Buxly

ANNUAL REPORT 2013

CONTENTS

COMPANY INFORMATION

Board of Directors:

Mr. Bashir Ahmed	Chairman
Mr. Shamshad Ali	Chief Executive Officer
Mr. H.P. Kotwal	
Mr. Sheikh Ajaz Majid	
Mr. Fakhrul Arfin	
Mr. Salman Tarik Kureshi	
Mr. Saeed Mohammad Sheikh	
Mr. Sheikh Asim Rafiq	(NIT Nominee)
Mr. Muhammad Hanif Idrees	(Alternate Director to Mr. Sheikh Ajaz Majid)

Audit Committee:

Mr. H.P. Kotwal	Chairman
Mr. Salman Tarik Kureshi	Member
Mr. Muhammad Hanif Idrees	Member

Human Resource and Remuneration Committee:

Mr. Saeed Mohammad Sheikh	Chairman
Mr. Fakhrul Arfin	Member
Mr. Shamshad Ali	Member

Company Secretary:
Mr. Adnan Iqbal

Auditors:
KPMG- Taseer Hadi & Co.
Chartered Accountants

Legal Advisor:
Mr. Laiq Ahmed Khan

Bankers:
Habib Metro Bank Limited
Habib Bank Limited
NIB Bank Limited
National Bank of Pakistan

Share Registrar:
THK Associates (Pvt.) Ltd.
Ground Floor, State Life Building No. 3,
Dr. Zia Uddin Ahmed Road, P.O. Box No. 8533 Karachi.
Ph: (92-21) 111-000-322
Fax: (92-21) 35655595

Registered Office:
X-3, Manghopir Road, S.I.T.E., Karachi-75700.

Web Site Address:
http://www.buxly.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 59th Annual General Meeting of the shareholders of Buxly Paints Limited, Karachi will be held at Cyrus Minwalla Colony Hall, Parsi gate, Mehmoodabad, Karachi on Friday, October 25, 2013 at 10:00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the Annual General Meeting of the Company held on October 30, 2012.

2. To receive, consider and approve the Audited Accounts of the Company for the year ended June 30, 2013 together with Directors' and Auditors' Report thereon.

3. To elect seven directors for a period of three years. The retiring Directors viz. (1) Mr. Bashir Ahmed (2) Mr. Shamshad Ali (3) Mr. Saeed M. Shaikh (4) Mr. Hameed Ahmed (5) Mr. Fakhrul Arfin (6) Mr. Shaikh Asim Rafiq are eligible and offer themselves for re-election. Mr. H.P. Kotwal and Mr. Sheikh Ajaz Majid have not offered for re-election. Mr. Muhammad Hanif Idrees has consented to act as director and is eligible for election.

4. To appoint M/S Rehman Sarfarz Rahim Iqbal Rafiq, Chartered Accountants as Auditor of the Company for the year ending June 30, 2014 and fix their remuneration as proposed by the members of the company in place of present auditors M/S KPMG Taseer Hadi & Co Chartered Accountants.

5. To transact any other business with the permission of the chair.

SPECIAL BUSINESS:

6. To consider and approve the credit facility of Rs. 50 Million from Bank / Financial Institutions.

Karachi:- October 02, 2013

By Order of the Board

Registered Office:
X-3, Manghopir Road
S.I.T.E., Karachi.

Adnan Iqbal
Company Secretary

Note:

1. The Share Transfer Books of the Company will remain closed from Friday, October 18, 2013 to Friday, October 25, 2013 (both days inclusive)

2. Any member of the Company entitled to attend and vote may appoint a Proxy to attend and vote instead of him/her. Proxies must be received at the registered office of the Company not less than 48 hours before the meeting.

3. Any individual Beneficial Owner of CDC entitled to attend and vote at this meeting must bring his/her CNIC or Passport to prove his/ her identity and in case Proxy must enclose an attested copy of his/her CNIC or Passport. Representative of corporate members should bring the usual documents required for such purpose.

4. Shareholders are requested to notify any change in their addresses immediately to the Share Registrar of the Company.

5. Statement under section 160(1) (b) of the Companies Ordinance 1984 and draft resolution as required under section 164 (1) of the Companies Ordinance 1984 are attached herewith.

STATEMENT UNDER SECTION 160(1)(B) OF THE COMPANIES ORDINANCE 1984

The Company needs to realign itself to be in a position to explore the expected positive turn in the business environment. This realignment requires a regular funding line from a financial institution so that there are no uncertainties in respect of financing facilities. Currently the company is dependent on financing from a related party, which is not feasible.

Company has explored financing options from various financial institutions including National Bank of Pakistan and has decided to obtain financing facility at the most competitive terms against collateral of the land & Building, trade debts and inventory of the Company.

Directors have no interest in the above arrangement except to the extent of their directorship in the company.

DRAFT OF THE RESOLUTION

"RESOLVED that the directors be and are hereby authorised to obtain running financing facility to the extent of Rs.50.00 million (Fund based: Rs.40.00 million and Non Fund based: Rs.10.00 million) from any financial institution which offers the most competitive rates against Company's land & Building, trade debts and inventory as collaterals. The facility may be renewable on each expiry and directors are hereby authorised to negotiate such renewal on each expiry."

DIRECTORS' REPORT TO THE SHARHOLDERS

The Directors are pleased to submit the Annual Report of your Company along with the Audited Accounts and the Auditors' Report thereon for the year ended 30 June 2013. Financial results are as follows:

Financial Results:	**2013** (Rs. 000's)
Profit before taxation	843
Less: Taxation	(711)
Profit after Taxation for the year	132
Earnings Per share	Rs. 0.09

The Country's economy continues to be suffered due to poor law and order situation, energy crises along with other challenges.

Management of your Company has assured that, barring some unforeseen happening, they will try to carry the momentum, built so far, throughout the year.

Board of Directors

The Board of Directors currently comprises a non-executive Chairman, Chief Executive Officer and six non-executive Directors.

Board of Directors' Meetings

During the year 6 (six) meetings of the Board of Directors were held.

Details of attendance by each member of the Board are as follows:

Name of Directors			**Attendance**
Mr. Bashir Ahmed		:	6
Mr. Shamshad Ali		:	6
Mr. H. P. Kotwal		:	6
Mr. Fakhrul Arfin		:	5
Mr. Salman Tarik Kureshi		:	2
Mr. Saeed Mohammad Sheikh		:	5
Mr. Sheikh Asim Rafiq	(NIT Nominee)	:	5
Mr. Muhammad Hanif Idrees	(Alternate to Mr. Sheikh Ajaz Majid)	:	6

Audit Committee
During the year, five meetings of Audit committee were held.

Human Resource Committee
During the year, two meetings of Human Resource Committee were held.

Pattern of Shareholdings.
A statement showing the Pattern of shareholding appears on page No. 45

Earning per share.
Earning per share is Rs. 0.09 [2012: Rs. 1.15]

Auditors.
The present auditors M/s. KPMG Taseer Hadi & Co., Chartered Accountants retire and members of the company propose M/S Rehman Sarfraz Rahim Iqbal Rafiq, Chartered Accountants as auditors of the Company for the year ending June 30, 2014. Being eligible and on the recommendation of the Audit Committee, the Board has approved their appointment.

Reasons for non declaring dividend.
The Directors did not recommend any dividend for the year ended June 30, 2013 as the Company has accumulated losses.

