but not impaired (31 - 90 days)	**-**	-
Past due but not impaired (91 - 120 days)	**-**	-
Past due but not impaired (More than 120 days)	**-**	33
As at December 31	**-**	33

26.4 The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs. 33 thousand (2021 : Rs. 33 thousand).

26.5 Allowances for impairment of trade debts

	2022	2021
Balance at beginning of the year	**60,570**	90,685
Adjustment on account of:		
Charge	**36,626**	2,577
Debts written-off against allowance	**(16,638)**	(32,672)
Net adjustment	**19,988**	(30,115)
Balance at end of the year	**80,558**	60,570

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

Amounts in Rs '000

		Note	2022	2021
26.6	**Provision for discounts**			
	Balance at beginning of the year		**419,024**	367,234
	Charge for the year - net		**966,881**	749,687
	Discounts paid during the year		**(817,810)**	(697,897)
	Balance at end of the year		**568,095**	419,024
27	**LOANS AND ADVANCES**			
	Secured - considered good			
	Current portion of long term loans to:			
	- Executives		**11,710**	7,440
	- Other employees		**17,052**	25,139
		21	**28,762**	32,579
	Unsecured - considered good			
	Advances to contractors and suppliers		**32,716**	19,911
			61,478	52,490
28	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Trade deposits		**37,471**	5,717
	Short term prepayments		**2,493**	2,886
			39,964	8,603
29	**OTHER RECEIVABLES**			
	Unsecured - considered good			
	Due from related parties	29.1	**47,687**	35,109
	Others		**794**	6,496
	Sales tax adjustable	29.4	**42,391**	-
			90,872	41,605

29.1 These represent receivable from following related parties:

	2022	2021
Akzo Nobel UAE Paints L.L.C	**-**	1,946
Akzo Nobel N.V.	**7,314**	4,294
Akzo Nobel Netherland B.V.	**5,612**	4,406
Akzo Nobel ME Coatings FZE	**2,745**	1,638
Akzo Nobel Saudi Arabia	**-**	2,140
Akzo Nobel Paints Singapore Pte Limited	**11,264**	10,303
Akzo Nobel (China) Investment Co. Limited	**4,853**	1,802
Akzo Nobel Coating Vietnam Limited	**1,140**	790
Marshall Boya Ve Vernik Sanayi	**1,582**	1,086
Akzo Nobel Car Refinishes PO	**7,523**	4,485
AkzoNobel Oman SAOC	**766**	2,219
PT ICI Paints Indonesia	**2,332**	-
ICI Omicron B.V.	**2,000**	-
AkzoNobel Paints Malaysia	**556**	-
	47,687	35,109

NOTES TO THE FINANCIAL STATEMENTS
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		Note	2022	2021
29.2	Ageing analysis of amounts due from related parties, included in other receivables, are as follows:			
	Neither past due nor impaired (1 - 30 days)		**10,900**	10,584
	Past due but not impaired (31 - 90 days)		**18,865**	10,829
	Past due and not impaired (91 - 120 days)		**-**	-
	Past due and not impaired (More than 120 days)		**17,922**	13,696
	As at December 31,		**47,687**	35,109

29.3 The minimum and maximum aggregate amount of other receivable from related parties at the end of any month during the year was Rs. 14.09 million and Rs. 40.04 million (2021: Rs. 12.098 million and Rs. 37.02 million).

29.4 This represents sales tax receivable which was claimed/adjusted subsequent to the year end.

30 TAXATION - NET

		Note	2022	2021
	Income tax - net	30.1	**8,307**	309

		Note	2022	2021
30.1	Opening balance		**309**	61,810
	Addition: advance taxes and taxes withheld		**351,456**	230,034
	Provision for the year	41	**(343,458)**	(291,535)
	Closing balance		**8,307**	309

31 CASH AND BANK BALANCES

		Note	2022	2021
	Cash in hand		**2,942**	2,414
	Cash at bank - current accounts	31.1	**840,748**	522,049
	Cash at bank - saving accounts	31.2	**82,188**	1,892,316
	Short term deposits	31.3	**40,000**	40,000
			965,878	2,456,779

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Amounts in Rs '000

		Note	2022	2021

31.1 Cash and bank balances include cheques in hand amounting to Nil (2021: Rs. 7.827 million).

31.2 These carry mark-up at the rates ranging from 8.25% to 14.50% per annum.

31.3 This represents Term Deposit Receipt placed with commercial bank, having maturity period of 32 days (2021: 32 days). The mark-up on this deposit is 13.90 % (2021: 6.25%) per annum.

31.4 **Particulars of credit facilities available to the Company**

2022

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**	**1 Month KIBOR + 1%**	**Quarterly**	**N/A**	**35,000**	**416**
Deutsche Bank	**Letters of Credit (LC)**	**0.10%**	**Upon LC issuance**	**N/A**	**280,000**	**82,719**
Deutsche Bank	**Short-term running finance**	**0.20%**	**Calendar quarter basis**	**N/A**	**35,000**	**-**

2021

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	1 Month KIBOR + 1%	Quarterly	N/A	35,000	2,774
Deutsche Bank	Letters of Credit (LC)	0.10%	Upon LC issuance	N/A	280,000	67,538
Deutsche Bank	Short-term running finance	0.20%	Calendar quarter basis	N/A	35,000	-

31.5 The abovementioned 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 (2021: Rs. 210 million), demand promissory note and counter guarantee / indemnity duly signed and stamped by the Company.

31.6 Cash and bank balances represents the cash and cash equivalents for the purpose of cash flow statement.

32 **NON-CURRENT ASSETS HELD FOR SALE**

	Note	2022	2021
Freehold land	32.1	-	179,561

32.1 This represents freehold land purchased from National Industrial Parks Development & Management Company on June 19, 2017 located at Rachna Industrial Park, Sheikhupura. However, due to non-development of Industrial Park, the Company has not been able to initiate the project. Therefore, during the financial year 2021, the Company had negotiated the matter with the National Industrial Parks Development & Management Company (NIP) for the sale back of its land. As per letter dated June 07, 2021, the NIP agreed to buy back its land in accordance with clause 12 of the Sale Purchase Agreement. Consequently, a firm purchase commitment in this regard with National Industrial Parks Development & Management was agreed. Accordingly, the land had been classified as "Asset held for sale" in financial statements for the year ended December 31, 2021. This land had been stated at fair value less cost to sell, approximately. During the year the Company has received the amount against this disposal/sale transaction.

NOTES TO THE FINANCIAL STATEMENTS
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		Note	2022	2021
33	**REVENUE**			
	Export sales		-	4,481
	Local sales		12,048,208	9,935,685
			12,048,208	9,940,166
	Less:			
	Sales tax		1,755,950	1,459,952
	Discounts		2,642,356	2,167,068
			4,398,306	3,627,020
			7,649,902	6,313,146
34	**COST OF SALES**			
	Raw and packing materials consumed	34.1	4,540,517	4,000,492
	Salaries, wages and benefits	34.2 & 50	154,722	155,906
	Fuel and power expenses		58,458	41,613
	Stores and spares consumed		14,517	14,671
	Insurance expenses		2,361	3,064
	Repairs and maintenance expenses		21,073	20,271
	Royalties and technical assistance	34.3	301,710	235,406
	Depreciation	17.3	111,783	106,365
	Communication, printing and stationery expenses		1,187	700
	Contractual services expenses		74,618	68,673
	Security, safety, health and environment expenses		29,992	13,655
	Provision for obsolete stocks - raw material		19,510	-
	Other expenses		15,910	15,204
			805,841	675,528
	Opening work-in-process		20,993	11,990
	Closing work-in-process	25	(25,016)	(20,993)
	Cost of goods manufactured		5,342,335	4,667,017
	Opening finished goods		619,545	320,104
	Finished goods purchased		157,780	13,368
	Closing finished goods		(593,651)	(619,545)
			5,526,009	4,380,944
34.1	**Raw and packing materials consumed**			
	Opening stock		609,155	492,390
	Add: Purchases		5,121,794	4,117,257
	Less: Closing stock		(1,190,432)	(609,155)
			4,540,517	4,000,492

34.2 Salaries, wages and benefits include Rs. 6.83 million (2021: Rs. 5.59 million) in respect of provident fund contribution, Rs. 10.78 million (2021: Rs. 2.26 million) in respect of pensions, Rs. 6.28 million (2021: Rs. 4.92 million) in respect of gratuity and Rs. 2.02 million (2021: Rs. Nil million) in respect of pensioners' medical plan.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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34.3 Royalties and technical assistance includes expenses against royalties and technical services obtained from the related parties; Akzo Nobel Coatings International B.V. Rs. 283.77 million (2021: Rs. 225.55 million).

