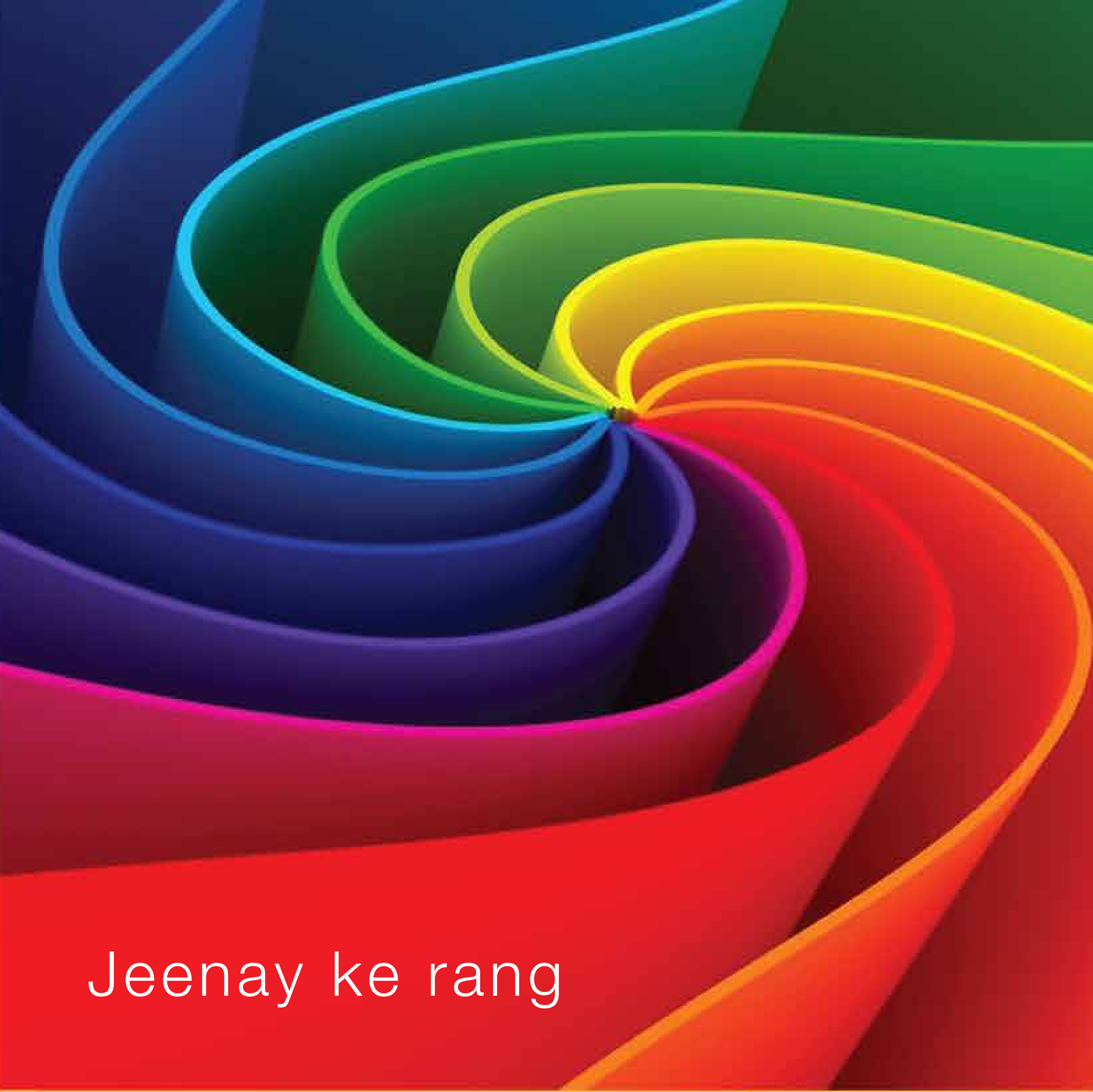

Annual Report 2015

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BERGER
Trusted Worldwide

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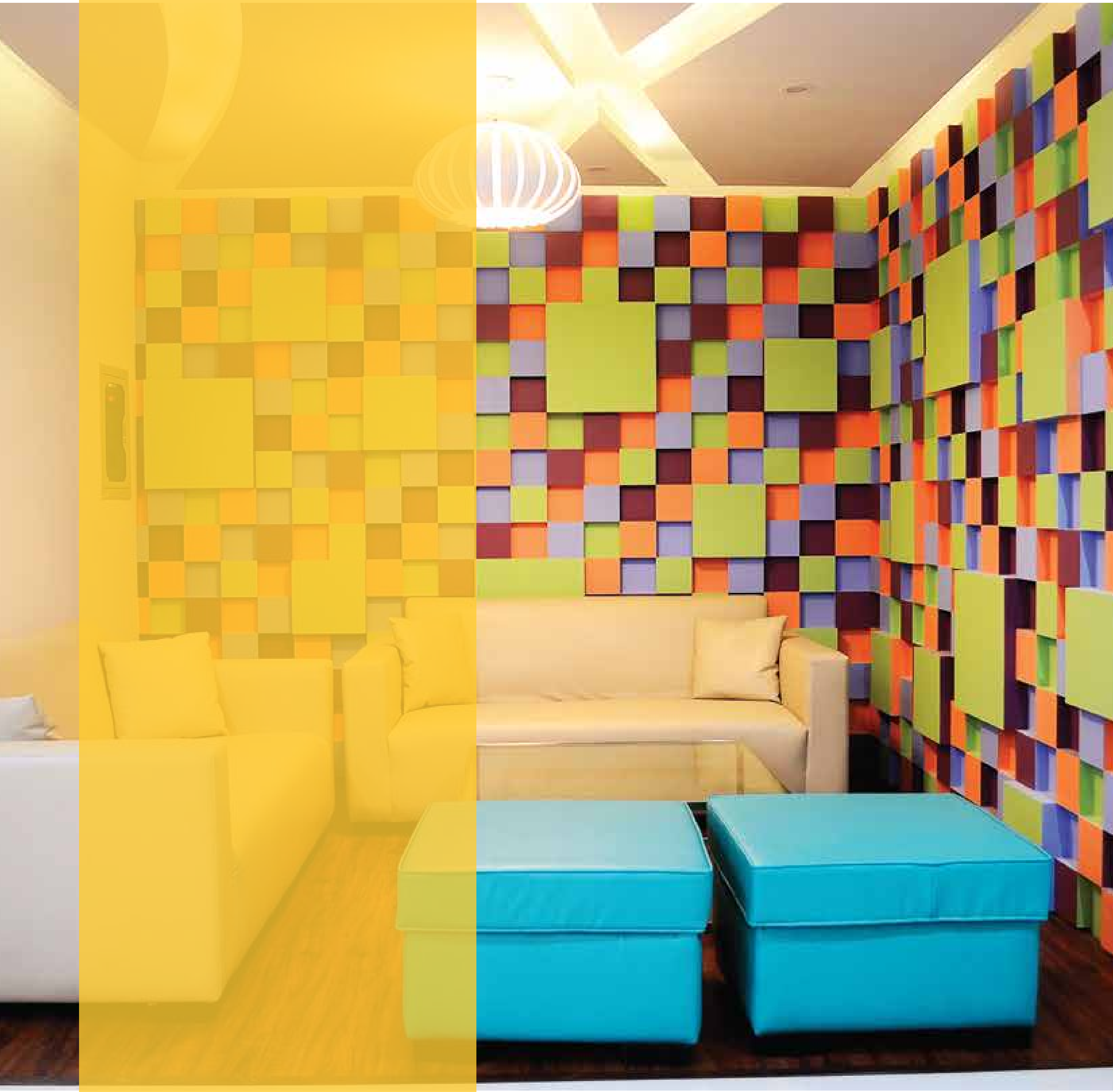

