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Company Information

Board of Directors:

Mr. Bashir Ahmed	Chairman
Mr. Shamshad Ali	Chief Executive Officer
Mr. Fakhrul Arfin	
Mr. Hameed Ahmed	
Mr. Saeed Mohammad Sheikh	
Mr. Muhammad Hanif Idrees	
Mr. Sheikh Asim Rafiq	(NIT Nominee)

Audit Committee:

Mr. Muhammad Hanif Idrees	Chairman
Mr. Saeed Mohammad Sheikh	Member
Mr. Fakhrul Arfin	Member

Human Resource and Remuneration Committee:

Mr. Hameed Ahmed	Chairman
Mr. Saeed Mohammad Sheikh	Member
Mr. Shamshad Ali	Member

CFO & Company Secretary:
Mr. Adnan Iqbal

Auditors:
Rehman Sarfraz Rahim Iqbal Rafiq
Chartered Accountants

Legal Advisor:
Mr. Laiq Ahmed Khan

Bankers:
Habib Metropolitan 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 60th Annual General Meeting of the shareholders of Buxly Paints Limited will be held at Cyrus Minwalla Colony Hall, Parsi gate, Mehmoodabad, Karachi on Monday, October 27, 2014 at 2:00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the Annual General Meeting of the Company held on October 25, 2013.

2. To receive, consider and approve the Audited Accounts of the Company for the year ended June 30, 2014 together with Directors' and Auditors' Report thereon.

3. To appoint M/S Rehman Sarfraz Rahim Iqbal Rafiq, Chartered Accountants as Auditor of the Company for the year ending June 30, 2015 and fix their remuneration.

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

By Order of the Board

Karachi: - October 04, 2014

Adnan Iqbal
Company Secretary

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

Note:

1. The Share Transfer Books of the Company will remain closed from Monday, October 20, 2014 to Monday, October 27, 2014 (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.

Directors' Report

The Directors are pleased to submit the Annual Report of your Company alongwith the Audited Accounts and the Auditors' Report thereon for the year ended 30 June 2014. Financial Results are as follows:

	2014 (Rs.000's)
Financial Results:	
Profit before taxation	2,199
Less: Taxation	(1,511)
Profit after taxation	688
Earning Per Share	Rs. 0.48

The Country's economic growth continues to remain affected due to energy crisis and uncertain law and order situation. However, some encouraging initiatives taken by the government provides the hope for improvement in these issues.

Despite adverse elements in the economy and tough competitive challenges, your company managed to achieve sales amounting Rs. 150 M, showing marginal growth over the sales during the same period last year.

Your Company is determined to face the future challenges in order to meet the targets for year ahead.

Board of Directors

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

Board of Directors' Meetings

During the year, 4 (four) meetings of the Board of Directors were held and attendance was as follows ;

Name of Directors		**Attendance**
Mr. Bashir Ahmed	:	4
Mr. Shamshad Ali	:	4
Mr. H.P. Kotwal	:	1
Mr. Hameed Ahmed	:	4
Mr. Fakhrul Arfin	:	3
Mr. Muhammad Hanif Idrees	:	4
Mr. Saeed Muhammad Sheikh	:	3
Mr. Sheikh Asim Rafiq (NIT Nominee)	:	1

Leaves of absence were granted to the Directors who were unable to attend the meetings.

Audit Committee

During the year, four meetings of Audit Committee were held.

Human Resource Committee

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

Pattern of Shareholding

A statement showing the pattern of shareholding appears on the page no. 45.

Earning Per Share

Earning Per share is Rs. 0.48 [2013 : Rs. .09]

Auditors

The present auditors Rahman Sarfraz Rahim Iqbal Rafiq Chartered Accountants retires and being eligible, have offered themselves for re-appointment.

Reasons for non declaration of dividend

Due to accumululated losses of Rs. 13.3 M of the Company, the Directors did not recommend any dividend for the year ended June 30, 2014.

Corporate and Financial Reporting Framework

As required under the Code of Corporate Governance incorporated in the Listing Rules of Stock Exchanges in the country, the Directors are pleased to state as follows:

(i) The Financial Statements prepared by the management of the company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
(ii) Proper books of accounts of the Company have been maintained.
(iii) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates and are based on reasonable and prudent judgment.
(iv) International Accounting Standards as applicable in Pakistan, have been followed in preparation of financial statements.
(v) The system of internal control is satisfactory and has been effectively implemented.
(vi) No statuary payment on account of taxes, duties, levies and charges is due from the Company.
(vii) There are no significant doubts upon the Company's ability to continue as a going concern.
(viii) There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations.
ix) The key operating and financial data of last seven years is annexed at page 6.
(x) Value of investment of employees provident fund for the year ended June 30, 2014 is Rs. 2.490 M (2013: Rs. 1.779 M).