34.4 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
Nihon Parkerizing Co. Ltd	1-15-1, Nihonbashi, Chuo-ku, Tokyo, Japan	N/A

35 SELLING AND DISTRIBUTION EXPENSES

	Note	2022	2021
Salaries and benefits	35.1 & 50	**331,255**	280,156
Advertising and publicity expenses		**279,152**	209,390
Outward freight and handling		**132,671**	105,224
Fuel and power		**3,671**	3,728
Rent, rates and taxes		**13,906**	12,441
Repairs and maintenance		**13,756**	5,178
Depreciation	17.3	**39,898**	36,627
Depreciation on right-of-use assets	19	**1,390**	1,390
Travelling expenses		**27,412**	17,390
Communication, printing and stationery expenses		**10,229**	11,152
Contractual services		**66,713**	65,348
Security, safety, health and environment		**5,926**	6,337
Provision for obsolete stocks - finished goods		**-**	17,236
Other expenses		**37,330**	40,180
		963,309	811,777

35.1 Salaries, wages and benefits include Rs. 10.93 million (2021: Rs. 10.69 million) in respect of provident fund contribution, Rs. 3.93 million (2021: Rs. 3.85 million) in respect of pensions, Rs. 6.35 million (2021: Rs. 5.76 million) in respect of gratuity and Rs. 2.60 million (2021: Nil) in respect of pensioners' medical plan.

36 ADMINISTRATIVE AND GENERAL EXPENSES

	Note	2022	2021
Salaries and benefits	36.1 & 50	**112,047**	**119,697**
Global business services cost		**27,795**	**-**
Fuel and power		**-**	**176**
Rent, rates and taxes		**143**	**-**
Insurance		**8,895**	**6,865**
Repairs and maintenance		**125**	**1,214**
Depreciation	17.3	**6,776**	**9,759**
Depreciation on right-of-use assets	19	**6,233**	**6,233**
Amortization		**7,632**	**7,407**
Travelling expenses		**90**	**428**
Communication, printing and stationery expenses		**553**	**1,167**
Auditors' remuneration	36.2	**2,294**	**2,164**
IT services		**123,846**	**85,328**
Contractual services		**2,406**	**3,255**
Other expenses		**18,188**	**25,274**
		317,023	**268,967**

36.1 Salaries, wages and benefits include Rs. 5.76 million (2021: Rs. 5.71 million) in respect of provident fund contribution, Rs. 6.17 million (2021: Rs. 14.79 million) in respect of pensions, Rs. 6.17 million (2021: Rs. 4.18 million) in respect of gratuity and Rs. 6.98 million (2021: Rs. 3.60 million) in respect of pensioners' medical plan.

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		Note	2022	Restated 2021
36.2	**Auditors' remuneration**			
	Statutory audit		**1,392**	1,392
	Other assurances and certifications		**130**	-
	Taxation services		**476**	476
	Out of pocket expenses		**296**	296
			2,294	2,164
37	**NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS**			
	Impairment loss	26.5	**36,626**	2,557

37.1 The impairment of trade debts is based on the expected credit losses model following the simplified approach under IFRS 9.

		Note	2022	Restated 2021
38	**FINANCE COST**			
	Amortization of loans to staff		**30,755**	19,971
	Interest on Workers' Profit Participation Fund	13.3	**184**	923
	Bank charges		**3,949**	3,328
	Interest expense on right-of-use assets		**857**	1,351
	Interest expense on payable against land		**16,819**	1,590
			52,564	27,163
39	**OTHER CHARGES**			
	Workers' Profit Participation Fund	13.3	**34,298**	46,590
	Workers' Welfare Fund	13.4	**18,715**	20,430
	Exchange loss		**156,636**	33,209
	Impairment of property, plant and equipment	17.5	**-**	10,000
			209,649	110,229
40	**OTHER INCOME**			
	Income from financial assets			
	Profit on short-term deposits		**52,647**	126,655
	Income from non-financial assets			
	Scrap sales		**14,887**	29,554
	Provisions no longer required written back		**15,255**	10,624
	Miscellaneous income		**5,438**	689
	Profit on disposal of property, plant and equipment		**-**	4,606
			88,227	172,128
41	**TAXATION**			
	Current year:	41.1	**302,615**	290,350
	Prior year	41.2	**40,843**	1,185
	Deferred	23	**(88,105)**	(25,710)
			255,353	265,825

41.1 This includes super tax for the current year amounting to Rs. 36.68 million under section 4C of the Income Tax Ordinance, 2001.

41.2 This represents super tax for the tax year 2021 under section 4C of the Income Tax Ordinance, 2001.

NOTES TO THE FINANCIAL STATEMENTS
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		Note	2022	Restated 2021
				Amounts in Rs '000
41.3	**Tax charge reconciliation**			
	Profit before taxation		**632,949**	883,637
	Tax using domestic at normal rates		**183,555**	256,255
	Impact of super tax		**25,318**	-
	Effect of prior year charge		**40,843**	1,185
	Impact of finance cost - land		**16,819**	1,590
	Others		**(11,182)**	6,795
	Net tax charged		**255,353**	265,825
	Average effective tax rate		**40.34%**	30.08%

41.4 As at December 31, 2022, as per the treatments adopted in tax returns filed that are based on the applicable tax laws and decisions of appellate authorities on similar matters, 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.

42 CASH FLOWS FROM OPERATING ACTIVITIES

	Note	2022	Restated 2021
Profit before taxation		**632,949**	883,637
Adjustments for:			
Depreciation on property, plant and equipment	17.3	**158,457**	152,751
Amortization on intangible assets	20	**7,632**	7,407
Depreciation on right-of-use assets	19	**7,623**	7,623
Gain on disposal of property, plant and equipment	40	**-**	(4,606)
Provision for employee benefits obligation	9.2	**36,222**	33,707
Net impairment losses on financial assets	37	**36,626**	2,557
Impairment of property, plant and equipment	39	**-**	10,000
Reversal of provision no longer required	40	**(15,255)**	(10,624)
Provision for slow moving and obsolete stock	35	**19,510**	17,236
Interest income	40	**(52,647)**	(126,655)
Interest expense on right-of-use assets	38	**857**	1,351
Interest expense on land	38	**16,819**	1,590
Interest expense on loan	15	**4,893**	-
Exchange loss	39	**156,636**	33,209
		377,373	125,546
Net cash flows from operating activities before working capital changes		**1,010,322**	1,009,183

43 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:

		2022	2021
Associated and parent companies	Purchase of goods, materials and services	**333,188**	330,387
	Sale of goods and services	**-**	4,481
	Reimbursement of expenses	**30,676**	50,929
	Royalty paid	**-**	191,722
	IT services	**123,846**	85,328
Retirement benefit plan	Contributions made to retirement funds / plans	**102,724**	92,832
Key management personnel	Remuneration of key management personnel	**81,032**	62,432
	Sale of goods and services	**-**	498