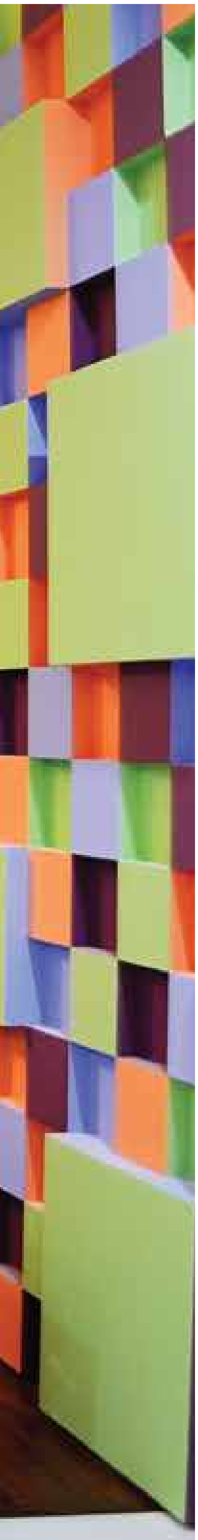

Company Information

Board of Directors
Mr. Maqbool H. H. Rahimtoola - Chairman
Dr. Mahmood Ahmad - Chief Executive
Mr. Hamid Masood Sohail
Mr. Muhammad Naseem
Mr. Ilyas Sharif
Mr. Shahzad M. Husain
Mr. Zafar A. Osmani