Corporate and Financial Reporting Framework.
The Board of Directors is taking adequate measures for the implementation of the regulations of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan. The Board of Directors confirms compliance with the Corporate and Financial Reporting Framework of the SECP's code of corporate governance of the following:

i The financial statement, prepared by the management of the Company, present fairly its state of affairs, the result of its operation, cash flows and changes in equity.
ii Proper Books of Account of the Company have been maintained.
iii International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
iv The system of internal control is satisfactory and continuous progress is being planned.
v There are no significant doubts upon the Company's ability to continue as a going concern.
vi No statutory payment on account of taxes, duties, levies and charges is due from the Company.
vii There has been no material departure from the best practices of corporate governance, as detailed in the listing Regulations.
viii One of the Board members has completed certified training program.
ix. Key operating and financial data for last six years is annexed at page 7.
x. Value of investment of employees provident fund based on latest audited accounts for the year ended June 30, 2013 is Rs. 1.944 M (2012: Rs. 1.330 M).

The Directors appreciate the support received from Company's bankers, shareholders, employees and other stakeholders who continue to repose trust in your company.

Karachi : October 02, 2013 Chief Executive Officer Director

KEY FINANCIAL AND OPERATING DATA

	2013	2012	2011	2010 (Restated)	2009	2008	2007
	....................................Year Ended 30 June						
	.... (Rupees in thousand) , ...						
NET ASSETS							
Fixed Assets/Investment property (Net)	7,040	1,940	1,879	2,080	2,644	16,496	19,077
Long Term Loans and Deposits	141	91	91	91	180	230	230
Loans to Employees	847	889	737	655	120	660	702
Deferred Taxation		-	-	-	-	580	807
Net Current Assets	(1,601)	3,375	1,935	8,518	11,601	12,211	4,115
Total	6,427	6,295	4,642	11,344	14,545	30,105	24,931
FINANCED BY							
Share Capital	14,400	14,400	14,400	14,400	14,400	14,400	14,400
Reserves	(7,973)	(8,105)	(9,758)	(3,056)	(47)	10,453	4,186
Surplus on Revaluation of Fixed Assets	-	-	-	-	-	4,823	5,578
	6,427	6,295	4,642	11,344	14,353	29,676	24,164
Long Term & Deferred Liabilities	-	-	-	-	192	492	767
Total	6,427	6,295	4,642	11,344	14,545	30,105	24,931
TURNOVER AND PROFIT							
Turnover	142,246	114,662	81,038	96,036	96,786	137,781	303,257
Profit / (Loss) before tax	843	2,800	(5,892)	(2,099)	(6,856)	6,679	(6,995)
Taxation	(711)	(1,147)	(810)	(910)	2,489	825	(884)
Profit / (Loss) after tax	132	1,653	(6,702)	(3,009)	(9,345)	5,854	(7,879)
Dividend	-	-	-	-	-	1,440	-
EARNING & DIVIDEND							
Earning / (Loss) per Rs. 10 share Rs.	0.09	1.15	(4.65)	(2.09)	(6.49)	4.07	(5.47)
Dividend per share- Rs.	-	-	-	-	-	1.00	-

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2013

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in the listing regulations of Karachi and Lahore Stock Exchanges Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	**Names**
Independent Directors	-
Executive Director	Mr. Shamshad Ali
Non-Executive Directors	Mr. Bashir Ahmed
	Mr. H.P. Kotwal
	Mr. Sheikh Ajaz Majid
	Mr. Fakhrul Arfin
	Mr. Salman Tarik Kureshi
	Mr. Saeed Mohammad Sheikh
	Mr. Sheikh Asim Rafiq (NIT Nominee)
	Mr. Muhammad Hanif Idrees (Alternate Director to Sheikh Ajaz Majid)

2 The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.

3 All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Finance Institution (DFI) or a Non-Banking Finance Institution or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4 No casual vacancy of the director occurred during the year.

5 The Company is in the process of preparing a 'Code of Conduct' in accordance with the revised Code which will be signed by all the directors and employees of the Company and will be placed on the Company's website.

6 The Board has developed a vision / mission statement and overall corporate strategy of the Company. A complete record of particulars of significant policies along with the dates will be updated and their record will be maintained.

7 All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and Company Secretary, have been taken by the Board.

8 The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings except for meeting held on 5th June 2013. The minutes of the meetings were appropriately recorded and circulated.

9 One of the directors attended the training program last year. However, the board has not arranged training program for its directors during the year.

10 The Board has approved appointment of Chief Financial Officer (CFO) and Company Secretary including their remuneration and terms and conditions of employment. However, during the period from 01^{st} July 2012 to 30^{th} April 2013, the CFO did not meet the qualification criteria as mentioned in the revised Code. The existing CFO was appointed on 05^{th} June 2013 who meets the qualification criteria as mentioned in the revised Code.

11 The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12 The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.

13 The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding. There has been no change in the Company's shareholding during the year.

14 The Company has complied with the corporate and financial reporting requirements of the Code.

15 The Board has formed an Audit Committee. It comprises three members, of whom all are non-executive directors including the Chairman of the Committee who is not an independent director.

16 The meetings of the Audit Committee were held once in every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the committee have not been formed and advised to the committee for compliance.

17 The board has formed an HR and Remuneration Committee. It comprised of three members, of whom two are non-executive directors and the chairman of the committee is also a non executive director.

18 The Board has outsourced the internal audit function to M/S Shekha & Mufti Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. The Company has not appointed / designated any person as the head of internal audit.

19 The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold Shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20 The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21 The 'closed period', prior to announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.

22 Material / price sensitive information has been disseminated among all market participants at once through stock exchange.

23 We confirm that all other material principles, except those mentioned above, contained in the Code have been complied with.

For and on behalf of the Board of Directors

Karachi: October 02, 2013

Shamshad Ali
Chief Executive Officer

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi, 75530 Pakistan

Telephone + 92 (21) 3568 5847
Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Buxly Paints Limited ("the Company") to comply with the listing regulations of the respective Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

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

Further, Listing Regulations of Karachi and Lahore Stock Exchanges requires the Company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance.

We draw attention to paragraphs 5,6,8,9,10,15,16 and 18 which describes certain non-compliances in respect of code of conduct and its placement on website, records of significant policies, circulation of notice of meetings, orientation course and training program for directors, qualification requirements of CFO, chairman of audit committee, term of reference of audit committee and appointment of head of internal audit respectively.

KPMG Taseer Hadi

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 02 October 2013
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi, 75530 Pakistan

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Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Buxly Paints Limited ("the Company") as at 30 June 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
b) in our opinion:
   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
   ii) the expenditure incurred during the year was for the purpose of the Company's business; and
   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2013 and of the profits, its cash flows and changes in equity for the year then ended; and

d) in our opinion, no Zakat deductible at source under the Zakat and Ushr Ordinance, 1980,(XVIII OF 1980).

We draw attention to note 10 to the financial statements, which describes the sale of gross trade receivables alongwith provision to Berger Paints Pakistan Limited, an associated company. Our opinion is not qualified in respect of this matter.