43.1 The above transactions with related parties are carried out on mutually agreed terms and conditions.

NOTES TO THE FINANCIAL STATEMENTS
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43.2 Following are the details of related parties incorporated within / outside Pakistan with whom the Company had entered into transactions or had agreements and / or arrangements in place during the financial year:

Basis of association	Name of the related party	Country of incorporation	Aggregate % of shareholding*
Outside Pakistan:			
Parent company	ICI Omicron B.V.	Netherlands	98.08%
Group / associated company	Akzonobel Car Refinishes B.V.	Netherlands	-
	Akzonobel N.V.	Netherlands	-
	AkzoNobel Saudi Arabia Ltd.	Saudi Arabia	-
	International Paints	Netherlands	-
	Pinturas Inca SA	Uruguay	-
	ICI Swire Paints (Shanghai) Limited	China	-
	Akzo Nobel Coatings Int. B.V.	Netherlands	-
	Akzo Nobel Middle East FZE	UAE	-
	Akzo Nobel (China) Investment Co. Ltd	China	-
	Akzo Nobel Netherland B.V.	Netherlands	-
	Akzo Nobel Packaging Coatings Limited	United Kingdom	-
	International Paint (Nederland) B.V.	Netherlands	-
	International Farbenwerke GmbH	Germany	-
	Akzo Nobel Decorative Coatings	Netherlands	-
	Akzo Nobel Car Refinishes SL	Spain	-
	Akzo Nobel UAE Paints L.L.C	UAE	-
	Akzo Nobel ME Coatings FZE	UAE	-
	Marshall Boya Ve Vernik Sanayi	Turkey	-
	Akzo Nobel paints Malaysia	Malaysia	-
	International paint Singapore	Singapore	-
	International paint Indonesia	Indonesia	-
	Akzo Nobel Industrial Coatings	United Kingdom	-
	International Paints LLC	USA	-
	Akzo Nobel Paints (Thailand) Limited	Thailand	-
	Akzo Nobel Oman SAOC	Oman	-
	PT ICI Paints Indonesia	Indonesia	-
Associated company / common directorship	Akzo Nobel Paints Singapore Pte Limited	Singapore	-
	Akzo Nobel Paints Vietnam Limited	Vietnam	-
Within Pakistan:			
Retirement benefit plan	Akzo Nobel Pakistan Limited Management Staff Provident Fund	Pakistan	-
	Akzo Nobel Pakistan Limited Management Staff Gratuity Fund	Pakistan	-
	Akzo Nobel Pakistan Limited Management Staff Pension Fund	Pakistan	-
	Akzo Nobel Pakistan Limited Management Staff Defined Contribution Superannuation Fund	Pakistan	-
	Akzo Nobel Pakistan Limited Provident Fund	Pakistan	-

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

43.4 The closing balances have been disclosed under the relevant notes of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

Amounts in Rs '000

44 RISK MANAGEMENT FRAMEWORK

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

	Note	2022	Restated 2021
45 EARNINGS PER SHARE			
Basic earnings per share			
Profit for the year (after tax)		**377,596**	617,812
		(Number of shares)	
Weighted average number of ordinary shares		**46,443,320**	46,443,320
		(Rupees)	
Earnings per share		**8.13**	13.30

45.1 Diluted earnings per share

There is no dilutive effect as the Company does not have any convertible instruments in issue as at December 31, 2022 and December 31, 2021, which would have any effect on the earnings per share if the option to convert was exercised.

46 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

There were no financial instruments held by the Company which are measured at fair value as of December 31, 2022 and December 31, 2021.

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred. However, there were no transfers between levels of fair value hierarchy during the year.

NOTES TO THE FINANCIAL STATEMENTS
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Amounts in Rs '000

47 FINANCIAL INSTRUMENTS BY CATEGORY

	Note	Carrying amount			Fair value			
On-Balance sheet financial instruments		**Amortised cost**	**Other (FVPL / FVOCI)**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
As at December 31, 2022								
Financial Assets at FV or amortised cost								
Long term loans	21	**77,444**	-	**77,444**	-	-	-	-
Long term deposits	22	**3,082**	-	**3,082**	-	-	-	-
Trade debts	26	**1,437,792**	-	**1,437,792**	-	-	-	-
Loans and advances	27	**28,762**	-	**28,762**	-	-	-	-
Short term trade deposits	28	**37,471**	-	**37,471**	-	-	-	-
Other receivables	29	**90,872**	-	**90,872**	-	-	-	-
Cash and bank balances	31	**962,936**	-	**962,936**	-	-	-	-
		2,638,359	-	**2,638,359**	-	-	-	-
Financial liabilities at FV or amortised cost								
Long term financing	10	**304,893**	-	**304,893**	-	-	-	-
Deferred liabilities	9	**72,005**	-	**72,005**	-	-	-	-
Lease liabilities	12	**4,371**	-	**4,371**	-	-	-	-
Trade and other payables	13	**3,246,966**	-	**3,246,966**	-	-	-	-
Unpaid dividend		**3,188**	-	**3,188**	-	-	-	-
Unclaimed dividend		**26,645**	-	**26,645**	-	-	-	-
		3,658,068	-	**3,658,068**	-	-	-	-
On-Balance sheet financial instruments								
As at December 31, 2021								
Financial Assets at FV or amortised cost								
Long term loans	21	84,249	-	84,249	-	-	-	-
Long term deposits	22	3,426	-	3,426	-	-	-	-
Trade debts	26	878,691	-	878,691	-	-	-	-
Loans and advances	27	32,579	-	32,579	-	-	-	-
Short term trade deposits	28	5,717	-	5,717	-	-	-	-
Other receivables	29	41,605	-	41,605	-	-	-	-
Cash and bank balances	31	2,454,365	-	2,454,365	-	-	-	-
		3,500,632	-	3,500,632	-	-	-	-
Financial liabilities at FV or amortised cost								
Deferred liabilities	9	61,793	-	61,793	-	-	-	-
Lease liabilities	12	12,307	-	12,307	-	-	-	-
Trade and other payables	13	1,821,795	-	1,821,795	-	-	-	-
Unpaid dividend		3,188	-	3,188	-	-	-	-
Unclaimed dividend		27,832	-	27,832	-	-	-	-
		1,926,915	-	1,926,915	-	-	-	-

47.1 The Company has valued free hold land, building and plant and machinery at fair value and classified under property, plant and equipment and investment property. The carrying value and level of fair value of these non-financial assets have been disclosed in the relevant note to the financial statements.

47.2 Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

NOTES TO THE FINANCIAL STATEMENTS
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Amounts in Rs '000

48 FINANCIAL INSTRUMENTS

Financial risk management

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly.

48.1 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 and bank guarantees.

a) 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 is:

	Note	2022	2021
Long term loans	21	**77,444**	84,249
Long term deposits	22	**3,082**	3,426
Trade debts	26	**1,437,792**	878,691
Loans and advances	27	**28,762**	32,579
Trade deposits	28	**37,471**	5,717
Other receivables	29	**90,872**	41,605
Interest accrued		**-**	-
Bank balances and short term deposits	31	**962,936**	2,454,365
		2,638,359	3,500,632
Secured			
Long term loans	21	**77,444**	84,249
Trade debts	26	**303,990**	210,956
Loans and advances	27	**28,762**	32,579
		410,196	327,784
Unsecured		**2,228,163**	3,172,848
		2,638,359	3,500,632

Movement / reconciliation of loss allowances for trade debts has been detailed in note 33 to these financial statements.

b) 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.