Audit Committee
Mr. Hamid Masood Sohail - Chairman
Mr. Maqbool H. H. Rahimtoola
Mr. Muhammad Naseem

Human Resource Committee
Mr. Zafar A. Osmani - Chairman
Dr. Mahmood Ahmad
Mr. Shahzad M.Husain

CFO & Company Secretary
Mr. Abdul Wahid Qureshi

Bankers
Al-Barka Bank Limited
Bank Al-Habib Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
Summit Bank Limited
United Bank Limited

Auditors
KPMG Taseer Hadi & Co.
Chartered Accountants

Solicitors
Surridge & Beecheno

Company Registrar
THK Associates Private Limited

Registered Office
36 Industrial Estate, Kot Lakhpat, Lahore

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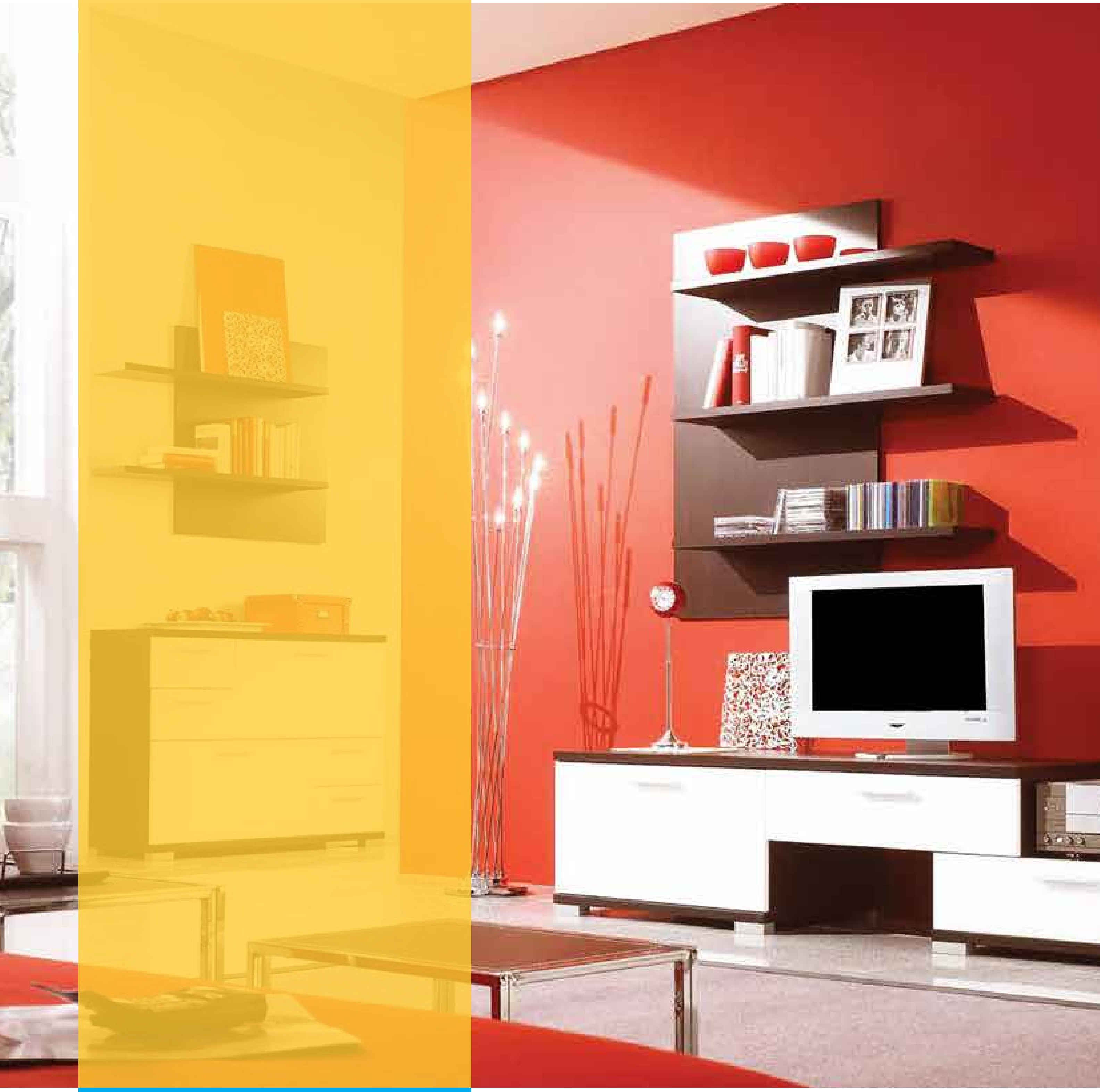