Chief Executive Officer **Director**

Karachi: September 27, 2014

Key Financial and Operating Data

	2014	2013	2012	2011	2010	2009	2008
	---- Year Ended 30 June ----						
	---- (Rupees in thousand) ----						
NET ASSETS							
Fixed Aseets/Investment property (Net)	67,175	7,040	1940	1,879	2,080	2,644	16,496
Long Term Loans and Deposits	91	141	91	91	91	180	230
Loans to Employees	1,687	847	889	737	655	120	660
Deferred Taxation	-	-	-	-	-	-	508
Net Current Assets	(1,403)	(1,601)	3,375	1,935	8,518	11,601	12,211
Total	67,550	6,427	6,295	4,642	11,344	14,545	30,105
FINANCED BY							
Share Capital	14,400	14,400	14,400	14,400	14,400	14,400	14,400
Reserves	(7,285)	(7,973)	(8,105)	(9,758)	(3,056)	(47)	10,453
Surplus on Revaluation of Fixed Assets	60,435	-	-	-	-	-	4,823
	67,550	6,427	6,295	4,642	11,344	14,353	29,676
Long Term & Deferred Liabilities	-	-	-	-	-	192	429
Total	67,550	6,427	6,295	4,642	11,344	14,545	30,105
TURNOVER AND PROFIT							
Turnover	150,028	142,246	114,662	81,038	96,036	96,786	137,781
Profit / (Loss) before tax	2,199	843	2,800	(5,892)	(2,099)	(6,856)	6,679
Taxation	(1,511)	(711)	(1,147)	(810)	(910)	2,489	825
Profit / (Loss) after tax	688	132	1,653	(6,702)	(3,009)	(9,345)	5,854
Dividend	-	-	-	-	-	-	1,440
EARNING & DIVIDEND							
Earning / (Loss) per Rs. 10 share Rs.	0.48	0.09	1.15	(4.65)	(2.09)	(6.49)	4.07
Dividend per share- Rs.	-	-	-	-	-	-	1.00

Statement of Compliance with the Code of Corporate Governance

For the year ended 30 June 2014

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in listing regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.
The company has applied the principles contained in the CCG 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	Mr. Hanif Idrees Mr. Saeed Mohammad Sheikh
Executive Directors	Mr. Shamshad Ali
Non-Executive Directors	Mr. Bashir Ahmed Mr. Fakhrul Arfin Mr. Hameed Ahmed Mr. Sheikh Asim Rafiq (NIT Nominee)

   The independent directors meet the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than 07 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 DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred on the board during the year.

5. The company has prepared a"statement of Ethics and Business Practices" as"Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies alongwith 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 CEO, other executives and non-executive directors, 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 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. The minutes of the meetings were appropriately recorded and circulated.

9. One director has completed training program approved by SECP and another director has minimum of 14 years qualification and 15 years experience on the board of listed company hence is exempt from the directors training program. The company is planning to arrange training program for other directors as provided by code.

10. There was no new appointment of CFO/Company Secretary during the year. The Board has approved the appointment of Head of Internal Audit, including its remuneration and terms of employment.

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

12. The financial statements of the Company were duly endorsed by 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.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It presently comprises three members, of whom all are non-executive directors and the chairman of the committee is an independent director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR & Remuneration committee. It comprises 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 set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

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

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

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

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

23. We confirm that all other material principles enshrined in the CCG have been complied with except for the matters stated in paragraphs 6 & 9 towards which reasonable progress is being made by the company to seek compliance by the end of next accounting year.

For and on behalf of the Board of Directors
BUXLY PAINTS LIMITED

CHIEF EXECUTIVE

RSRIR RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
CHARTERED ACCOUNTANTS

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Tel: +92-42-35875965-67
Fax: +92-42-35758621
E-Mail: rsrir.po.lhr@gmail.com
rsrirlhr@brain.net.pk
Other Offices: Islamabad-Karachi

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 (the code) prepared by the Board of Directors of **BUXLY PAINTS LIMITED** for the year ended 30 June 2014 to comply with the requirements of Listing Regulations of the respective Stock Exchanges, where the company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non compliance with the requirements of the Code. 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 a 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 of Directors' statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee and upon recommendation of the Audit Committee place before the Board of Directors for their review and approval 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 and recording proper justification for using such alternative pricing mechanism. We are only required and have ensured the compliance of this requirement to the extent of approval of related party transactions by the Board of Directors and upon recommendation of 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 as applicable to Company for the year ended June 30, 2014.

Further, we highlight instances of non-compliance with the requirements of the Code as referred in the paragraph 06, [Significant policies] and 09 [Training program for directors] in the Statement of Compliance.

Other Matters:

The review report on statement of compliance with best practices of the code for the year ended 30 June 2013 was issued by another firm of chartered Accountants who issued report dated 02 October 2013. The aforesaid auditors' report expressed an unqualified opinion alongwith highlight of instances of non-compliance with the requirements of the Code.

Rahman Sarfaraz Rahim Iqbal Rafiq,
CHARTERED ACCOUNTANTS
Engagement Partner: A. Rahman Mir
LAHORE: 27 SEP 2014

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **BUXLY PAINTS LIMITED** as at 30 June 2014, the related profit & 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 accounts have been kept by the company as required by the Companies Ordinance, 1984;

b) in our opinion –
   i) the balance sheet and profit & loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for changes as stated in note 3.1 with which we concur;
   ii) the expenditure incurred during the year was for the purpose of the company's business; and
   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit & 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 2014 and of the profit, total comprehensive income, its cash flows & changes in equity for the year then ended; and

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

Other Matters:

The financial statements for the year ended 30 June 2013 were audited by another firm of chartered Accountants who issued report dated 02 October 2013. The aforesaid auditors' report expressed a modified opinion.