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		Note	2022	2021
c)	**Bank balances and accrued interest on short term deposits**			
	Bank balances and short term deposits		**962,936**	2,454,365
	Interest accrued		**-**	-
			962,936	2,454,365

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

	Credit Ratings		Rating		
	Short	Long	Agency		
Habib Bank Limited	A-1+	AAA	JCR-VIS	**55,309**	174,817
Citi Bank N.A.	F-1	A+	FITCH	**27,028**	1,874,593
Deutsche Bank A.G.	A-1	Baa1	Moody's	**851,756**	377,123
Faysal Bank Limited	A-1+	AA	JCR-VIS	**28,843**	28,578
				962,936	2,455,111

d) 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:

	2022	2021
Neither past due nor impaired	**1,804,262**	1,060,895
Past due		
1 - 30 days	**66,342**	138,291
31 - 90 days	**55,696**	56,120
91 - 120 days	**25,374**	23,122
More than 120 days	**134,771**	79,857
	282,183	297,390
	2,086,445	1,358,285
Allowance for impairment of trade debts	**(80,558)**	(60,570)
Provision for discounts	**(568,095)**	(419,024)
	1,437,792	878,691

The above mentioned ageing includes outstanding balances of related parties as disclosed in note 26.2 to these financial statements.

The maximum exposure to credit risk for past due not impaired at the reporting date by type of counter party is:

	2022	2021
Distributors / wholesale customers	**58,870**	3,855
Retail customers	**155,753**	120,222
End-user customers	**15,862**	99,800
	230,485	223,877
Allowance for impairment of trade debts	**(80,558)**	(60,570)
	149,927	163,307

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e) Loss allowance for trade debts

The Company determines the loss allowances for trade debts based on the following ageing under the expected credit loss model:

	2022					
	Neither past due nor impaired	**Past but not impaired (1 - 30 days)**	**Past but not impaired (31 - 90 days)**	**Past and impaired (91 - 120 days)**	**Past and impaired (More than 120 days)**	**As at December 31, 2022**
Expected credit loss rate (%)	0.00%	0.21%	0.25%	2.19%	29.35%	
Gross carrying value of trade debts (Rupees in thousand)	1,804,262	66,342	55,696	25,374	134,771	2,086,445
General allowance (Rupees in thousand)		139	137	555	39,549	40,380
Specific allowance (Rupees in thousand)	-	-	-	-	40,178	40,178
Loss allowance (Rupees in thousand)	**-**	**139**	**137**	**555**	**79,727**	**80,558**

	2021					
	Neither past due nor impaired	**Past but not impaired (1 - 30 days)**	**Past but not impaired (31 - 90 days)**	**Past and impaired (91 - 120 days)**	**Past and impaired (More than 120 days)**	**As at December 31, 2021**
Expected credit loss rate (%)	0.19%	0.08%	2.02%	5.98%	34.14%	
Gross carrying value of trade debts (Rupees in thousand)	1,060,895	138,291	56,120	23,122	79,857	1,358,285
General allowance (Rupees in thousand)	2,016	111	1,134	1,383	27,263	31,907
Specific allowance (Rupees in thousand)	-	-	-	-	28,663	28,663
Loss allowance (Rupees in thousand)	**2,016**	**111**	**1,134**	**1,383**	**55,926**	**60,570**

f) Other financial assets

The remaining financial assets mainly pertain to balances due from related parties, employees or are otherwise secured. These are expected to be recovered in due course and based on past experience the credit risk related to these financial assets is not material.

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g) **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.

	Note	2022	2021
Textile		**-**	529
Paper and board		**-**	183
Chemicals		**-**	1,393
Pharmaceuticals		**-**	74
Construction		**73,957**	49,314
Transport		**223,965**	40,598
Dealers		**1,547,832**	1,278,479
Banks		**962,936**	2,454,365
Employees		**-**	354
Others		**10,468**	154,937
		2,819,158	3,980,226
Allowance for impairment of trade debts		**(80,558)**	(60,570)
Provision for discounts		**(568,095)**	(419,024)
		(648,653)	(479,594)
		2,170,505	3,500,632

48.2 **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:

	2022			
	Carrying amount	**Contractual**	**Up to one year**	**More than one year**
Non-derivative financial liabilities				
Long term financing	**304,893**	**352,500**	**-**	**352,500**
Deferred liabilities	**72,005**	**72,005**	**-**	**72,005**
Lease liabilities	**4,371**	**4,371**	**1,439**	**2,932**
Trade and other payables	**3,246,966**	**3,246,966**	**3,246,966**	**-**
Unpaid dividend	**3,188**	**3,188**	**3,188**	**-**
Unclaimed dividend	**26,645**	**26,645**	**26,645**	**-**
	3,658,068	**3,705,675**	**3,278,238**	**427,437**

	2021			
	Carrying amount	Contractual	Up to one year	More than one year
Non-derivative financial liabilities				
Deferred liabilities	61,793	61,793	-	61,793
Lease liabilities	12,307	12,307	7,936	4,371
Trade and other payables	1,821,795	1,821,795	1,821,795	-
Unpaid dividend	3,188	3,188	3,188	-
Unclaimed dividend	27,832	27,832	27,832	-
	1,926,915	1,926,915	1,860,751	66,164

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

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48.3 Market risk

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

a) Interest rate risk

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

		Effective rate		Carrying amount	
	Note	**2022**	2021	**2022**	2021
Fixed rate instruments					
Financial assets					
Short term deposits	31.3	**13.90%**	6.25%	**40,000**	40,000
Variable rate instruments					
Financial liability					
Long term financing	10	**17.51%**	-	**300,000**	-

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 statement of profit or loss other than variable instruments which is as follows;

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2021.

	Profit and loss	
	100 bp increase	**100 bp decrease**
As at December 31, 2022		
Cash flow sensitivity - Variable rate financial liabilities	3,000	-
As at December 31, 2021		
Cash flow sensitivity - Variable rate financial liabilities	-	-

b) Foreign currency risk

Foreign currency (FCY) 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.

i) Significant exchange rates applied during the year were as follows:

	Average rate for the year		Spot rate as at December 31	
	2022	**2021**	**2022**	**2021**
	Rupee per FCY			
AED	**55.30**	46.01	**62.09**	48.51
SAR	**53.86**	45.02	**60.28**	47.44
JPY	**1.63**	1.56	**1.70**	1.56
SGD	**149.97**	126.25	**168.43**	131.50
EUR	**221.83**	199.25	**241.80**	201.86
USD	**202.29**	169.00	**226.40**	178.17
GBP	**255.80**	228.71	**272.63**	238.96

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Amounts in Rs '000

ii) 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;

2022

	Note	AED	SAR	SGD	EUR	USD	GBP	VND	JPY	THB	Total
Financial assets											
Due from related parties	26.2	-	-	-	35,771	9,914	-	-	-	-	45,685
Cash and bank balances	31.2	-	-	-	-	-	-	-	-	-	-
		-	-	-	35,771	9,914	-	-	-	-	45,685
Financial liabilities											
Trade and other payables		-	-	-	-	320	-	181	13,654	-	14,155
Due to related parties	13.1	615	476	63,575	73,780	115,245	4,071	-	-	3,316	261,078
		615	476	63,575	73,780	115,565	4,071	181	13,654	3,316	275,233
		(615)	(476)	(63,575)	(38,009)	(105,651)	(4,071)	(181)	(13,654)	(3,316)	(229,548)

2021

	Note	AED	SAR	SGD	EUR	USD	GBP	VND	JPY	THB	Total
Financial assets											
Due from related parties	26.2	-	-	-	24,118	10,991	-	-	-	-	35,109
Cash and bank balances	31.2	-	-	-	-		-	-	-	-	-
		-	-	-	24,118	10,991	-				35,109
Financial liabilities											
Trade and other payables		-	-	-	18,529	14,643	4,287	-	-	-	37,459
Due to related parties	11.1	139	1,162	44,013	39,095	93,996	2,331	-	-	-	180,736
		139	1,162	44,013	57,624	108,639	6,618				218,195
		(139)	(1,162)	(44,013)	(33,506)	(97,648)	(6,618)	-	-	-	(183,086)

iii) **Sensitiviy 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. 2.295 million (2021: Rs. 2.182 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Amounts in Rs '000

48.4 OPERATIONAL RISK

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations. The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

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

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

49 CAPITAL RISK MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitor the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

The Company's objectives when managing capital are:
(i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
(ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. The Company monitors capital using a gearing ratio, which is net debt divided by total capital employed. Net debt is calculated as long term financing. Total capital employed signifies equity as shown in statement of financial position plus net debt.