Company Profile

Berger was established two centuries ago and now it has grown to become one of the world's largest paints manufacturers. In Pakistan, the history of Berger is as old as the history of Pakistan. Berger started its operations in Pakistan in 1950 and was the first organized Paint Company to offer premium products through import from the United Kingdom.

BERGER PAINTS PAKISTAN LTD. became a public limited company in 1974, when 49.38% of its shares were acquired by Pakistani investors, while the remaining 50.62% were held by U.K. parent company, Jenson & Nicholson Limited. In 1991 Slotrapid Limited, a U.K. based company with diversified business interests, acquired control of Berger Paints Pakistan Limited by gaining 50.62% shares of the company.

Berger established its first local manufacturing facility in Karachi in 1955. As the country's economic and industrial sector expanded the demand for quality paints also grew and Berger continued to make extensions in its product range to meet these requirements.

In 2006, Berger established state of the art manufacturing facility in Lahore. This plant has provided Berger an edge over its competition through enhanced production. It has enabled Berger to meet the growing demands of its valued customers across Pakistan. Berger Paints Head office is located in Lahore.

Consistent quality has always been Berger's trait. This has been the driving force in making it the leading brand name backed by premium quality across Pakistan. Berger has the most comprehensive product range for various paint market segments at different price points. Berger has earned the admiration and trust of customers by virtue of its superior technology, product quality and a very high level of customized services.

Berger has entered into a number of technical collaboration arrangements with leading international manufacturers. These include the largest paint company in Japan, which enables Berger to develop Automotive, Vehicle Refinishes and Industrial Paints conforming to international standards; a Japanese chemical company, for Bumper Paints; PCS Powders, UK for Powder Coatings; DPI Sendirian Berhad, Malaysia for Road & Runway Markings; Cerachem for Construction Chemicals and Asian Paints for Decorative Paints. Recently, Berger acquired distribution rights of DuPont for Pakistan's vehicle refinish paint segment.

Berger is also operating a Resin manufacturing facility at its Lahore factory. The resin plant has high production capacity and has enabled Berger to meet its entire resin needs for the manufacturing of a wide range of quality paints. Berger was the first paint company in Pakistan to set up its own resin production facility.

The company has regional offices in Karachi, Lahore, Islamabad and Territorial Offices in Gujranwala, Multan, Faisalabad, Peshawar and Hyderabad. A large team of sales personnel and a wide network of dealers and distributors serve customers in all urban centers across the country.

In 2006, Berger established state of the art manufacturing facility in Lahore. This plant has provided Berger an edge over its competition through enhanced production.

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Vision

We will become the leading paints and associated products manufacturing and marketing company in Pakistan ensuring best returns to our investors & highest customer satisfaction.

Mission

INNOVATION

We will lead by innovative ideas and technological development in the paints and associated products in Pakistan ensuring efficient utilization of resources yielding high returns.

COMMITMENT

We will ensure highest level of commitment to achieve best quality products and services.

CARE

We will vigorously promote and safeguard the interest of employees, shareholders, business associates & all other stakeholders.

CORPORATE SOCIAL RESPONSIBILITY

We will act as a good corporate citizen ensuring service towards community and shall focus on environment, health and safety.

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A Commitment to Excellence

Berger is the most trusted name in quality paints, coatings and allied products for household, commercial and industrial sectors. The company has built this proud reputation by not compromising on quality standards.

As an ISO-9001-2000 certified company, Berger continues to upgrade and improve its range by introducing innovative products in line with consumer needs.

All products are tested at the company's own facilities before leaving the factory so that the highest quality control standards are maintained at all times. The company also follows a continuous process of investment in new equipments, such as computerized color matching technology, to ensure fast and accurate testing results at all times.

An on-going training system is also in place so that the most rigorous testing methods and procedures can be applied at the finished product stage.

A high standard of paints manufacturing is further ensured by using resin produced at Berger's own plant.