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS
Engagement Partner: A. Rahman Mir

Lahore. 27 SEP 2014

Balance Sheet
As at 30 June 2014

	Note	2014	2013
		(Rupees in '000)	
ASSETS			
Non current assets			
Property, plant and equipment	4	62,189	453
Investment properties	5	4,986	6,587
Long term loans and advances	6	1,687	847
Long term deposits		91	91
Term deposit receipts	7	-	50
Deferred taxation	8	-	-
		68,953	8,028
Current assets			
Stock-in-trade	9	35,810	28,631
Trade debts - unsecured	10	44,953	39,453
Current portion of long term loans and advances	6	372	431
Mark up receivable		340	202
Advances and deposits	11	8,760	6,382
Prepayments and other receivables	12	3,608	3,113
Taxation - net		4,447	3,948
Term deposit receipts	13	1,630	1,580
Cash and bank balances	14	10,154	6,491
		110,074	90,231
Total assets		179,027	98,259
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
5,000,000 (2013: 5,000,000) Ordinary shares of Rs.10 each		50,000	50,000
Issued, subscribed and paid-up capital	15	14,400	14,400
General Reserve		5,993	5,993
Accumulated loss		(13,278)	(13,966)
		7,115	6,427
Surplus on revaluation of fixed assets	16	60,435	-
Current liabilities			
Advance from related party	17	40,000	40,000
Trade and other payables	18	71,477	51,832
		111,477	91,832
Contingencies and commitments	19	-	-
Total equity and liabilities		179,027	98,259

The annexed notes 1 to 37 form an integral part of these financial statements.

Chief Executive Officer **Director**

Profit and Loss Account

For the year ended 30 June 2014

	Note	2014	2013
		(Rupees in '000)	
Sales	20	150,028	142,246
Cost of sales	21	(124,400)	(117,781)
Gross profit		25,628	24,465
Distribution and selling expenses	22	(18,275)	(16,687)
Administrative expenses	23	(7,333)	(8,698)
		(25,608)	(25,385)
		20	(920)
Other income	24	2,509	2,144
		2,529	1,224
Finance cost	25	(214)	(319)
Workers' Profit Participation Fund		(116)	(45)
Workers' Welfare Fund		-	(17)
		(330)	(381)
Profit before tax		2,199	843
Taxation	26	(1,511)	(711)
Profit for the year		688	132
		(Rupees)	
Earnings per share - basic and diluted	27	0.48	0.09

The annexed notes 1 to 37 form an integral part of these financial statements.

Chief Executive Officer **Director**

Statement of Comprehensive Income

For the year ended 30 June 2014

	2014	2013
	(Rupees in '000)	
Profit after tax	688	132
Other comprehensive income:		
Surplus on property revaluation	60,435	-
Total comprehensive income	61,123	132

The annexed notes 1 to 37 form an integral part of these financial statements.

Chief Executive Officer **Director**

Cash Flow Statement

For the year ended 30 June 2014

	Note	2014	2013
		(Rupees in '000)	
Cash flows from operating activities			
Profit before tax		2,199	843
Adjustments for:			
Depreciation		351	384
Financial cost		214	319
Mark-up on term deposit receipt		(279)	(125)
Reversal for doubtful debts		-	(418)
Provision against slow moving stocks		500	600
		2,985	1,603
(Increase) / decrease in current assets			
Stock-in-trade		(7,679)	(3,113)
Trade debtors		(5,500)	(3,946)
Advances and deposits		(2,319)	1,709
Prepayments and other receivables		(495)	2,530
		(15,993)	(2,820)
(Decrease) / increase in current liabilities			
Trade and other payables		19,645	(33,874)
Net cash (used in) / generated from operating activities		6,637	(35,091)
Income tax (paid) / refund		(2,010)	(188)
Finance cost paid		(73)	(319)
Net cash (used in) / generated from operations		4,554	(35,598)
Cash flows from investing activities			
Additions to investment property - office building		-	(5,408)
Additions to property, plant and equipment		(51)	(76)
Investment in term deposit receipts		-	(1,480)
Long term loans and advances		(840)	42
Net cash (used in) investing activities		(891)	(6,922)
Cash flows from financing activities			
Advance from related party		-	40,000
Net cash generated from financing activities		-	40,000
Net (decrease) / increase in cash and cash equivalents during the year		3,663	(2,520)
Cash and cash equivalents at beginning of the year		6,491	9,011
Cash and cash equivalents at end of the year	14	10,154	6,491

The annexed notes 1 to 37 form an integral part of these financial statements.

Chief Executive Officer **Director**

Statement of Changes in Equity

For the year ended 30 June 2014

	Issued subscribed and paid-up capital	General reserve	Accumulated loss	Share capital and reserve	Surplus on revaluation of fixed assets	Total
	---(Rupees in '000)---					
Balance as at 01 July 2012	14,400	5,993	(14,098)	6,295	-	6,295
Total comprehensive income for the year	-	-	132	132	-	132
Balance as at 30 June 2013	14,400	5,993	(13,966)	6,427	-	6,427
Total comprehensive income for the year	-	-	688	688	60,435	61,123
Balance as at 30 June 2014	14,400	5,993	(13,278)	7,115	60,435	67,550

The annexed notes 1 to 37 form an integral part of these financial statements.

Chief Executive Officer **Director**

Notes to the Financial Statements

For the year ended 30 June 2014

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, 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 products 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.

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 requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the “historical cost convention” except for financial instruments and land which are recognised at fair value. The financial statements except for cash flow information have been prepared under accrual basis of accounting.