The proportion of debt to equity at the year end was:

	2022	2021
Long term finances	**300,000**	-
Net debt	**300,000**	-
Share capital	**464,433**	464,433
Reserves	**7,287,388**	6,897,041
Total equity	**7,751,821**	7,361,474
Total capital employed	**8,051,821**	7,361,474
Gearing Ratio	**4%**	-

50 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR 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, 2022

Amounts in Rs '000

	Chief Executive		Directors		Executives	
	2022	2021	**2022**	2021	**2022**	2021
Meeting fee	**-**	-	**-**	765	**-**	-
Managerial remuneration	**14,984**	13,488	**13,109**	12,358	**202,669**	185,753
Bonus and sales incentives - note 50.2	**2,900**	1,850	**2,190**	3,610	**14,080**	20,830
Contribution to retirement benefits	**3,529**	3,199	**2,974**	2,938	**45,500**	42,291
Group insurance	**72**	63	**43**	39	**1,439**	1,142
Rent and house maintenance	**700**	700	**1,000**	1,400	**27,665**	31,399
Utilities	**-**	-	**-**	126	**-**	2,687
Medical expenses	**155**	140	**255**	379	**13,181**	12,801
	22,340	19,440	**19,571**	21,615	**304,534**	296,903
Number of person(s)	**1**	1	**1**	6	**66**	67

50.1 The Chairman and Executive Directors hold 30 and 20 shares each of the Company respectively.

50.2 Out of the bonus and sales incentives recognized for 2022, payment of Rs. 2.90 million (2021: Rs.1.85 million) and Rs. 16.27 million (2021: Rs. 24.44 million) were made to Chief Executive and Executives respectively. During the year an amount of Rs. 49.69 million (2021: Rs. 61.16 million) on account of bonus and sales incentives to management employees has been recognized as expense in the current year. This is payable in the year 2022 after verification of achievement against target.

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

51 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:

	2022	2021
Size of the fund - fund assets	**230,234**	236,929

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

	2022 (Un-Audited)			2021 (Audited)		
	Cost	Fair value	%	Cost	Fair value	%
Government securities	116,862	115,429	50.14%	90,726	90,775	38.31%
Listed securities	51,373	48,614	21.11%	54,075	55,956	23.62%
	168,235	164,043		144,801	146,731	

51.1 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 and the rules formulated for this purpose. The Comparative figures has been corrected based on audited accounts for the year ended December 31, 2021.

52 PLANT CAPACITY AND ANNUAL PRODUCTION

Annual production - liters in thousands	**18,688**	19,471

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, 2022

Amounts in Rs '000

53 RECONCILIATION OF MOVEMENT OF LIABILITIES AND EQUITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities and equity			
	Long term Financing	**Lease liability**	**Dividend**	**Total**
Balance as at January 1, 2022	-	12,307	27,832	40,139
Borrowings from banking companies	300,000	-	-	300,000
Repayment of financing	-	-	-	-
Dividend on ordinary shares	-	-	-	-
Payment of dividend	-	(7,936)	(1,187)	(9,123)
Balance as at December 31, 2022	**300,000**	**4,371**	**26,645**	**331,016**

	Note	2022	2021
54 NUMBER OF EMPLOYEES			
Number of employees as at December 31,			
Head office		**139**	140
Factory workers		**49**	47
Average number of employees during the year			
Head office		**140**	147
Factory workers		**48**	49

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

55 IJARAH RENTALS

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

Description	Note	2022	2021
Cost of sales	34	**1,433**	4,409
Selling and distribution expenses	35	**15,599**	13,298
Administrative and general expenses	36	**4,764**	4,471

Disclosures other than above are not applicable to the Company.

56 NON-ADJUSTING EVENT AFTER REPORTING DATE

No significant event has occurred subsequent to December 31, 2022 other than those mentioned elsewhere in these financial statements.

57 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

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

58 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

The COVID-19 pandemic has generally been in control during the year, with variations in its spread and intensity across the country. However, the Company has reviewed its exposure to business risks and has not identified any significant impact on the Company's operations or decline in revenue during the year ended December 31, 2022.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Amounts in Rs '000

59 **CORRESPONDING FIGURES**

Corresponding figures where necessary, have been rearranged for the purpose of comparison. However no significant rearrangement or reclassification has been made during the year ended December 31, 2022 except following expenses have been reclassified from administrative and general expenses to cost of sales for more appropriate presentation and as per the Company policy.

Account head	
Salaries, wages and benefits	**19,341**
Fuel and power expenses	**3,321**
Insurance	**2,851**
Repair and maintenance	**5,981**
Contractual services expenses	**12,020**
Security, safety, health and environment expenses	**1,010**
Other expenses	**2,684**
Depreciation	**4,488**

Further bank charges have been reclassified from administrative and general expenses (A&G) and Selling and distribution expenses (S&D) to finance cost for more appropriate presentation.

Bank charges (S&D)	**2,686**
Bank charges (A&G))	**498**

60 **CORRECTION OF ERROR**

Last year, the Company acquired land on December 06, 2021, having a cost of Rs. 237.646 million against which the down payment of Rs. 35.656 million was paid and recognized as an advance against the purchase of land, however, the remaining amount of Rs. 201.875 million, which has a present value of Rs. 160.333 million, was not recognized as land, resultantly, related payable was also not recognized by the Company. This error has now been corrected by restating the corresponding figures, as per the requirements of IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors). The effect on prior periods is tabulated below:

As at December 31, 2021	
Effect on statement of financial position	
Increase in property, plant and equipment (Freehold land)	**160,333**
Increase in payable against purchase of land	**161,923**
As at December 31, 2021	
Effect on statement of financial position	
Increase in property, plant and equipment	**35,656**
Decrease in capital work-in-progress (Freehold land)	**(35,656)**
For the year ended December 31, 2021	
Effect on statement of profit or loss	
Increase in finance cost	**1,590**

There is no impact of this correction of error before January 01, 2021, therefore, third year statement of financial position has not been presented.

61 **DATE OF AUTHORIZATION**

These financial statements were authorized for issue in the meeting of the Board of Directors held on March 24, 2023.

62 **GENERAL**

Figures in these financial statements have been rounded off to the nearest thousand rupees unless stated otherwise.

Mubbasher Omar
Chief Executive

Harris Mahmood
Chief Financial Officer

AKZO NOBEL PAKISTAN LIMITED
PATTERN OF SHAREHOLDING
AS AT DECEMBER 31, 2022

NO OF SHAREHOLDERS	NO. OF SHARESHOLDINGS		Total Shares
	FROM	TO	
6,092	1	100	150,339
1,116	101	500	223,158
150	501	1,000	110,030
102	1,001	5,000	212,521
10	5,001	10,000	76,180
3	10,001	15,000	32,700
2	20,001	25,000	46,574
1	35,001	40,000	38,673
1	45,550,001	45,555,000	45,553,145
7,477			**46,443,320**

AKZO NOBEL PAKISTAN LIMITED
CATEGORIES OF SHAREHOLDING
AS AT DECEMBER 31, 2022

Sr No.	Shareholders Category	No. of Shareholder	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company)	3	70	0.00
2	Associated Companies, Undertakings and related Parties (to be confirm by Company)	1	45,553,145	98.08
3	NIT and ICP	-	-	-
4	Banks, Development Financial Institutions	18	8,853	0.02
5	Insurance Companies	5	405	0.00
6	Modarabas and Mutual Funds	6	273	0.00
7	Share holders holding 10%	1	45,553,145	98.08
8	General Public : a. Local b .Foreign	 7,374 -	 856,109 -	 1.84 -
9	Others	70	24,465	0.05
	Total (excluding : share holders holding 10%)	**7,477**	**46,443,320**	**100.00**

Akzo Nobel Pakistan Limited

NOTICE OF 12th ANNUAL GENERAL MEETING

NOTICE is hereby given that the 12th Annual General Meeting of Akzo Nobel Pakistan Limited (the **"Company"**) will be held on 12th May 2023, at 11:00 a.m. Virtually to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 11th Annual General Meeting held on April 19th, 2022.