Customer Services

Berger is not just a Paint company; it offers one window solution across different paint product categories in order to meet the demands of its valued customers.

Berger Color Advisory Service is a free color consultancy that can be accessed on UAN: 111-237-437. The service is very popular among customers of decorative paints. It offers professional advice on selection of appropriate color schemes and types of paints that should be used on different surfaces and in different environments.

Berger offers professional services to its industrial customers through highly qualified and experienced Technical Services team. The team consists of highly trained technical staff holding degrees in chemistry.

The Technical Sales Officers make personal visits to address problems that the customers may be facing and have the relevant paint coating modified or adjusted according to the specific requirement.

Berger offers professional services to its industrial customers through highly qualified and experienced Technical Services team.

BERGER Trusted Worldwide

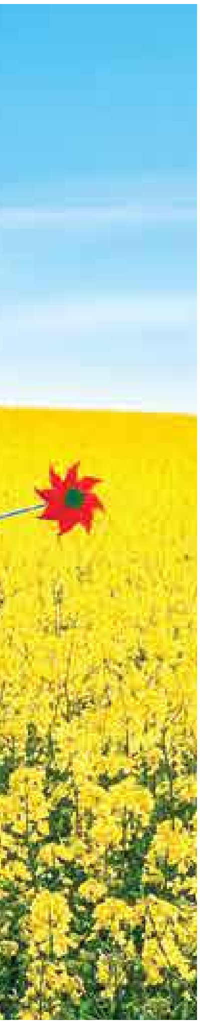
People

At Berger, we consider PEOPLE as our most precious resource. This belief is gaining importance, leading to a more structured and focused approach in developing Human Resource as a competitive strength.

Our journey for excellence is amply supported by developing a learning organization with continuous capability building and skills enhancement. This is supplemented by wide range of employee engagement activities and programs which are in-place for morale boosting, motivation enhancement and inspiring commitment. Specific skills are being developed through training and coaching in required areas.

Across all layers in the organization, Berger is promoting a culture of acknowledging talent, nurturing potential and encouraging initiatives. We are maintaining an enabling environment with fairness and equal opportunity and freedom to perform and excel.

Our ambition for sustainable growth is to be materialized with right kind of people possessing best skills and unmatched competencies coupled with unflinching commitment.



Berger utilizes all available resources to pursue its EHS objectives by striving to attain economic prosperity and ecological balance.

Health, Safety & Environment

Special focus is placed at Berger on protection of the environment as well as health and safety of employees, customers and communities where it operates.

The company utilizes all available resources to pursue its EHS objectives by striving to attain economic prosperity and ecological balance.

Berger manufacturing facility conforms to the international and national environmental standards where company is manufacturing environmental friendly products to minimize the potential effect on the people and the environment.

A clean and pollution-free environment is ensured at the company's manufacturing facilities through a Solvent Recovery Plant that recycles used solvent, a Dust/Vapor extraction system and a Xylene recovery system.

Safety training programs are organized on a regular basis for all personnel and factory workers and vendors to ensure safety of the work environment. Strict safety regulations for PPE's (Personal Protection Equipments) and work procedures are enforced at every step.

In addition, safety officers conduct regular Safety Audits that identify and rectify any non-compliance and enforce proper maintenance of safety procedures with active cooperation of all employees.