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 Re - classification and re - arrangements

Corresponding figures have been re-classified and re-arranged, wherever necessary, to reflect more appropriate presentation of events and transactions for the purpose of comparison. Appropriate disclosures are given in relevant notes in case of material re-classifications and re-arrangements.

2.5 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, 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 judgments 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.

Judgments 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, Plant and Equipment and measurement of revalued amounts (notes 3.1 and 4)

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

- Provisions and contingencies (notes 3.11 and 19)

- Classification of investment properties (notes 3.3 and 5)

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

- Impairment (note 3.18)

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

2.6 Adoption of International Financial Reporting Standards that are effective and applicable to the Company

Following standards, amendments to standards and interpretations including amendments to interpretations became effective during the year. However, the applications of these amendments and interpretations did not have any material effect on the Company's financial statements.

IAS 1	Presentation of Financial Statements - (amended)
IAS 16	Property, Plant and Equipment - (amended)
IAS 19	Employee Benefits - (amended)
IAS 27	Separate Financial Statements - (amended)
IAS 28	Investment in associate - (amended)
IAS 32	Financial Instruments-Presentation - (amended)
IAS 34	Interim Financial Reporting - (amended)
IFRS 7	Financial Instruments: Disclosures - (amended)
IFRIC 20	Stripping Costs in Production Phase of Surface Mine

2.7 Standards, interpretations and amendments to the published approved accounting standards not yet effective:

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard/Interpretation		IASB effective date (annual periods beginning on or after)
IFRS 2	Share Based Payments - (Amendments) Amendment resulting from annual improvements 2011-2012	1 January 2014
IFRS 3	Business Combination - (Amendments) Amendment resulting from annual improvements 2011-2012 (Accounting for contingent consideration)	1 January 2014
IFRS 7	Financial Instruments: Disclosures - (Amendments) Deferral of mandatory effective date of IFRS 9 and Disclosure.	1 January 2015
IFRS 8	Operating Segments - (Amendments) Amendments resulting from Annual Improvement 2010-2012 (Aggregation of segments, reconciliation of segment assets)	1 July 2014
IFRS 10	Consolidated Financial Statements	1 January 2015
IFRS 11	Joint Arrangements	1 January 2015
IFRS 12	Disclosure of Interests in Other Entities	1 January 2015
IFRS 13	Fair Value Measurement	1 January 2015
IAS 16	Property, Plant and Equipment - (Amendments) Amendments relating to proportionate restatement of accumulated depreciation	1 July 2014
	Amendments regarding clarification of acceptable methods of depreciation and amortisation & bearer plants	1 January 2016
IAS 19	Amended to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.	1 July 2014
IAS 24	Related Party Disclosures - (Amendments) Amendments resulting from Annual Improvement 2010-2012 (Aggregation of segments, reconciliation of segment assets)	1 July 2014
IAS 27	Consolidated and Separate Financial Statements - (Amendments) Amendments for investment entities	1 January 2014

Standard/Interpretation		IASB effective date (annual periods beginning on or after)
IAS 32	Financial Instruments-Presentation - (Amendments) Amendments resulting to offsetting of assets and liabilities	1 January 2014
IAS 36	Impairment of Assets - (Amendments) Amendments arising from recoverable amount disclosures for non financial assets.	1 January 2014
IAS 38	Intangible Assets - (Amendments) Amendments resulting from Annual Improvement 2010-2012 (proportionate restatement of accumulated depreciation on revaluation)	1 July 2014
	Amendments regarding clarification of acceptable methods of depreciation and amortisation	1 January 2016
IAS 39	Financial Instruments: Recognition and Measurement - (Amendments) Amendments for novations of derivatives	1 January 2014
IAS 40	Investment Property - (Amendments) Amendments resulting from Annual Improvements 2011-2013 Cycle.	1 July 2014
IAS 41	Agriculture Amendments bringing bearer plants into the scope of IAS 16	1 January 2016
IFRIC 21	Levies	1 January 2014

The Company expects that the adoption of the above revision, amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application.

2.8 Standards issued by IASB but not applicable in Pakistan

Following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan. The Company expects that these improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Standard/Interpretation		IASB effective date (annual periods beginning on or after)
IFRS 1	First Time Adoption of International Financial Reporting Standards	1 January 2013
IFRS 9	Financial Instruments	1 January 2013
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Fair Value Measurement	1 January 2017

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies as set below have been applied consistently to all periods presented in these financial statements except for valuing land at revalued amount (refer not 3.1).

3.1 Property, plant and equipment

Owned

Property, plant and equipment, except land, are measured at cost less accumulated depreciation and any impairment loss, if any. Land is stated at fair value. Cost includes expenditures that are directly attributable to the acquisition of the asset. The company changed its accounting policy for measuring land at fair value (previously at cost) during the year. Had there been no change, the carrying value of land would have been Rs. 1.344 million and surplus on revaluation of fixed assets of Rs. 60.435 million would not have arisen.