2. To receive, consider and adopt the audited accounts of Akzo Nobel Pakistan Limited, for the year ended December 31, 2022, together with the Auditors Report and the Directors Report thereon.

3. To appoint the External Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and, if deemed fit, pass the following ordinary resolution for getting shareholders' approval to circulate the annual audited financial statements through QR enabled code and weblink:

   "RESOLVED that the approval be and is hereby given to allow the Company to circulate the annual financial statements to its members through QR enabled code and weblink instead of through CD/DVD/USB."

   Statement under Section 134 (3) of the Companies Act, 2017 in respect of Special Business is being mailed to Shareholders.

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

By Order of the Board

Rabia Bakhtawar Pirzada
Company Secretary

20 April, 2023
Lahore

NOTES:

1. Closure of share Transfer Books

The Share Transfer Books of the Company will remain closed from May 06, 2023 to 12 May, 2023 (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 May 05, 2023 will be in time to be entitled to participate and vote in the meeting.

2. Participation in the Annual General Meeting

The members and proxy holders will be able to log-in, to participate and vote in proceedings of AGM, through smart phones or computer devices from any convenient location after completing attendance formalities. Members are requested to forward their name, CNIC (both sides scanned copies), folio / CDC account number, cell phone number and email address. with subject 'Registration for AKZO's AGM' at saimahaq.nawaz@akzonobel.com by the deadline of 08th May 2023. Video link will be shared with only those Members whose emails is received at given email address before 1300hrs on 08th May, 2023.

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 must be a member of the Company. A corporate entity, being a member, may appoint any person, regardless of 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.

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 (excluding holidays) before the time of the meeting. Form of Proxy is attached with the AGM Notice and can also be downloaded from the Company's website: http://www.akzonobel.com Proxy form should be witnessed by two persons whose names, addresses and CNIC Numbers must be mentioned on the form.

4. **Mandatory Notice to Shareholders who have not provided their CNICs**

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

5. **Dispatch of Audited Financial Statements Through CD/DVD/USB/Email**

SECP through its Notification SRO 787(1)2014 & 470(I)/2016, have allowed the circulation of Audited Financial Statements to the Members of the Company through CD / DVD /USB/emails. Therefore, all Members who wish to receive the hard copy of Annual Report are requested to send their addresses. The Company shall provide hard copy of the Audited Financial Statements to its shareholders, on request, free of cost, within seven days of receipt of such request.

6. **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/Stockbrokers.

7. **Payment of Past E-Dividends**

Shareholders who have not yet submitted their 24 digits International Bank Account Number (IBAN) are requested to fill Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Registrar of the Company. In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker/participant/CDC account services. Provision of IBAN and bank account details will enable the Company to make payment of past e-dividends through direct credit to shareholder's bank account.

8. **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 it Circular 1 of January 26, 2000.

9. **UNCLAIMED DIVIDEND / SHARES U/S 244 OF THE COMPANIES ACT, 2017**

An updated list for unclaimed dividend/shares of the Company, which have remained unclaimed or unpaid for a period of three years from the date these have become due and payable, is available on the Company's website: http://www.akzono-bel.pk/

Claims can be lodged by shareholders on Claim Form as is available on the Company's website. Claim Forms must be submitted to the Company's Share Registrar for receipt of dividend/ shares.

FORM OF PROXY
12th ANNUAL GENERAL MEETING

I/We ____ of ____ being members(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 12th Annual General Meeting of the Company to be held virtually, on Friday, May 12, 2023, at 11.00 a.m., and at any adjournment thereof.

As witness my/our hand(s) this ________ day of _________ 2023.

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

For CDC Account Holders/Corporate Entities:

In addition to the above the following requirements have to be met:

(i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

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

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

(iv) In case of a corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

AkzoNobel

AFFIX
CORRECT
POSTAGE

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

(۳) پراکسی فارم

اجلاس میں شرکت کیلئے ضروری ہے کہ پراکسی فارم مکمل پر کر کے کمپنی کے رجسٹرڈ دفتر 346 فیروزپور روڈ لاہور میں اجلاس کے انعقاد سے 48 گھنٹے قبل (علاوہ تعطیل) وصول ہونا ضروری ہیں۔ پراکسی کیلئے فارم اے جی ایم نوٹس کے ساتھ منسلک ہے علاوہ ازیں کمپنی کی ویب سائٹ www.akzonobel.com سے بھی ڈاؤن لوڈ کیا جا سکتا ہے اس پر دو گواہوں کے دستخط ہونے چاہیئے اور ساتھ ہی ان کا پتہ اور کمپیوٹرائزڈ شناختی کارڈ نمبر بھی درج ہونا چاہیئے۔ جن کے نام پتہ اور سی این آئی سی نمبروں کا ذکر فارمز پر ہونا ضروری ہے۔

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

تمام شیئر ہولڈرز جن کے پاس فیزیکل شیئرز موجود ہیں اور جنہوں نے ابھی تک اپنے شناختی کارڈ جمع نہیں کروائے، ان سے درخواست ہے کہ اپنے شناختی کارڈ کی تصدیق شدہ کاپی بمعہ اپنے فولیو نمبر کمپنی کے، شیئر رجسٹرار کو بھجوا دیں۔ شیئر ہولڈرز کے شناختی کارڈ کی غیر موجودگی کمپنی میں متعلقہ شیئر ہولڈرز کو ڈیویڈنڈ کی ترسیل روک دے گی۔

(۵) آڈٹ شدہ فنانشل سٹیٹمنٹس کی ترسیل بذریعہ یو ایس بی یا سی ڈی یا ڈی وی ڈی یا ای میل

ایس ای سی پی نے نوٹیفیکیشن SRO 787 (1) 2014 & 470 (i)/2016 کو توسط سے کمپنی کے ممبرز کو سی ڈی یا ڈی وی ڈی یا یو ایس بی یا ای میل کے ذریعہ آڈٹ شدہ سٹیٹمنٹس کی ترسیل کی اجازت دی ہے۔ تاہم ایسے تمام ممبران جو سالانہ رپورٹ کی کتاب کی کاپی وصول کرنا چاہتے ہیں ان سے درخواست ہے کہ اپنے پتے فراہم کر دیں۔ کمپنی اس طرح کی درخواست موصول ہونے کے 7 دن کے اندر اپنے حصص یافتگان کو بغیر کسی قیمت کے آڈٹ شدہ فنانشل سٹیٹمنٹس مفت فراہم کر دے گی۔

(۶) 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 ممبرز جن کے شیئرز سی 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 / سٹاک بروکرز کو فراہم کریں۔