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Berger Business Lines

Decorative Business

Automotive Business

General Industrial Finishes

Powder Coatings

Protective Coatings

Vehicle Refinishes Business

Road Safety

Government & Marine

Construction Chemicals

Printing Inks

Adhesives

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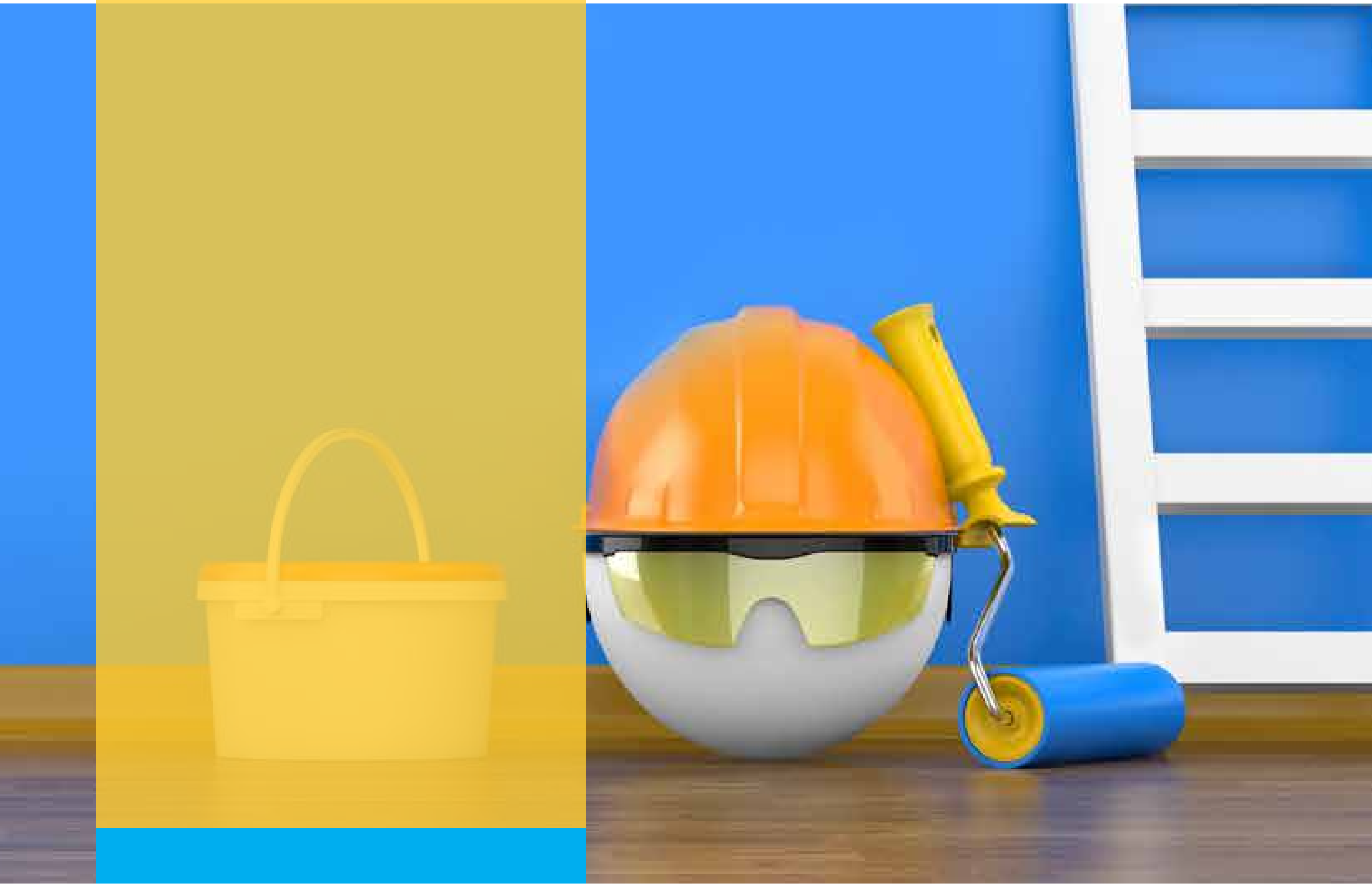
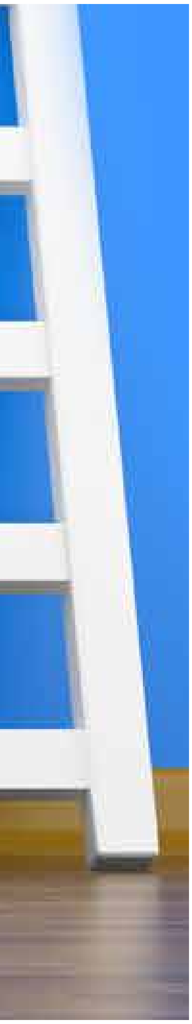


Quality in Diversity

As an innovative and progressive paint company, Berger Paints Pakistan Limited offers a wide range of paints for diverse applications and uses. Berger's proven product quality and relentless focus on meeting customer needs in various specialized categories of paints and allied products continues to drive its success.



Decorative Paints

Berger Decorative Paints caters to interior, exterior wall surfaces & wood surfaces of residential, offices, factories and commercial buildings with diverse range of colors in all product categories.

Continuous endeavor is made to achieve and maintain the high product standards that Berger is renowned for. At the same time, innovative products that meet the needs of a demanding market are also launched on regular basis. Berger's decorative product portfolio consists of flagship products like, Elegance Matt Emulsion, All Rounder Matt Enamel, Weathercoat, SPD Smooth Emulsion and Economy Emulsion.