KPMG Taseer Hadi

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 02 October 2013
Karachi

BALANCE SHEET AS AT 30 JUNE 2013

	Note	30 June 2013	30 June 2012
ASSETS		**(Rupees in '000')**	
Non current assets			
Property, plant and equipment	4	**453**	491
Investment properties	5	**6,587**	1,449
Long term loans and advances	6	**847**	889
Long term deposits		**91**	91
Term deposit receipts	7	**50**	-
Deferred taxation	8	**-**	-
		8,028	2,920
Current assets			
Stock-in-trade	9	**28,631**	26,118
Trade debts - unsecured	10	**39,453**	35,089
Current portion of long term loans and advances	6	**431**	354
Mark up receivable		**202**	77
Advances and deposits	11	**6,382**	8,168
Prepayments and other receivables	12	**3,113**	5,643
Taxation - net		**3,948**	4,471
Term deposit receipts	13	**1,580**	150
Cash and bank balances	14	**6,491**	10,847
		90,231	90,917
Total assets		**98,259**	93,837
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
5,000,000 (2012: 5,000,000) Ordinary shares of Rs.10 each		**50,000**	50,000
Issued, subscribed and paid-up capital	15	**14,400**	14,400
Reserves		**5,993**	5,993
Accumulated loss		**(13,966)**	(14,098)
		6,427	6,295
Current liabilities			
Short term running finance - secured	16	**-**	1,836
Loan from related party	17	**40,000**	-
Trade and other payables	18	**46,142**	85,626
Mark-up and service charges accrued	17	**5,690**	80
		91,832	87,542
Contingencies and commitments	19		
Total equity and liabilities		**98,259**	93,837

The annexed notes 1 to 36 form an integral part of these financial statements.

Chief Executive Officer **Director**

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2013

	Note	30 June 2013	30 June 2012
		(Rupees in '000')	
Sales - net	20	**142,246**	114,662
Cost of sales	21	**(117,781)**	(95,981)
Gross profit		**24,465**	18,681
Distribution and selling expenses	22	**(10,997)**	(10,807)
Administrative expenses	23	**(8,698)**	(5,268)
		(19,695)	(16,075)
		4,770	2,606
Other income	24	**2,144**	956
		6,914	3,562
Finance cost	25	**(6,009)**	(556)
Workers' Profit Participation Fund		**(45)**	(150)
Workers' Welfare Fund		**(17)**	(56)
		(6,071)	(762)
Profit before tax		**843**	2,800
Taxation	26	**(711)**	(1,147)
Profit for the year		**132**	1,653
		Rupees	
Earning per share - basic and diluted	27	**0.09**	1.15

The annexed notes 1 to 36 form an integral part of these financial statements.

Chief Executive Officer **Director**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	30 June 2013	30 June 2012
	(Rupees in '000')	
Profit after tax	**132**	1,653
Other comprehensive income	**-**	-
Total comprehensive income	**132**	1,653

The annexed notes 1 to 36 form an integral part of these financial statements.

Chief Executive Officer **Director**

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013

	Note	30 June 2013	30 June 2012
		(Rupees in '000')	
Cash flows from operating activities			
Profit before tax		**843**	2,800
Adjustments for:			
Depreciation		**384**	96
Financial charges		**6,009**	556
Mark-up on term deposit receipt		**(125)**	(11)
Reversal for doubtful debts		**(418)**	(196)
Provision against slow moving stocks		**600**	393
		7,293	3,638
(Increase) / decrease in current assets			
Stock-in-trade		**(3,113)**	(7,523)
Trade debtors		**(3,946)**	(5,034)
Advances and deposits		**1,786**	(328)
Prepayments and other receivables		**2,453**	9
		(2,820)	(12,876)
(Decrease) / increase in current liabilities			
Creditors and accrued liabilities		**(39,484)**	15,001
Long term loans and advances		**42**	(152)
Net cash (used in) / generated from operating activities		**(34,969)**	1,973
Income tax (paid) / refund		**(188)**	2,900
Finance cost paid		**(399)**	(491)
Net cash (used in) / generated from operations		**(35,556)**	8,020
Cash flows from investing activities			
Addition to investment property - office building		**(5,408)**	-
Addition to property, plant and equipment		**(76)**	(157)
Investment in term deposit certificate		**(1,480)**	-
Net cash used in investing activities		**(6,964)**	(157)
Cash flows from financing activities			
Loan from related party		**40,000**	-
Net cash from financing activities		**40,000**	-
Net (decrease) / increase in cash and cash equivalents during the year		**(2,520)**	7,863
Cash and cash equivalents at beginning of the year		**9,011**	1,148
Cash and cash equivalents at end of the year	28	**6,491**	9,011

The annexed notes 1 to 36 form an integral part of these financial statements.

Chief Executive Officer **Director**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Issued, Subcribed and paid-up capital	General reserve	Accumulated Loss	Total
	-----------------	(Rupees in 000's)	-----------------	
Balance as at 01 July 2011	14,400	5,993	(15,751)	4,642
Total comprehensive income for the year	-	-	1,653	1,653
Transactions with owners directly recognized in equity	-	-	-	-
Balance as at 30 June 2012	14,400	5,993	(14,098)	6,295
Total comprehensive income for the year	-	-	132	132
Transactions with owners directly recognized in equity	-	-	-	-
Balance as at 30 June 2013	**14,400**	**5,993**	**(13,966)**	**6,427**

The annexed notes 1 to 36 form an integral part of these financial statements.

Chief Executive Officer **Director**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1. NATURE AND STATUS OF THE COMPANY

The Company was incorporated in Pakistan in April 1954 as a private limited company under the Companies Act, 1913 (now the Companies Ordinance, 1984) with registered office in Karachi, Sindh and subsequently converted into a public limited company in May 1985. Its shares are listed on the Karachi and Lahore Stock Exchanges. The principal activity of the Company is manufacturing and sale of paints, pigments, protective surface coating, varnishes and other related products under a toll manufacturing agreement with Berger Paints Pakistan Limited dated 06 January 2003, at a specified toll manufacturing fees. As per the agreement, the Company will deliver the materials, packing, filling and other bulk components, together with other ingredients to Berger Paints Pakistan Limited, who will process the ingredients and pack the products and deliver the product to the Company or designated party in Pakistan indicated by the Company.
The registered office of the Company is situated at X-3, Manghopir Road, S.I.T.E. Karachi, Pakistan.

The Company has taken measures to improve sales and profitability in the years ahead for which it has prepared five years budgeted plans. As per the plans, the Company expects growth of approximately 20 percent in its revenue and will give their best effort to reduce its expenses. These budgeted plans have also been approved by the Board of Directors of the Company.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRSs) issued by the International Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements differ, the provisions of, or directives issued under the companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is also the Company's functional currency. All figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustment relates to :

- Estimated useful lives of property and equipment (notes 3.1 and 4)

- Recognition of taxation and deferred taxation (notes 3.9 , 8 and 26)

- Provisions (note 3.11)

- Classification of investment properties (notes 3.3 and 5)

- Provision against trade debts and other receivables (notes 3.5 and 10)

- Stock-in-trade (notes 3.6 and 9)

2.5 Standards, interpretations and amendments which became effective during the year

Following are the amendments of approved accounting standards which became effective for the current period:

- IAS 1 - Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment)

- IAS 12 - Deferred tax on investment property (Amendment)

  The adoption of the above amendments of the standards did not have any impact on the financial statements.

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

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning from the dates specified below:

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income, this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19 and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The amendment has no impact on the financial statements of the Company.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendment has no impact on the financial statements of the Company.

- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale, and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on the financial statements of the Company.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Disclosure and Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The amendment has no significant impact on the financial statements of the Company.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement. The amendment has no significant impact on the financial statements of the Company.

Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013).

The new cycle of improvements contains amendments to the following standards, with consequential amendments to other standards and interpretations.

- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period 30 June 2012 which is the preceding period of 30 June 2013 is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is onlyrequired if the effect of restatement is material to statement of financial position. The amendment would have no impact on the financial statements of the Company.

- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories. The amendment has no impact on the financial statements of the Company.

- IAS 32 Financial Instruments: Disclosure and Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12. The amendments would have no impact on the financial statements of the Company.

- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment. The amendment has no significant impact on the financial statements of the Company.

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The requirements would have no impact on the financial statements of the Company.

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The requirements would have no impact on the financial statements of the Company.

- IAS 39 Financial Instruments: Recognition and Measurement- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after 1 January 2014). The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one). The requirements would have no impact on the financial statements of the Company.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be impact on the financial statements of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property, plant and equipment

Owned

Property, plant and equipment are measured at cost less accumulated depreciation and any impairment loss, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation on all property, plant and equipment other than computers is charged on the reducing balance method at the rates specified in note 4. Depreciation on computers is charged on straight line method.

Depreciation methods, useful lives and residual values of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each balance sheet date.

Depreciation on additions to property, plant and equipment is charged from the day the asset is available for use while no depreciation is charged from the day the asset is disposed off.

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

3.2 Leases

Finance leases

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. At inception, finance leases are capitalised at the lower of present value of minimum lease payments under the lease agreements or the fair value of the asset.

Minimum lease payments made under finance leases are apportioned between the finance cost and the reduction of the outstanding liability. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest.

Assets acquired under a finance lease are depreciated over the estimated useful life of the assets on reducing balance method at the rates mentioned in note 4.

Depreciation methods, useful lives and residual values of asset that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each balance sheet date.

Depreciation on additions to leased assets is charged from the day the asset is available for use while no depreciation is charged from the day the asset is disposed off.

3.3 Investment properties

Investment properties are accounted for under cost model and are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation on office building is charged to profit and loss account by applying the straight line method at the rate of 5% per annum after taking into account residual value, if any. Depreciation on addition is charged from the day the asset is available for use while no depreciation is charged from the day the asset is disposed off. Depreciation methods, useful lives and residual values of each part of investment property that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each balance sheet date. Depreciation of leasehold land is suspended in accordance with the revised requirements of IAS 17.

Gains or losses on sale of investment properties are charged to the profit and loss account in the period in which they arise.

3.4 Staff retirement benefits

Defined contribution plan

The Company operates an approved provident fund scheme for its employees. Equal monthly contributions are made, both by the Company and the employees to the fund at the rate of 8.33% of basic salary.

Defined benefit plan

The Company was operating unfunded approved gratuity scheme for all its permanent employees till 31 December 1996. Thereafter the scheme was discontinued and induction of the new employees to the scheme was stopped. The benefit to the existing members of the scheme was restricted to the gratuity payable as at 31 December 1996.

Compensated absences

The Company accounts for all accumulated compensated absences when employees render services that increase their entitlement to future compensated absences. Accrual is made for employees compensated absences on the basis of last drawn pay.

3.5 Trade debts

Trade debts and other receivables are recognised initially at fair value and subsequently measured at amortised cost using effective interest rate method, if applicable, less provision for impairment losses, if any. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are provided / written off.

3.6 Stock-in-trade

Stock of raw materials, except for those in transit, work in process and finished goods are valued principally at the lower of weighted average cost and net realisable value. Cost of work in process and finished goods comprises cost of direct materials, labour and appropriate manufacturing overheads.

Materials in transit are stated at cost comprising invoice value plus other charges paid thereon.

Net realisable value signifies the estimated selling price in the ordinary course of business less estimated costs necessary to be incurred in order to make a sale.

3.7 Revenue recognition

- Revenue from sale of goods is recognised when significant risk and rewards of ownership are transferred to the buyer i.e. when deliveries are made.

- Royalty and rent income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

- Interest income on bank deposits is recognised on time proportion basis using the effective Interest method.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short term borrowings that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

3.9 Taxation

Current

Provision for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any.

Deferred

Deferred taxation is provided, using the balance sheet method, in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and their tax base.

The amount of deferred tax recognised is based on expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unused tax assets and unused tax losses 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.

3.10 Borrowings

Interest bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, these are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss account over the period of the borrowings on an effective interest basis.

3.11 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.12 Financial assets and liabilities

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at fair value plus directly attributable transaction costs, if any and subsequently measured at amortised cost using effective interest rate method if applicable, less provision for impairment, if any.

3.13 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet when the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset.

3.14 Trade and other payables

Financial liabilities are initially recognized at fair value plus directly attributable cost, if any, and subsequently at amortized cost using effective interest rate method.

Other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

3.15 Foreign currencies

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction.

3.16 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved.

3.17 Earning per share

The Company presents basic and diluted earnings per shares (EPS) data. Basic EPS is calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

3.18 Impairment

Financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit and loss account.

Non-financial assets

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognised as expense in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

4. PROPERTY, PLANT AND EQUIPMENT

2013

	Cost					**Accumulated depreciation**				**Written**
	As at 1 July 2012	**Addition s**	**Disposals**	**As at 30 June 2013**	**Rate %**	**As at 1 July 2012**	**Charge for the year**	**Reversal**	**As at 30 June 2013**	**down value as on 30 June 2013**
	--------------- (Rupees in '000) -------------					**------------------------- (Rupees in '000) -----------------------**				
Owned										
Furniture and fixtures	**460**	**-**	**-**	**460**	**10**	**328**	**13**	**-**	**341**	**119**
Vehicles	**410**	**-**	**-**	**410**	**20**	**308**	**20**	**-**	**328**	**82**
Office equipments	**256**	**-**	**-**	**256**	**10**	**167**	**9**	**-**	**176**	**80**
Computers	**665**	**76**	**-**	**741**	**33**	**497**	**72**	**-**	**569**	**172**
	1,791	**76**	**-**	**1,867**		**1,300**	**114**	**-**	**1,414**	**453**

2012

	Cost					Accumulated depreciation				Written
	As at 1 July 2011	Additions	(Disposals) transfers	As at 30 June 2012	Rate %	As at 1 July 2011	Charge for the year	(Reversal) / transfers	As at 30 June 2012	down value as on 30 June 2012
	------------------ (Rupees in '000) -----------------									
Owned										
Leasehold land	1,536	-	(1,536)	-	-	87	-	(87)	-	-
Furniture and fixtures	460	-	-	460	10	313	15	-	328	132
Vehicles	410	-	-	410	20	282	26	-	308	102
Office equipments	256	-	-	256	10	157	10	-	167	89
Computers	508	157	-	665	33	452	45	-	497	168
	3,170	157	(1,536)	1,791		1,291	96	(87)	1,300	491

The Shareholders of the Company at their Extra Ordinary General Meeting held on 19 January 2011 authorised the sale of the Company owned land measuring 1.1 acres situated at X/3, Manghopir Road, S.I.T.E., Karachi. However, the company could not find a suitable buyer for the land accordingly the Board of Directors in their meetings held on 5 October 2011 and 28 October 2011, approved the division of Company's land into two portions as follows:

- To refurbish the Company's building on one portion and rent out to Berger Paints Pakistan Limited; and

- To put the other portion on sale or to obtain bank loan against the Company's land as deemed fit by the directors.