(۷) ماضی کے منافع کی ادائیگی

فزیکل شیئر ہولڈرز جنہوں نے ابھی تک اپنے 24 ہندسوں کے بین الاقوامی بینک اکاؤنٹ نمبر (IBAN) جمع نہیں کروایا ہے ان سے درخواست کی جاتی ہے کہ وہ کمپنی کی ویب سائٹ پر دستیاب الیکٹرانک کریڈٹ مینڈیٹ فارم پر کریں اور سی این آئی سی کی ایک نقل کیساتھ کمپنی کے رجسٹرار کو ارسال کریں۔ اگر حصص سی ڈی سی میں رکھے ہوئے ہیں تو الیکٹرانک کریڈٹ مینڈٹ فارم براہ راست حصص یافتگان کے بروکر/ شریک/ سی ڈی سی اکاؤنٹ میں جمع کروانا ہوگا۔ IBAN اور بینک اکاؤنٹ کی تفصیلات کی فراہمی سے کمپنی اس قابل ہو جائے گی کہ حصص یافتگان کے بینک کھاتے میں براہ راست ماضی کے منافع کی ادائیگی کر سکے۔

(۸) سی ڈی سی اکاؤنٹ ہولڈرز کے لئے ہدایات

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

(۹) غیر وصول شدہ ڈیویڈنڈ کی کمپنیز ایکٹ 2017 .U/S 244 کے مطابق ترسیل

کمپنی کے غیر دعویٰ شدہ ڈیویڈنڈ/ حصص کی ایک تازہ ترین فہرست، جو کہ واجب الادا اور قابل ادائیگی ہونے کی تاریخ سے تین سال کی مدت تک غیر دعویدار یا بلا معاوضہ رہی ہے، کمپنی کی ویب سائٹ www.akzonobel.pk پر دستیاب ہے۔ دعویٰ فارم پر شیئر ہولڈرز درج کر سکتے ہیں جیسا کہ کمپنی کی ویب سائٹ پر دستیاب ہے۔ ڈیویڈنڈ/ حصص کی وصولی کے لیے کلیم فارمز کمپنی کے شیئر رجسٹرار کو جمع کرائے جائیں۔

بارواں سالانہ اجلاس عام کی اطلاع

مطلع کیا جاتا ہے کہ ایکزونوبل پاکستان لمیٹڈ کا بارواں سالانہ اجلاس عام کووِڈ19 کی وجہ سے آن لائن (ورچول) مورخہ 12 مئی 2023ء بوقت صبح 11:00 بجے منعقد ہوگا۔ جس میں مندرجہ ذیل امور پر عملدرآمد کیا جائے گا۔

عمومی کاروائی:۔

۱۔ 19 اپریل 2022ء کو منعقدہ گیارویں سالانہ عمومی اجلاس کے منٹس کی توثیق۔

۲۔ ایکزونوبل پاکستان لمیٹڈ کے 31 دسمبر 2022ء کو مکمل ہونے والے سال کے موصول شدہ حسابات (اکاؤنٹس) بشمول آڈیٹرز رپورٹ اور ڈائریکٹرز صاحبان کی رپورٹس کی وصولی اور ان پر غور وخوض اور منظوری۔

۳۔ کمپنی کے ایکسٹرنل آڈیٹرز کا تقرر اور ان کے معاوضے کا تعین۔

خصوصی کاروائی:۔

۴۔ درج ذیل عمومی قرار داد پر غور و خوض اور درست پانے کی صورت میں اس کی منظوری جس کے تحت سالانہ آڈٹ شدہ مالیاتی حسابات کی ترسیل QR فعال کوڈ اور ویب لنک کے ذریعے کرنے کی غرض سے حصہ داران کی منظوری حاصل کی جائے گی۔

"قرار پایا کہ منظوری دی جائے اور بذریعہ ہذا دی جاتی ہے کہ کمپنی کو اجازت دی جاتی ہے کہ خصوصی امور کے سلسلے میں سی ڈی / ڈی وی ڈی / یو ایس بی کے بجائے اپنے ممبران کو سالانہ آڈٹ شدہ مالیاتی حسابات فعال QR کوڈ اور ویب سائٹ کے ذریعے ارسال کئے جائیں۔"

کمپنیز ایکٹ 2017 کے سیکشن 134 (3) کے تحت خصوصی کاروبار کے حوالے سے بیان شیئر ہولڈرز کو بھیج دیا جا رہا ہے۔

۵۔ چیئرمین کی اجازت سے کوئی بھی اور امور۔

بحوالہ آرڈر آف بورڈ

20 اپریل 2023
لاہور

رابعہ بختاور پیرزادہ
کمپنی سیکریٹری

نوٹس:۔

(۱) شیئرز ٹرانسفر بکس کی بندش

کمپنی کی شیئرز ٹرانسفر بکس 6 مئی 2023ء سے 12 مئی 2023ء کے دوران بند رہے گی (بشمول دونوں دنوں کے) قواعد کے مطابق کاروبار کے اختتام سے قبل 5 مئی 2023ء تک شیئرز رجسٹرار میسرز فیمکو 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 شامل کیا جائے گا تا کہ ان کو میٹنگ میں حصہ لینے اور ووٹ ڈالنے کی اجازت ہو۔

(۲) سالانہ عمومی اجلاس میں شرکت

اراکین اور پراکسی یافتگان میٹنگ میں شرکت کی رسمی کارروائیوں کو مکمل کرنے کے بعد کسی بھی مناسب جگہ سے اپنے اسمارٹ فونز یا کمپیوٹر آلات کے ذریعہ اے جی ایم کی کارروائی میں شامل ہونے، حصہ لینے اور ووٹ ڈالنے کے قابل ہوسکیں گے۔ اس مقصد کے لئے 8 مئی 2023ء تک اپنا نام، قومی شناختی کارڈ کی دونوں سائڈز کی اسکین کاپی، فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر، موبائل فون نمبر اور ای میل ایڈریس "Registration for AKZO's AGM" کے عنوان کے ساتھ "saimahaq.nawaz@akzonobel.com" پر ای میل کریں۔ ویڈیو لنک صرف وہ ممبران حاصل کر پائیں گے جن کی تمام مطلوبہ تفصیلات دیے گئے ای میل ایڈریس پر 8 مئی 2023ء کو دوپہر 1:00 بجے یا اس سے پہلے موصول ہوں گی۔

تمام ارکان سالانہ عمومی اجلاس میں شرکت اور ووٹ دینے کا حق رکھتے ہیں۔ ایک ممبر جو اجلاس میں شرکت، اظہار خیال اور ووٹ دینے کا حق رکھتا ہے وہ اپنی جانب سے اجلاس میں شرکت، اظہار خیال اور ووٹنگ میں حصہ لینے کیلئے کسی پراکسی کو نامزد کرسکتا ہے۔ پراکسی کے لئے ضروری ہے کہ وہ کمپنی کا رکن ہو۔ ایک کارپوریٹ شناخت، باحیثیت 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 ڈائریکٹر یا پھر پاور آف اٹارنی کے لئے نامزد پراکسی کیلئے نامزد فارم کے ہمراہ جمع کروائی جاسکتی ہے جس پر نمائندگی کیلئے نامزد کردہ شخص کے دستخط ہوں اور یہ بھی درج ہونا چاہئے کہ وہ کارپوریٹ شناخت کی طرف سے ووٹنگ میں حصہ لے گا۔

مستقبل کا جائزہ

مہنگائی اور سیاسی عدم استحکام بھی 2023ء میں ملک کے کاروباری اداروں کو متاثر کرے گا۔ تاہم کمپنی ان اثرات کو کم کرنے کیلئے قیمتوں میں بروقت اضافہ کرنا اور کمپنی میں اخراجات کو قابو کرنے جیسے اقدامات کرنے کے لیئے پرعزم ہے۔