Berger's Decorative business has achieved remarkable results in all product segments as it strives to keep in touch with new trends and aligns its product range accordingly. This is complemented by pioneering new marketing initiatives and strong focus on customer care.

Berger's decorative business also offers wide range of colors through its tinting machines. These machines have been set up in different metro cities by name of Color Bank.

Decorative Projects

WORLD TRADE CENTER, ISLAMABAD.
DEFENCE VALLEY, ISLAMABAD.
ARMY RESIDENCY FLATS, ISLAMABAD.
SUPREME COURT BUILDING, ISLAMABAD.
INDIAN EMBASSY, ISLAMABAD.
SERENA HOTELS
CENTAURAS, ISLAMABAD.
GULF PLAZA, LAHORE.
BEACONHOUSE SCHOOL SYSTEM
CITY SCHOOL
EDEN VALUE HOMES, LAHORE.
SMC TOWER, LAHORE.
SOFITEL TOWERS, KARACHI.
CENTRE POINT, KARACHI.
VINCEY SHOPPING MALL, KARACHI.
AGHA KHAN HOSPITAL, KARACHI.

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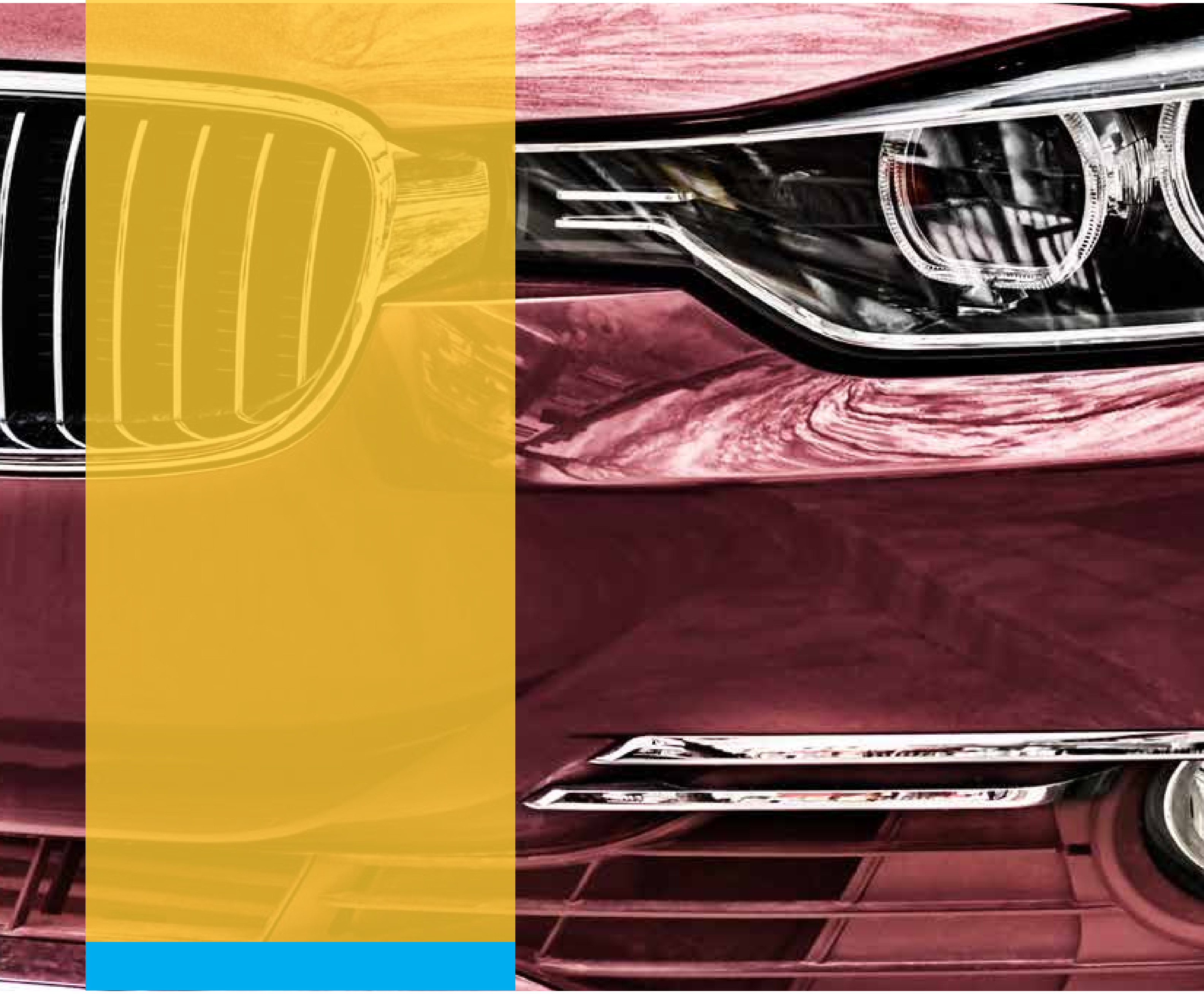