"The above mentioned arrangement was approved by the shareholders in their Annual General Meeting on 31 October 2011."

5. INVESTMENT PROPERTIES

2013

	Note	Cost: As at 1 July 2012	Cost: Addition	Cost: As at 30 June 2013	Rate %	Depreciation: As at 1 July 2012	Depreciation: Charge for the year	Depreciation: As at 30 June 2013	Written down value as at 30 June 2013
		(Rupees in '000)				(Rupees in '000)			
Leasehold land		1,536	-	1,536	-	87	-	87	1,449
Office building	5.2	-	5,408	5,408	5	-	270	270	5,138
		1,536	5,408	6,944		87	270	357	6,587

2012

	COST: As at 1 July 2011	COST: Transfer	COST: As at 30 June 2012	Rate %	DEPRECIATION: As at 1 July 2011	DEPRECIATION: Transfer	DEPRECIATION: As at 30 June 2012	Written down value as at 30 June 2012
	(Rupees in '000)				(Rupees in '000)			
Leasehold land	-	1,536	1,536		-	87	87	1,449

5.1 On 18 April 2012, the Company rented out portion of the land to Berger Paints Pakistan Limited as approved by the Board of Directors and shareholders of the Company. Further, the remaining land is currently held for an undetermined future use, accordingly, the land has been classified as investment property in accordance with the requirements of International Accounting Standard 40 - Investment property.

5.2 In 2012, building and other structure on this land was constructed by Berger Paints Pakistan Limited (BPPL) (an associated undertaking). During the current year, BPPL instructed the Company to set off the amount of such expenditures against its receivable amount. Accordingly, the Company has reduced the amount of receivable from BPPL amounting to Rs. 5.408 million and added the same amount as addition in office building. As the office building is being held for rental purposes, it has been classified as investment property as per the requirements of International Accounting Standard 40 - Investment property.

5.3 The fair value of the total land (representing 1.11 acre) and office building, according to a valuation carried out by an independent valuer on 04 July 2013, amounted to Rs. 66.6 million (2012: Rs. 77.75 million) and Rs. 6.09 million respectively. The valuation was carried out by inquiring the market rates of similar sized plots in near vicinity from the real estate agents, keeping in view the location, size and availability of land in near vicinity.

		Note	2013	2012
5.4	Depreciation for the year has been allocated as follows:		**(Rupees in '000')**	
	Distribution and selling expenses	22	**77**	19
	Administrative expenses	23	**307**	77
			384	96

6. LONG TERM LOANS AND ADVANCES

- Secured, considered good

	Note	2013	2012
Non - executive employee loans	6.1	**1,278**	1,243
Receivable within one year		**(431)**	(354)
		847	889

6.1 This represents interest free loan to employees for the purpose of purchase of motor vehicles. These loans are secured against these motor vehicles and are recoverable in 60 equal monthly instalments.

6.2 These loans have not been discounted to their present values as the financial impact is not material. Maximum aggregate balances due at the end of any month during the year were as follows:

	2013	2012
Non - executive employees	**1,512**	1,366

7. TERM DEPOSIT RECEIPTS

This term deposit receipt carries mark-up at the rate of 8.35% (2012: 9.10%) per annum. The term deposit will mature on 27 January 2015. This term deposit receipt is under lien against letter of guarantee issued by the bank.

8. DEFERRED TAXATION

Deferred tax asset available for carry forward is recognised to the extent of the realisation of related tax benefit. The Company has not recognised deferred tax assets of Rs.12.399 million (2012: Rs. 14.444 million) in respect of temporary differences amounting to Rs. 35.255 million (2012: Rs. 40.410 million).

9. STOCK-IN-TRADE

	Note	2013	2012
Packing material		**681**	1,097
Work-in-process	9.1	**7,843**	6,401
Finished goods		**23,485**	21,398
		32,009	28,896
Provision against slow moving stocks:	9.2	**(3,378)**	(2,778)
- Finished goods		**28,631**	26,118

9.1 Work in process amounting to Rs. 7.843 million (2012: Rs. 6.401 million) is held at the premises of Berger Paints Pakistan Limited, an associated undertaking as at 30 June 2013.

		Note	2013	2012
			(Rupees in '000')	
9.2	Particulars of provision are as follows:			
	Opening balance		**2,778**	2,385
	Charge for the year		**600**	393
	Closing balance		**3,378**	2,778
10.	**TRADE DEBTS - unsecured**			
	Considered good		**39,453**	35,089
	Considered doubtful		**11,870**	26,688
			51,323	61,777
	Provision against debts considered doubtful		**(11,870)**	(26,688)
			39,453	35,089
10.1	Particulars of provision are as follows:			
	Opening balance		**26,688**	26,884
	Reversal for the year		**(14,818)**	(196)
	Closing balance		**11,870**	26,688

10.2 The Company through an asset purchase agreement sold gross receivables worth Rs. 16.7 million to Berger Paints Pakistan Limited (an associated company) on 3rd June 2013, along with provision of Rs. 14.4 million. The Board of Directors of the Company has approved the agreement in their meeting held on 02 October 2013. The consideration for this sale was Rs. 2.3 million which has been adjusted against the payable balance with Berger Paints Pakistan Limited and the provision against such receivables has been reversed in the books of the Company.

		Note	2013	2012
11.	**ADVANCES AND DEPOSITS**			
	Advances - unsecured, considered good			
	Employees		**22**	40
	Deposits			
	Margin against letters of guarantee		**1,887**	2,636
	Earnest money and tender deposits - net	11.1	**4,426**	5,446
	Central Depository Company of Pakistan Limited		**10**	10
	Suppliers		**21**	21
	Others		**16**	15
			6,360	8,128
			6,382	8,168
11.1	Earnest money and tender deposits - net			
	Earnest money and tender deposits		**4,926**	5,446
	Provision against expired earnest money and tender deposit		**(500)**	-
			4,426	5,446

		Note	2013	2012
			(Rupees in '000')	
12.	**PREPAYMENTS AND OTHER RECEIVABLES**			
	Prepayments			
	Insurance		**29**	70
	Others		**182**	161
			211	231
	Other receivables			
	Sales tax receivable	12.1	**2,902**	5,412
			3,113	5,643

12.1 During the period from July 2009 to June 2011, the Company could not claim input tax amounting to Rs. 0.746 million in terms of Section 7 & 8 of the Sales Tax Act 1990. Accordingly, the Company has filed an application to the Commissioner Inland Revenue under section 74 of the Act for out of tax period adjustment of the aforementioned amount. The verification of input tax not claimed has been initiated by concerned tax office.

During the tax period of February 2011, the Company had declared a sales tax refund of Rs. 2.484 million in the sales tax return. Out of the above refund an amount of Rs. 1.022 million has been adjusted by the Company in revised return for the tax periods of February 2011 till June 2012. For remaining balance of Rs. 1.461 million a separate refund claim under section 66 of the Act has been filed by the Company.

The Company and its tax advisor are confident that the Company will be able to adjust the above tax credits. Accordingly, no provision has been recognized in the financial statements.