Depreciation on all property, plant and equipment except land is charged on the reducing balance method at the rates specified in note 4. Last year due to some clerical error straight line method on computers was written whereas company has always been charging depreciation on reducing balance 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 and impairment losses, if any. Depreciation on office building is charged to profit and loss account by applying the reducing balance method at the rate of 5% per annum after taking into account residual value, if any. Last year due to some clerical error straight line method was written whereas company has always been charging depreciation on reducing balance method. 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 comprise 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 taxable income at the current tax rates after taking in to account tax rebates and tax credits 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 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 Earnings 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

2014

	Cost					Accumulated depreciation				Written
	As at 01 July 2013	Additions	Disposals	As at 30 June 2014	Depreciation Rate %	As at 01 July 2013	Charge for the year	Reversal	As at 30 June 2014	down value as on 30 June 2014
	.... (Rupees in thousand	....			Percentage	.... (Rupees in thousand)	....			
Owned										
Leasehold Land - Cost	-	1,334	-	1,334		-	-	-	-	1,334
- Revaluation	-	60,445	-	60,445		-	-	-	-	60,445
	-	*61,779	-	61,779		-	-	-	-	61,779
Furniture and fixtures	460	-	-	460	10	341	12	-	353	107
Vehicles	410	-	-	410	20	328	16	-	344	66
Office equipments	256	-	-	256	10	176	8	-	184	72
Computers	741	51	-	792	33	569	58	-	627	165
	1,867	61,830	-	63,697		1,414	94	-	1,508	62,189

2013

	Cost					Accumulated depreciation				Written
	As at 01 July 2012	Additions	Disposals	As at 30 June 2013	Depreciation Rate %	As at 01 July 2012	Charge for the year	Reversal	As at 30 June 2013	down value as on 30 June 2013
	.... (Rupees in thousand	....			Percentage	.... (Rupees in thousand)	....			
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

* During the year, with the approval of Board a portion of land with carrying value of Rs. 1.334 million is transferred to "Property, plant & equipment" at a fair value of Rs. 61.779 million earlier classified in investment property at cost. (Refer note 5 & 16)

5. INVESTMENT PROPERTIES

2 0 1 4

	Note	COST As at July 01, 2013	COST Transfer	COST As at June 30, 2014	Depreciation Rate %	DEPRECIATION As at July 01, 2013	DEPRECIATION Charge for the year	DEPRECIATION As at June 30, 2014	Written down value as at June 30, 2014
		.... (Rupees in thousand) ...				.... (Rupees in thousand) ...			
Leasehold land		1,536	*1,344	192	-	87	-	87	105
Office building	5.2	5,408	-	5,408	5	270	257	527	4,881
		6,944	1,344	5,600		357	257	614	4,986

2 0 1 3

	Note	COST As at July 01, 2012	COST Addition	COST As at June 30, 2013	Depreciation Rate %	DEPRECIATION As at July 01, 2012	DEPRECIATION Charge for the year	DEPRECIATION As at June 30, 2013	Written down value as at June 30, 2013
		.... (Rupees in thousand) ...				.... (Rupees in thousand) ...			
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

* On 18 April 2012, the company rented building on the company's land to Berger Paints Pakistan Limted after obatining required approvals.

During the period land measuring 1.03 acres adjoining the above said building has been transfered to and reclassified into Property, Plant and equipment with the approval of the Board of Directors, as the company intends to use the Land for its own business/administrative purposes and has no intension to sell or rent for a forseeable period.

The company is currently recording investment property at cost. Had the investment property been measured at fair value, the value of property would have been Rs. 10.911 million.

		Note	2014	2013
			(Rupees in '000)	
5.1	Depreciation for the year has been allocated as follows:			
	Distribution and selling expenses	22	70	77
	Administrative expenses	23	281	307
			351	384
5.2	Depreciation relates to:			
	Property plant and equipment	4	94	114
	Investment property	5	257	270
			351	384

	Note	2014	2013
		(Rupees in '000)	
6. LONG TERM LOANS AND ADVANCES			
- Secured, considered good			
Employee loans	6.1	2,059	1,278
Receivable within one year		(372)	(431)
		1,687	847

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 installments.

6.2 These loans have not been discounted to their present values as the financial impact is not material.

These loans include balances from following executive employees:

	2014 (Rupees in '000)		
	Asad Mehmood	Mudassar Anwar	Total
Receivable at start of the year	240	170	410
Loan provided	333	385	718
Loan recovered	(82)	(63)	(145)
Receivable at year end	491	492	983

	2013 (Rupees in '000)		
	Asad Mehmood	Mudassar Anwar	Total
Receivable at start of the year	320	230	550
Loan provided during the year	-	-	-
Loan recovered	(80)	(60)	(140)
Receivable at year end	240	170	410

The maximum aggregate balances due from executive employees at the end of any month during the year were as follows:

	2014	2013
	(Rupees in '000)	
Executive employees	983	538

7. TERM DEPOSIT RECEIPTS	-	50

Last year's figure represents term deposit receipt carrying mark-up at the rate of 8.35% per annum. The term deposit will mature on 27 January 2015. The term deposit receipt is under lien against letter of guarantee issued by the bank. (Refer note 13).

8. DEFERRED TAXATION

The Company has not recognised deferred tax assets of Rs. 14.591 million (2013: Rs. 12.339 million) in respect of temporary differences amounting to Rs. 35.434 million (2013: Rs. 35.255 million) as per policy given in note 3.9.