کارپوریٹ سماجی ذمہ داری

ایکزونوبل پاکستان کے بے شمار سماجی منصوبے ضرورت مندوں کی مدد کررہے ہیں، آنے والی نسلوں کو تعلیم دے رہے ہیں اور رنگوں کی طاقت سے لوگوں کی زندگیوں کا معیار تبدیل کررہے ہیں۔ ایکزونوبل پاکستان نے Teach for Pakistan کے زیراہتمام ''کتاب گھر'' کے منصوبے کے ذریعے کم آمدنی والے طبقات کی مدد کی۔ بچوں کے تعلیمی معیار کو بہتر بنانے کیلئے کمپنی نے مفت پینٹ فراہم کیا جس کی مدد سے کمیونٹی کے اراکین نے ایک کھنڈرنما جگہ کو کامیابی کے ساتھ ایک دلچسپ اور متاثرکن لائبریری میں تبدیل کیا۔

ایکزونوبل پاکستان نے سلامت ویلفیئر اسکول میں پسماندہ طلبا کیلئے سیکھنے کے ماحول کو زندہ رکھنے کیلئے ڈیولکس پینٹ کا عطیہ فراہم کیا۔ پینٹ کو ماحول کی رنگینی کیلئے استعمال کیا گیا تاکہ تخلیقی صلاحیتوں کو فروغ دیا جاسکے اور بچوں میں سیکھنے کے جذبے کو جگایا جاسکے۔ ایکزونوبل پاکستان نے احاطہ کی تزئین و آرائش کیلئے The Citezen Foundation، Happy Home School اور Deaf Reach School سمیت کئی سماجی اداروں کو 650 لیٹر سے زیادہ پینٹ عطیہ کیا۔

بورڈ، کمیٹی اور حاضری

سال کے دوران بورڈ آف ڈائیرکٹرز کے چار اجلاس میں منعقد کیئے۔ ہر ڈائریکٹر/CFO/کمپنی سیکریٹری کی حاضری حسب ذیل تھی۔

شمار	ڈائریکٹرز کے نام	بورڈ آف ڈائریکٹرز کی حاضری
4	محترم مبشر عمر (چیف ایگزیکٹیو آفیسر)	4
5	محترم حارث محمود (چیف فائننشل آفیسر)	4
6	محترم آسکرو یزن بیک (چیئرمین)	4
8	محترمہ ناعمہ احمد* (کمپنی سیکریٹری)	1
9	محترم راجا اکبر علی محبوب** (سابق کمپنی سیکریٹری)	3
10	محترمہ رابعہ بختاور پیرزادہ*** (کمپنی سیکریٹری)	0

* 2022ء میں چھوڑ گئے ** نومبر 2022ء میں چھوڑ گئے *** نومبر 2022ء میں شمولیت اختیار کی

شئیر واپس لینے کا عمل

آئی سی آئی اومیکرون بی۔ وی نے ڈی لسٹ کے بعد اپنے اقلیتی شئیر یافتگان سے اپنے حصص واپس لینے کی پیشکش کی۔ ابتدا میں جس کی آخری تاریخ 18 جون 2021 تھی۔ علاوہ ازیں حصص یافتگان کی سہولت کیلئے اس مدت میں مزید 18 جون 2023 تک توسیع عمل میں لائی گئی۔ سال کے دوران آئی سی آئی اومی کرون بی۔ وی۔ نے 4,30,000 سے زیادہ شئیر خریدے جس کی وجہ سے ان کے مالکانہ حقوق 97.95% سے بڑھ کر 98.08% ہو گئے۔

شئیر ہولڈنگ کا نمونہ

31 دسمبر 2022 تک کمپنی میں حصص یافتگی اور اضافی معلومات کا مفصل بیان صفحہ نمبر F57 پر درج ہے۔

ڈائریکٹرز رپورٹ

برائے تکمیل شدہ سال 31 دسمبر 2022

کمپنی کے ڈائریکٹرز نہایت مسرت سے سالانہ رپورٹ بمعہ آڈٹ شدہ فنانشل سٹیٹمنٹس برائے سال مکمل شدہ 31 دسمبر 2022 پیش کرتے ہیں۔

مالیاتی اور کاروباری کارکردگی کا جائزہ

سال 2022ء پاکستان کے اکثر کاروباری اداروں کیلئے ایک کٹھن سال رہا، کیونکہ ملک ایک معاشی بحران کی زد میں تھا۔ اپریل 2022ء میں حکومت میں تبدیلی کے بعد سیاسی بے یقینی نے کاروبار کو چیلنج (کٹھن) بنا دیا۔

جو افراط زر اکتوبر 2022ء میں 26% فیصد تک بڑھ گئی تھی وہ دسمبر 2022ء میں 24.5% پر بند ہوئی۔ اسی مد میں افراط زر کی یہ شرح دسمبر 2021ء میں 11.5% تھی۔

سال کے دوران پاکستانی کرنسی کی قدر میں بھی نمایاں کمی واقع ہوئی، اور ستمبر 2022ء میں ایک امریکی ڈالر پاکستانی 240 روپیہ سے بڑھ گیا، جو کہ اس سے پہلے دسمبر 2021ء میں 178 روپیہ کے مقابلے میں تھا، دسمبر 2022ء کے اختتام تک پاکستانی 226 روپیہ پر بند ہوا۔ حکومت نے مئی 2022ء میں پر آسائش اور غیر ضروری اشیاء کی درآمد پر پابندی عائد کردی۔ اسٹیٹ بنک نے ملک سے غیرملکی زرمبادلہ کے اخراج کو روکنے کیلئے متعدد پابندیوں کے اقدامات کا نفاذ کیا۔

ملک کو مون سون کے موسم میں قدرتی آفت کا سامنا بھی کرنا پڑا کیونکہ غیر معمولی سیلاب نے ملک کو متاثر کیا۔ جس سے تقریباً 33 ملین لوگ متاثر ہوئے اور 1,730 افراد ہلاک ہوئے۔ سیلاب سے 1.2 ملین سے زیادہ مویشی بھی مارے گئے اور 13,000 کلومیٹر سڑکوں کو بھی نقصان پہنچا۔ سیلاب کے باعث مالی نقصان کا تخمینہ 40 ارب امریکی ڈالر لگایا گیا ہے۔

ان مشکل معاشی حالات کے باوجود، کمپنی نے نیٹ سیلز میں 21% اضافی کیا۔ بلند افراط زر کے پیش نظر کمپنی نے مختلف اقدامات کے ذریعے لاگت کو قابو میں رکھنے کیلئے اپنی کاوشوں کو جاری رکھا، جس کے نتیجے میں مجموعی منافع میں 2021 کے مقابلے میں 9% اضافہ ہوا۔ غیر ملکی شرح مبادلہ میں اتار چڑھاؤ کے نتیجے میں کمپنی کو 156 ملین پاکستانی روپیہ کا نقصان برداشت کرنا پڑا، جس کے نتیجے میں ٹیکس کی ادائیگی کے بعد 40% منافع کم رہا۔

مالیاتی کارکردگی

	2022	2021	اضافہ/کمی
ٹرن اوور	12,048	9,940	21.2%
نیٹ سیلز	7,650	6,313	21.2%
سیلز کے اخراجات	5,531	4,376	26.4%
مجموعی منافع	2,119	1,937	9.4%
آپریٹنگ منافع	806	849	5.1%
ٹیکس کی کٹوتی کے بعد منافع	371	618	-40.0
فی شیئر کمائی روپوں میں	7.98	13.30	-40.0%

صحت، حفاظت اور ماحول

کمپنی نے 2022ء کے دوران صفر انجری اور صرف ایک LOPC 2 کے ساتھ HSE سے اپنی مظبوط وابستگی کا مظاہرہ کیا۔ ہم نے اپنے HSE&S کے نفاذ کو چھ ستونوں پر جاری رکھا: صحت، لوگ، عمل، مصنوعات کی حفاظت، ماحولیات اور سلامتی کی اونچائی کو حاصل کیا۔ 2022ء میں سائٹ کی بندش کا آڈٹ علاقائی HSE مینیجر نے منعقد کیا اور اس کے نتیجے میں آڈٹ قبول کرلیا گیا۔

NOTES


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