13. TERM DEPOSIT RECEIPTS

These term deposit receipts carrying mark-up at the rates ranging from 8.25% to 8.50% (2012: 8.50% to 9.00%) per annum having maturities ranging from August 2013 to May 2014. These term deposit receipts are under lien against letter of guarantees issued by the banks.

14. CASH AND BANK BALANCES

	2013	2012
In hand	**52**	35
At banks - in current accounts	**6,439**	10,812
	6,491	10,847

15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2013	2012		2013	2012
(Number of Shares)				
1,257,288	1,257,288	Ordinary shares of Rs.10 each fully paid in cash	**12,573**	12,573
82,712	82,712	Ordinary shares of Rs.10 each fully paid for consideration other than cash	**827**	827
100,000	100,000	Ordinary shares of Rs.10 each issued as fully paid bonus shares	**1,000**	1,000
1,440,000	1,440,000		**14,400**	14,400

Issued, subscribed and paid-up capital at the year end included 990,808 (2012: 990,808) ordinary shares of Rs. 10 each, held by associated undertakings.

16. SHORT TERM RUNNING FINANCE - secured

This represents short term running finance facility of Rs. Nil (2012: Rs. 2.213 million) obtained from Habib Metropolitan Bank Limited to finance the working capital requirements. The facility carried a mark up at the rate of Nil (2012: 2.5 percent above three months average KIBOR). The facility expired on 30 September 2012.

17. LOAN FROM RELATED PARTY

On 10 July 2012, the Company received an advance of Rs. 40 million from M.S. Orchids (Private) Limited, a related party through an agreement dated 30 June 2012. As per the agreement, M.S. Orchids (Private) Limited desired to help the Company to meet its annual sales target through dealers network and to facilitate the business requirements of the Company.

The Company shall pay service charges at the rate of 4% on its annual net sales value, to be worked out on the basis of audited annual accounts of the Company. The provisional payments shall be made on quarterly basis by 15 October, 15 January, 15 April and 15 July for the respective preceding quarters.

As the Company intends to settle the whole amount within one year, this has been classified as current liability.

18. TRADE AND OTHER PAYABLES

	Note	2013	2012
		(Rupees in '000')	
Creditors	18.1	**43,445**	58,965
Accrued expenses		**810**	922
Unclaimed dividend		**319**	319
		44,574	60,206
Other liabilities			
Advances from customers		**905**	25,177
Unfunded gratuity scheme	18.2	**7**	7
Workers' profit participation fund	18.3	**54**	9
Employees' provident fund		**26**	27
Provision for compensated absences		**110**	-
Commission payable		**-**	64
Others	18.4	**466**	136
		1,568	25,420
		46,142	85,626

18.1 Included herein is a sum of Rs. 42.891 (2012: Rs. 53.813) million due to Berger Paints Pakistan Limited, an associated undertaking.

18.2 With effect from 1 January 1997, the Company discontinued its unfunded staff gratuity scheme for all of its employees. The entitlement for gratuity, which was already earned by the employees at that date, was restricted to the date of discontinuance. Since the total liability payable by the Company has been provided for, actuarial valuation was not carried out.

		Note	2013	2012
			(Rupees in '000')	
18.3	**Workers' profit participation fund**			
	Balance as at 1 July		**9**	(141)
	Charge for the year		**45**	150
	Balance as at 30 June		**54**	9

18.4 It includes payables on account of union subscription, EOBI, employee income tax and income tax on commissions.

19. CONTINGENCIES AND COMMITMENTS

Commitments

	Note	2013	2012
Commitment under toll manufacturing agreement		**347**	258
Contingencies			
Letter of guarantees	19.1	**1,887**	2,636

19.1 These represent guarantees given against supplies to Government departments against their orders and in favour of Collector of Central Excise Department and Customs.

19.2 On 7 January 2013, the SITE authority served a notice on the Company for payment of dues in respect of 'Development, Water, Conservancy, Rent and Renewal of license fee' amounting to Rs.4.005 million, which includes an amount of Rs. 3.860 million relating to renewal of license fee. The Company, through its legal advisor, replied to the above notice stating the fact that the lease was executed / registered by SITE in the year 2006 in favour of the Company. Further, as per the rules and procedures of SITE, once the lease has been executed / registered, the renewal of license fee is no longer payable.

The Company and its legal advisor are confident that the renewal of license fee will not be payable. Consequently, no provision has been recognised in the financial statements

		2013	2012
		(Rupees in '000')	
20.	**SALES - net**		
	Gross sales	**167,315**	134,105
	Sales tax and excise duty	**(23,161)**	(18,497)
		144,154	115,608
	Commission and discount	**(1,908)**	(946)
		142,246	114,662

21. COST OF SALES

	Note	2013	2012
		(Rupees in '000')	
Opening Stock			
Packing material		**1,097**	597
Purchases			
Raw material		**106,846**	91,953
Packing material		**8,063**	7,183
		114,909	99,136
		116,006	99,733
Closing stock			
Packing material		**(681)**	(1,097)
Raw and packing material consumed		**115,325**	98,636
Manufacturing expenses			
Toll manufacturing		**5,985**	4,368
Work in process			
Opening stock		**6,401**	3,060
Closing stock		**(7,843)**	(6,401)
		(1,442)	(3,341)
Cost of goods manufactured		**119,868**	99,663
Finished goods			
Opening stock		**21,398**	17,716
Closing stock		**(23,485)**	(21,398)
		117,781	95,981

22. DISTRIBUTION AND SELLING EXPENSES

	Note	2013	2012
Salaries and other benefits	22.1	**7,746**	7,586
Insurance		**64**	11
Rent, rates and taxes		**240**	240
Carriage outward		**1,832**	2,135
Sample and packing		**139**	5
Advertising and promotional expenses		**85**	121
Travelling and conveyance		**307**	208
Printing and stationery		**201**	28
Postage, telephone and fax		**31**	25
Electricity and gas		**-**	143
Repairs and maintenance		**-**	7
Depreciation	5.4	**77**	19
Entertainment and welfare		**54**	64
Fees and subscription		**67**	38
Donation expense		**10**	-
Sundry expenses		**144**	177
		10,997	10,807

22.1 Included herein is a sum of Rs. 0.112 million (2012: Rs. 0.116 million) in respect of staff retirement benefits.

23. ADMINISTRATIVE EXPENSES	Note	2013	2012
		(Rupees in '000')	
Salaries and other benefits	23.1	**3,440**	1,764
Directors' fee		**240**	250
Electricity, gas and water		**-**	143
Insurance		**34**	139
Printing and stationery		**291**	550
Postage, telephone and fax		**130**	137
Travelling and conveyance		**162**	106
Service charges		**240**	240
Auditor's remuneration	23.2	**400**	400
Fees and subscription		**80**	70
Legal and professional fees		**1,157**	222
Vehicle running expenses		**337**	267
Repairs and maintenance		**94**	15
Depreciation	5.4	**307**	77
Provision against expired earnest money and tender deposit		**500**	-
Provision against slow moving stocks		**600**	393
Provision for compensated absences		**110**	-
Entertainment and welfare		**261**	284
Miscellaneous fee and taxes		**315**	211
		8,698	5,268

23.1 Included herein is Rs. 0.069 million (2012: Rs. 0.035 million) in respect of staff retirement benefits.

23.2 Auditors' remuneration		2013	2012
Statutory audit		**250**	250
Half yearly review		**75**	75
Others		**75**	75
		400	400

24. OTHER INCOME	Note	2013	2012
Financial asset			
Mark up on term deposit receipts		**125**	11
Non financial asset			
Royalty income	24.1	**720**	599
Reversal of provision against doubtful debts		**418**	196
Creditors written off		**81**	-
Rental income	24.2	**800**	150
		2,019	945
		2,144	956

24.1 In 2007, the Company entered into a royalty agreement with Berger Paints Pakistan Limited, an associated undertaking, at the rate of 1 percent of net sales for the use of the Company's brand name.