	Note	2014	2013
		(Rupees in '000)	
9. STOCK-IN-TRADE			
Packing material		1,136	681
Work-in-process		5,488	7,843
Finished goods		33,064	23,485
		39,688	32,009
Provision against slow moving stocks:			
- Finished goods	9.1	(3,878)	(3,378)
		35,810	28,631
9.1 Particulars of provision are as follows:			
Opening balance		3,378	2,778
Charge for the year		500	600
Closing balance		3,878	3,378
10. TRADE DEBTS - unsecured			
Considered good		44,953	39,453
Considered doubtful		11,870	11,870
		56,823	51,323
Provision against debts considered doubtful		(11,870)	(11,870)
		44,953	39,453

		Note	2014	2013
			(Rupees in '000)	
10.1	Particulars of provision are as follows:			
	Opening balance		11,870	26,688
	Reversal for the year		-	(14,818)
	Closing balance		11,870	11,870
11.	**ADVANCES AND DEPOSITS**			
	Advances - unsecured, considered good			
	Employees		45	22
	Deposits			
	Margin against letters of guarantee		3,235	1,887
	Earnest money and tender deposits - net	11.1	5,433	4,426
	Central Depository Company of Pakistan Limited		10	10
	Suppliers		21	21
	Others		16	16
			8,715	6,360
			8,760	6,382
11.1	Earnest money and tender deposits - net			
	Earnest money and tender deposits		6,433	4,926
	Provision against expired earnest money and tender deposits	11.2	(1,000)	(500)
			5,433	4,426
11.2	Particulars of provision are as follows:			
	Opening balance		500	-
	Charge for the year		500	500
	Closing balance		1,000	500
12.	**PREPAYMENTS AND OTHER RECEIVABLES**			
	Prepayments			
	Insurance		155	29
	Others		54	182
			209	211
	Other receivables			
	Sales tax receivable	12.1	3,392	2,902
	Employees' provident fund		7	-
			3,608	3,113

12.1 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. 1.462 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.

		2014	2013
		(Rupees in '000)	
13.	**TERM DEPOSIT RECEIPTS**	1,630	1,580

These term deposit receipts carrying mark-up at the rates ranging from 8.10% to 8.50% (2013: 8.25% to 8.50%) per annum having maturities ranging from May 2014 to August 2015. The term deposit receipts are under lien against letter of guarantees issued by the banks.

		2014	2013
		(Rupees in '000)	
14.	**CASH AND BANK BALANCES**		
	In hand	31	52
	At banks - in current accounts	10,123	6,439
		10,154	6,491

15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2014	2013			
(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 990,908 (2013: 990,908) ordinary shares of Rs. 10 each, held by associated undertakings.

		2014	2013
		(Rupees in '000)	
16.	**SURPLUS ON REVALUATION OF FIXED ASSETS**	60,435	-

The surplus is in respect of the land located at Plot No. X-3, Manghopir Road, S.I.T.E, Karachi, which was previously held at cost as investment property. The said land was transferred to "Property plant & equipment" during the year, with the approval of Board as the company intend to use land for its own use. The plot is revalued on 18 July 2013 by an independent valuer M/s Iqbal A. Nanjee & Co.

(Private) Limited, Karachi. The valuation of land has been made on the basis of fair market value. The valuation resulted in net surplus of Rs. 60.435 million. The aforementioned surplus amount has been credited to surplus on revaluation of fixed assets account to comply with the requirements of Section 235 of the Companies Ordinance, 1984. (refer note 3.1 & 5)

		2014	2013
		(Rupees in '000)	
17.	ADVANCE FROM RELATED PARTY	40,000	40,000

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.

		Note	2014	2013
			(Rupees in '000)	
18.	**TRADE AND OTHER PAYABLES**			
	Creditors	18.1	67,804	49,135
	Accrued expenses		1,482	810
	Unclaimed dividend		319	319
			69,605	50,264
	Other liabilities			
	Advances from customers		879	905
	Unfunded gratuity scheme	18.2	7	7
	Workers' profit participation fund	18.3	125	54
	Employees' provident fund		-	26
	Provision for compensated absences		410	110
	Others	18.4	451	466
			1,872	1,568
			71,477	51,832
18.1	This includes payable to following associated undertakings:			
	Berger paints Pakistan limited		50,038	42,891
	M.S. Orchids (Pvt) Ltd		11,691	5,690
			61,729	48,581

The corresponding figure of service charges mentioned in note 17 included in "Mark up and service charges accrued" amounting Rs. 5.690 million as shown in balance sheet of last year has been regrouped to "Trade and other payables" for better presentation.

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.

	2014	2013
	(Rupees in '000)	
18.3 Workers' profit participation fund		
Balance as at 1 July	54	9
Charge for the year	116	45
Paid during the year	(44)	-
Balance as at 30 June	126	54

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

	Note	**2014**	2013
		(Rupees in '000)	
19. CONTINGENCIES AND COMMITMENTS			
Contingencies			
Letter of guarantees	19.1	3,281	1,887
Claim not acknowledged by the company	19.2	3,860	3,860
		7,141	5,747
Commitments			
Commitment under toll manufacturing agreement		-	347

19.1 These represent unexpired 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 S.I.T.E. 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 S.I.T.E. in the year 2006 in favour of the Company. Further, as per the rules and procedures of S.I.T.E., 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.

	2014	2013
	(Rupees in '000)	
20. SALES		
Gross sales	180,936	167,315
Sales tax and excise duty	(28,362)	(23,161)
	152,574	144,154
Commission and discount	(2,546)	(1,908)
	150,028	142,246
21. COST OF SALES		
Opening Stock		
Packing material	681	1,097
Purchases		
Raw material	112,613	106,846
Packing material	11,055	8,063
	123,668	114,909
	124,349	116,006
Closing stock		
Packing material	(1,136)	(681)
Raw and packing material consumed	123,213	115,325
Manufacturing expenses		
Toll manufacturing Charges	8,411	5,985
Work in process		
Opening stock	7,843	6,401
Closing stock	(5,488)	(7,843)
	2,355	(1,442)
Cost of goods manufactured	133,979	119,868
Finished goods		
Opening stock	23,485	21,398
Closing stock	(33,064)	(23,485)
	124,400	117,781

22. DISTRIBUTION AND SELLING EXPENSES

	Note	2014 (Rupees in '000)	2013
Salaries and other benefits	22.1	7,328	7,746
Insurance		91	64
Rent, rates and taxes		240	240
Carriage outward		1,707	1,832
Sample and packing		175	139
Advertising and promotional expenses		871	85
Travelling and conveyance		65	307
Printing and stationery		167	201
Postage, telephone and fax		155	31
Depreciation	5.1	70	77
Entertainment and welfare		82	54
Service Charges	22.2	6,001	5,690
Fees and subscription		402	67
Donation expense		-	10
Sundry expenses		921	144
		18,275	16,687

22.1 Included herein is a sum of Rs. 0.15 million (2013: Rs. 0.112 million) in respect of staff retirement benefits.

22.2 The corresponding figure of "Finance cost" amounting Rs. 5.690 million relating to service charges has been regrouped to "Distribution and selling expenses" for better presentation.

23. ADMINISTRATIVE EXPENSES

	Note	2014 (Rupees in '000)	2013
Salaries and other benefits	23.1	2,934	3,440
Directors' fee		185	240
Insurance		25	34
Printing and stationery		310	291
Postage, telephone and fax		27	130
Travelling and conveyance		92	162
Service charges		240	240
Auditor's remuneration	23.2	400	400
Fees and subscription		121	80
Legal and professional fees		596	1,157
Vehicle running expenses		253	337
Repairs and maintenance		106	94
Depreciation	5.1	281	307
Provision against expired earnest money and tender deposit		500	500
Provision against slow moving stocks		500	600
Provision for compensated absences		300	110
Entertainment and welfare		207	261
Miscellaneous fee and taxes		256	315
		7,333	8,698

23.1 Included herein is Rs. 0.018 million (2013: Rs. 0.069 million) in respect of staff retirement benefits and a sum of Rs. 1.02 million (2013: Rs. 1.02 million) in respect of remuneration of Chief executive.

	Note	2014	2013
		(Rupees in '000)	
23.2 Auditors' remuneration			
Statutory audit		250	250
Half yearly review		75	75
Others		75	75
		400	400

	Note	2014	2013
24. OTHER INCOME			
Financial asset			
Mark up on term deposit receipts		279	125
Non financial asset			
Royalty income	24.1	1,030	720
Reversal of provision against doubtful debts		-	418
Creditors written off		-	81
Rental income	24.2	1,200	800
		2,230	2,019
		2,509	2,144

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 and building to Berger Paints Pakistan Limited.

	Note	2014	2013
		(Rupees in '000)	
25. FINANCE COST			
Mark-up on Short term running finance		-	6
Bank charges		214	313
	22.2	214	319

	Note	2014	2013
		(Rupees in '000)	

26. TAXATION

	Note	2014	2013
Current		1,511	711
Deferred	8	-	-
		1,511	711

26.1 Current status of tax assessments

The income tax assessments of the Company have been finalised upto and including the tax year 2013 (Income year ended 30 June 2013). The return for tax years 2003 to 2013 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 2013) 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 1% of turnover in accordance with the requirements of Income Tax Ordinance, 2001.

26.2 Reconciliation of accounting profit and tax expense

	2014	2013
	(Rupees in '000)	
Profit before tax	2,199	843
Tax at the enacted tax rate of 34% (2013: 35%)	748	295
Tax effect due to minimum tax	1,511	711
Tax losses on which deffered tax asset is not recognised	(748)	(295)
	1,511	711

27. EARNINGS PER SHARE

Basic earnings 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 earnings per share.

	2014	2013
Profit for the year after tax	688	132
	(Shares in '000)	
Weighted average number of shares outstanding during the year	1,440	1,440
	(Rupees)	
Earnings per share	0.48	0.09

	Note	2014	2013
		(Rupees in '000)	

28. CASH AND CASH EQUIVALENTS

	Note	2014	2013
Cash and cash equivalents comprise of:			
Cash and bank balances	14	10,154	6,491

29. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2014			2013		
	Chief Executive	Executives	Directors	Chief Executive	Executives	Directors
	(Rupees in '000)					
Directors' fee	-	-	185	-	-	240
Managerial remuneration	584	2,478	-	584	2,736	-
House rent allowance	262	386	-	262	502	-
Utilities	58	86	-	58	106	-
Conveyance	58	86	-	58	106	-
Medical allowance	58	-	-	58	-	-
	1,020	3,036	185	1,020	3,450	240
Number of persons	1	3	7	1	4	7

30. PLANT CAPACTY AND PRODUCTION

	2014	2013
	(In liters)	
Produced for the Company by a related party under toll manufacturing agreement	770,552	620,894

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 and employment retirement benefits plans. 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 and balances receivables & payables, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2014	2013
	(Rupees in '000)	
Associated undertakings		
Berger Paints Pakistan Limited		
Purchase during the year	113,500	107,114
Rental expense and service charges	3,608	3,608