24.2 In the previous year, the Company rented out one portion of the land to Berger Paints Pakistan Limited.

	Note	2013	2012
25. FINANCE COST		**(Rupees in '000')**	
Mark-up on Short term running finance		**6**	394
Service charges	17	**5,690**	-
Bank charges		**313**	162
		6,009	556
26. TAXATION			
Current		**711**	1,147

26.1 Current status of tax assessments

The income tax assessments of the Company have been finalised upto and including the tax year 2012 (Income year ended 30 June 2012). The return for tax years 2003 to 2012 have been filed under the Universal Self Assessment Scheme which provides that return filed is deemed to be an assessment order. However, these returns (i.e. return for tax years 2008 to 2012) may be selected for detail audit within five years and the Commissioner of Income Tax may amend the assessment in case of objection raised in audit.

26.1.1 The tax charge for this year has been computed at the rate of 0.5% of turnover in accordance with the requirement of Income Tax Ordinance, 2001.

26.2 Reconciliation of accounting profit and tax expense

	2013	2012
Profit before tax	**843**	2,800
Tax at the enacted tax rate of 35% (2012: 35%)	**295**	980
Tax effect due to minimum tax	**711**	1,147
Tax losses on which deferred tax asset is not recognised	**(295)**	(980)
	711	1,147

27. EARNING PER SHARE

Basic earning per share has been computed by dividing net profit for the year after taxation by the weighted average number of shares outstanding during the year. There is no dilutive effect on the basic earning per share.

	2013	2012
Profit for the year after tax	**132**	1,653
	(Shares in '000)	
Weighted average number of shares outstanding during the year	**1,440**	1,440
	(Rupees)	
Earning per share	**0.09**	1.15

28. CASH AND CASH EQUIVALENTS

	Note	2013	2012
		(Rupees in '000')	
Cash and cash equivalents comprise of:			
Cash and bank balances	14	**6,491**	10,847
Short term running finance	16	**-**	(1,836)
		6,491	9,011

29. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

	2013			2012		
	Chief Executive	**Executives**	**Director**	Chief Executive	Executives	Director
	(Rupees in '000')					
Directors' fee	**-**	**-**	**240**	-	-	250
Managerial remuneration	**584**	**2,736**	**-**	846	1,643	-
House rent allowance	**262**	**502**	**-**	259	702	-
Utilities	**58**	**106**	**-**	58	164	-
Conveyance	**58**	**106**	**-**	58	105	-
Medical expenses	**58**	**-**	**-**	58	-	-
Entertainment allowance	**-**	**-**	**-**	-	199	-
	1,020	**3,450**	**240**	1,279	2,813	250
Number of persons	**1**	**4**	**7**	1	4	7

30. PLANT CAPACITY AND PRODUCTION

	2013	2012
	(In litters)	
Produced for the Company by a related party under toll manufacturing agreement	**620,894**	543,969

31. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

Related parties comprises of Berger Paints Pakistan Limited, M.S.Orchids (Private) limited, directors of the Company, major share holders and their close family members and key management personnel.

The Company continues to have a policy whereby all transactions with related parties undertakings are entered into at commercial terms and conditions at agreed rates. Further, contribution to defined contribution plan (provident fund) are made as per the terms of employment. Remuneration of key management personnel are in accordance with their terms of engagements. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Associated undertakings	2013	2012
	(Rupees in '000')	
Berger Paints Pakistan Limited		
Purchase during the year	**107,114**	91,953
Rental expense and service charges	**3,608**	3,608

	Note	2013	2012
		(Rupees in '000')	
Toll manufacturing expenses incurred		**5,985**	4,368
Due to Berger Paints Pakistan Limited		**42,891**	52,281
Royalty income from Berger Paints Pakistan Limited - (under royalty agreement)		**720**	599
Rental income from Berger Paints Pakistan Limited - (under rent agreement)		**800**	150
National Bank of Pakistan - Current account		**61**	28
Remuneration of key management personnel			
Management remuneration		**2,597**	2,091
House rent and other benefits		**661**	1,171
Buxly Paints Limited Provident Fund			
Company's contribution		**181**	151
Payable to Provident Fund		**26**	27
M.S. Orchids (Private) Limited			
Advance from M.S. Orchids (Private) Limited		**40,000**	-
Service charges for the year		**5,690**	-
Service charges payable		**5,690**	-

32. FINANCIAL INSTRUMENTS

The objective of the Company's overall financial risk management is to minimize earnings volatility and provide maximum return to shareholders. The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework and policies.

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

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

32.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by the changes in economics, political or other conditions.

Concentration of credit risk indicate the relative sensitivity of the Company's performance for developments affecting a particular industry.

Exposure to credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail to perform as contracted and arise principally from loans and advances, advances and deposits, trade debts and security deposits.

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 60 days to customers to reduce the credit risk.

The Company's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	2013	2012
	(Rupees in '000')	
Long term loans and advances	**847**	889
Long term deposits	**91**	91
Trade debts	**39,453**	35,089
Current portion of long term loans and advances	**431**	354
Mark-up receivable	**202**	77
Other receivables	**2,902**	5,412
Advances and deposits	**6,382**	8,168
Term deposit receipts	**1,630**	150
Bank balances	**6,439**	10,812
	58,377	61,042

Credit Quality

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and where available external credit ratings. The carrying values of trade debts which are neither past due nor impaired are given as below:

	2013		2012	
	Gross	Impairment	Gross	Impairment
	(Rupees in '000')		(Rupees in '000')	
Past due 0 - 30 days	**19,942**	**-**	12,259	-
Past due 31 - 60 days	**11,092**	**-**	6,856	-
Past due 61 - 180 days	**4,416**	**-**	4,274	-
Past due 181 - 365 days	**-**	**-**	-	-
More than 365 days	**15,873**	**11,870**	38,388	26,688
	51,323	**11,870**	61,777	26,688

More than 365 days includes trade debts amounting to Rs. 3.992 million (2012: Rs. 11.700 million) in respect of decorative paints business, which will be collected by Berger Paints Pakistan Limited.