	2014	2013
	(Rupees in '000)	
Toll manufacturing expenses incurred	8,411	5,985
Due to Berger Paints Pakistan Limited	50,038	42,891
Royalty income from Berger Paints Pakistan Limited - (under royalty agreement)	1,029	720
Rental income from Berger Paints Pakistan Limited - (under rent agreement)	1,200	800
M.S. Orchids (Private) Limited		
Advance from M.S. Orchids (Private) Limited	40,000	40,000
Service charges for the year	6,001	5,690
Service charges payable	11,691	5,690
Remuneration of key management personnel - Refer note 29		
Loan to executive employees - Refer note 6.2		
Buxly Paints Limited Provident Fund		
Company's contribution	168	181
(Receivable from)/Payable to Provident Fund	(7)	26

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:

	Classification	2014	2013
		(Rupees in '000)	
Loans and advances	Loans and receivables	2,059	1,278
Long term deposits	Loans and receivables	91	91
Trade debts	Loans and receivables	44,953	39,453
Mark up receivable	Loans and receivables	340	202
Other receivables	Loans and receivables	3,392	2,902
Advances and deposits	Loans and receivables	8,760	6,382
Term deposit receipts	Loans and receivables	1,630	1,630
Bank balances	Loans and receivables	10,123	6,439
		71,348	58,377

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:

	2014		2013	
	Gross	Impairment	Gross	Impairment
	(Rupees in '000)		(Rupees in '000)	
Past due 0 - 30 days	18,136	-	19,942	-
Past due 31 - 60 days	10,848	-	11,092	-
Past due 61 - 180 days	12,413	-	4,416	-
More than 365 days	15,426	11,870	15,873	11,870
	56,823	11,870	51,323	11,870

More than 365 days includes trade debts amounting to Rs. 3.992 million (2013: Rs. 3.992 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. In the opinion of the management no further provision is necessary for past due trade debts as these are considered good based on payment history.

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+	AAA
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.

	2014				
	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	70,598	(70,598)	(70,598)	-	-
	70,598	(70,598)	(70,598)	-	-

	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	50,927	(50,927)	(50,927)	-	-
	50,927	(50,927)	(50,927)	-	-

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 applicable mark-up rates as at 30 June 2014, if any.

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 were as follows:

	Effective rate		Carrying amount	
	2014	2013	2014	2013
	(in percentage)		(Rupees in '000)	
Financial assets - Fixed rate instruments				
Term deposit receipts	8.10 to 8.5	8.25 to 8.5	1,630	1,630

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

The Company does not account for any variable 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.

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.

The table below analyzes financial instruments carried at fair values, the different levels have been defined as follows:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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 13 including 02 contractual empolyees (30 June 2013: 15 including two contractual employees) and average number of employees were 13 (30 June 2013: 16).

35. PROVIDENT FUND DISCLOSURE

The following information is based on the last unauduited financial statements of the fund:

	2014	2013
	(Rupees in '000)	
	Un-Audited	Audited
Size of the fund - total assets	2,824,198	2,549,478
Cost of Investments made	1,860,252	1,330,016
Percentage of investments made	66%	52%
Fair Value of investments	2,490,357	1,779,813

The break-up of cost of investments is:

	2014		2013	
	% of fund	Rupees	% of fund	Rupees
Defence Saving Certificates	36%	1,000,000	39%	1,000,000
Mutual Funds	30%	860,252	13%	330,016
	66%	1,860,252	52%	1,330,016

The investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

36. EVENTS AFTER BALANCE SHEET DATE

There is no event causing adjustment in or disclosure in financial statements.

37. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on September 27, 2014.

Chief Executive Officer **Director**

Pattern of Shareholdings

AS AT 30 JUNE 2014

NUMBER OF SHAREHOLDERS	SHARE HOLDINGS			NO OF SHARES HELD
334	1	-	100	17,562
161	101	-	500	41,285
38	501	-	1,000	34,161
19	1,001	-	5,000	51,937
6	5,001	-	10,000	48,228
2	10,001	-	15,000	21,500
1	15,001	-	20,000	16,019
4	20,001	-	25,000	89,000
1	30,001	-	35,000	35,000
1	90,001	-	95,000	94,500
1	175,001	-	180,000	175,218
1	270,001	-	275,000	273,600
1	540,001	-	545,000	541,990
570				1,440,000

	CATEGORIES OF SHAREHOLDERS	NO OF SHAREHOLDERS	SHARES HELD	PERCENTAGE
1	Directors, CEO and Childeren	1	500	0.03%
2	Associated Companies	1	273,600	19.00%
3	NIT and ICP	1	100	0.01%
4	Banks, DFI & NBFI	1	98	0.01%
5	Modarba and Mutual Funds	4	183,218	12.72%
6	General Public (Local)	554	416,693	28.94%
7	General Public (Foreign)	2	542,590	37.68%
8	Others	6	23,201	1.61%
		570	1,440,000	100.00%

SHAREHOLDERS HOLDING 10 % OR MORE VOTING INTEREST

1	NATIONAL BANK OF PAKISTAN - Trustee NI (U) T Fund	175,316
2	Berger Paints Pakistan Limited	273,600
3	Slotrapid Limited, BVI	541,990

DIRECTORS AND THEIR SPOUSES

1	Mr. Bashir Ahmed	500

Form of Proxy

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

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 sixtieth Annual General Meeting of the Company to be held on October 27, 2014 and at any adjournment thereof.

Signed this ____________ day of ____________ 2014

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, S.I.T.E., 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.