The movement in provision for impairment of trade debts is given in note no. 10.1

The credit quality of the Company's major banks is assessed with reference to external credit ratings which are as follows:

Bank	Rating Agency	Rating	
		Short term	Long term
National Bank of Pakistan	JCR-VIS	A1+	AAA
Habib Bank Limited	JCR-VIS	A1+	AA+
MCB Bank Limited	PACRA	A1+	AAA
NIB Bank Limited	PACRA	A1+	AA-
Bank Alfalah Limited	PACRA	A1+	AA
Bank AL Habib Limited	PACRA	A1+	AA+
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Faysal Bank Limited	JCR-VIS	A1+	AA

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

32.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

Exposure to liquidity risk

The Company is exposed to liquidity risk in respect of its financial liabilities. The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	2013				
	Carrying amount	**Contractual cash flows**	**Three months or less**	**Three months to one year**	**More than one year**
	(Rupees in '000)				
Non-derivative financial liabilities					
Trade and other payables	**39,547**	**(39,547)**	**(39,547)**	**-**	**-**
Mark-up payable	**5,690**	**(5,690)**	**(5,690)**	**-**	**-**
	45,237	**(45,237)**	**(45,237)**	**-**	**-**

	2012				
Non-derivative financial liabilities	Carrying amount	Contractual cash flows	Three months or less	Three months to one year	More than one year
	(Rupees in '000)				
Trade and other payables	60,449	(60,449)	(60,449)	-	-
Mark-up payable	80	(80)	(80)	-	-
	60,529	(60,529)	(60,529)	-	-

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company meets these requirements by financial assistance available from the associated company as and when the need arises.

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at 30 June 2013 as disclosed in note 32.3.2 to these financial statements.

32.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

32.3.1 Currency risk

As company do not have foreign currency debtors or foreign currency bank accounts, imports or exports therefore there is no exposure of the Company to foreign currency risk.

32.3.2 Interest rate risk

At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2013	2012	2013	2012
	Effective Rate (in percentage)		Carrying Amount (Rupees in '000)	
Financial assets - Fixed rate instruments				
Term deposit receipts	**8.25 to 8.5**	9.0 to 9.1	**1,630**	150
Financial liabilities - Variable rate instruments				
Short term running finance	**-**	**KIBOR+ 2.5%**	**-**	1,836

Fair value sensitivity analysis for fixed rate instruments
The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments
A change of 1% in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit and loss 100 bps	
	Increase	Decrease
	(Rupees in '000)	
As at 30 June 2013	-	-
As at 30 June 2012	18.36	(18.36)

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

32.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The company is not exposed to any price risk.

32.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, 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 investment management behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;

- 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;

-ethical and business standards;

-risk mitigation, including insurance where this is effective.

Senior management ensures that the Company's staff have adequate training and experience and fosters effective communication related to operational risk management.

32.5 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

33. CAPITAL MANAGEMENT

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for share holders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue new shares.

34. NUMBER OF EMPLOYEES

The total number of employees as at year end are 15 including 2 contractual employees (30 June 2012: 16 including 3 contractual employees) and average number of employees were 16.

35. DEFINED CONTRIBUTION PLAN

The Company has set up provident fund for its permanent employees and the contributions were made by the Company to the Trust in accordance with the requirement of Section 227 of the Companies Ordinance, 1984. The total charge against provident fund for the year ended 30 June 2013 was Rs. 0.36 million (2012: Rs. 0.3 million). The net assets based on unaudited financial statements of Provident Fund as at 30 June 2012 was Rs.2.260 million out of which 69% was invested in different financial instruments categories as provided in Section 227 of the Companies Ordinance, 1984 and rules formulated for the purpose. Currently all investments of the fund are valued at amortised cost except marketable securities. The cost and fair value of investments amounts to Rs. 2.14 million and Rs. 1.944 million respectively.

36. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on October 02, 2013.

Chief Executive Officer **Director**

PATTERN OF SHAREHOLDINGS AS AT 30 JUNE 2013

NUMBER OF SHAREHOLDERS	SHARE HOLDINGS	NO. OF SHARES HELD
344	1 - 100	18,598
163	101 - 500	41,263
43	501 - 1,000	39,151
31	1,001 - 5,000	80,542
8	5,001 - 10,000	74,700
1	10,001 - 15,000	11,500
3	15,001 20,000	53,735
1	40,001 - 45,000	44,100
1	85,001 - 90,000	89,291
1	175,001 - 180,000	175,218
1	270,001 - 275,000	273,600
1	540,001 - 545,000	541,990
598		1,440,000

CATEGORIES OF SHAREHOLDERS	NO. OF SHAREHOLDERS	SHARES HELD	PERCENTAGE
1. Directors, CEO and Children	4	2,000	0.14%
2. Associates Companies	1	273,600	19.00%
3. NIT and ICP	2	175,318	12.17%
4. Banks, DFI and NBFI	2	89,389	6.21%
5. Modaraba and Mutual Funds	1	500	0.03%
6. General Public (Local)	581	338,402	23.50%
7. General Public (Foreign)	2	542,590	37.68%
8. Others	5	18,201	1.26%
Total	**598**	**1,440,000**	**100.00%**

SHAREHOLDERS HOLDING 10% OR MORE VOTING INTEREST:

1. National Bank of Pakistan - Trusee NI (U) T Fund	175,318
2. Berger Paints Pakistan Limited	273,600
3. Slotrapaid Limited, BVI	541,990

DIRECTORS AND THEIR SPOUSES:

1. Mr.H.P.Kotwal	500	
2. Mr.Sheikh Ajaz Majeed	500	
3. Mr.Bashir Ahmed	500	
4. Mr.Salman Tarik Kureshi	500	2,000

There was no trade during the year in the shares of the company by any Director, CEO, CFO, Company Secretry and their spouse and minor children.

The Secretary
Buxly Paints Limited
X-3 Manghopir Road,
S.I.T.E. Karachi.
Karachi-75700, Pakistan

FORM OF PROXY

I/We ____

of ______________________________ in the district of ______________________________

being a member of Buxly Paints Limited and holder of ______________________________
(No. of Shares)

Ordinary Shares as per Share Register folio No. ______________ and/or CDC Participant I.D. No.______________

and Sub Account No. ________________ hereby appoint ______________________________

of ______________________________ in the district of ______________________________or

failing him ______________________________ of ______________________________

as my/our proxy to vote for me/us and on my/our behalf at the fifty-ninth Annual General Meeting of the Company to be held on October 25, 2013 and at any adjournment thereof.

Signed this ____________ day of ____________2013

Witnesses:

1. Signature______________________

   Name ______________________

   Address ______________________

   CNIC No. or
   Passport No. ______________________

2. Signature ______________________

   Name ______________________

   Address ______________________

   CNIC No. or
   Passport No. ______________________

Signature on
Rs. 5/-
Revenue Stamp

(Signature should agree with the specimen signature registered with the Company)

Note:

a. This Proxy form, duly completed and signed, must be received at the Registered Office of the Company, X/3, Manghopir Road, SITE, Karachi, not less than 48 hours before the time of holding the meeting.
b. 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.
c. If a member appoints more than one proxy and more than one instruments of proxy are deposited be a member with the Company, all such instruments of proxy shall be rendered invalid.
d. CDC shareholders and their proxies must each attach an attested photocopy of their National Identity Card of Passport with this proxy form.

Adding Value & Protection

Buxly has been manufacturing superior quality paints since 1933.The company's focus on quality and durability through constant research and development have kept the Buxly's name synonymous with customer's trust, generation after generation.

Today, Buxly offers a comprehensive range of products. From preparatory materials to finishing products for regular painting needs for buildings, industries and for extreme conditions and very specialized applications.

When you buy Buxly, you buy excellnce in protective and decorative finishes.

Buxly's - commitment to excellence in quality

- Extensive product Research & Development.
- Trained and dedicated professional staff.
- Emphasis on modern Quality Control techniques.