Automotive Clients

INDUS MOTORS COMPANY
NJ AUTO INDUSTRIES
OMEGA INDUSTRIES (ROAD PRINCE)
AL-HAJJ FAW MOTORS
AL GHAZI INDUSTRIES
DYL MOTOR CYCLES
MASTER MOTOR COMPANY
UNITED AUTOS
DAEWOO PAK MOTORS
ORIENT AUTOMOTIVE
PLUM QINGQI MOTORS
KAUSAR INDUSTRIES
SUPER ASIA MOTOR CYCLES
TREET (GLOBAL ECONO TRADE)
PCICS

Automotive Paints

The Automotive Paints business is a quintessential division of the organization. It offers a wide variety of products to cater the complete needs of the Automotive Industrial Sector ranging from pre-treatment products to top-coat stoving & flamboyant finishes to stoving lacquers & varnishes.

In order to serve the Japanese car manufacturing segment Berger has had a long standing Technical collaboration with the prestigious paint company of Japan whereby Berger uses Japanese technology to manufacture special Auto paints to supply to customers like Toyota, Honda, Nissan etc. Besides the car segment Berger also has a considerable share in Tractor & Truck manufacturing segment – to name a few Al-Ghazi Tractors (FIAT), HINO Pak, Al-Hajj FAW Motors (FAW Trucks), Master Motors are some of the main customers.

The Auto business enjoys a significant market share in the two & three wheeler industry as well by supplying paint to leading Japanese and Chinese Motorcycle & Rickshaw manufacturers along with the local bicycle industry as well. Our prestigious customers include Atlas Honda Motorcycles (AHL), DYL Motorcycles, Omega Industries (Road Prince motorcycles), Plum Qingqi, Pakistan Cycle Industrial Co-operative Society (PCICS Sohrab cycle) etc.

The Automotive Paints Business over the years has grown and flourished and Berger is recognized as one of the major players in this segment for its high quality standards & efficient technical services. Berger is proud to be associated with the Automotive Industry of Pakistan and is committed to provide the same high level of services in the years to come.

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Powder Coating

Powder Coating is a unique segment of the paint business catering to the industrial manufacturing sector of the country. It is an advanced and revolutionary method of applying a decorative or protective coating that can be used by both Industrial and Retail Consumers. The powder used for the process is a mixture of finely ground particles of pigment and resin, which is sprayed on a surface to be coated. The charged powder particles adhere to the electrically grounded surface which are then heated and fused onto a smooth surface. The coated surface is then reheated in a curing oven and the result is a uniform, high-quality, attractive smooth finish.

Powder Coating is mainly used for application on the metal parts of domestic appliances like air- conditioners, refrigerators, microwave ovens, water geysers, furniture, etc. and automotive parts like bumpers, radiators, hubcaps, filters, door handles, engine parts etc and also on aluminum profiles e.g. doors, windows, light poles, guard rails, light fixtures, antennas etc.

Berger manufactures and sells two brands of Powder Coating in Pakistan.

- Bercoat – Berger's in-house brand launched in early 2000's. Bercoat has been successfully performing since then in the local market.
- Oxyplast – an international brand of Powder Coatings from Belgium whose sole franchise rights are with Berger in Pakistan. This franchise was acquired in 2009 and is steadily improving its share in the business.

Berger offers a wide variety of shades in Bercoat & Oxyplast. These shades are available in both Pure Polyester and Epoxy Polyester based systems. Customers can also get customized shades developed if need be. These finishes vary from glossy to matt, texture, antique and are all available to our customers as per their requirement.

Powder Coating is an economical and environment friendly form of durable coating gaining recognition rapidly in the industrial manufacturing segment. Manufacturers who are conscious about cost and quality prefer to use Powder Coatings & Finishes for their products and Berger is their foremost choice.

Powder Coating Clients

COOL INDUSTRIES (WAVES)
SUI SOUTHERN GAS CO. (SSGC)
PHILIPS PAKISTAN
VARIOLINE INTERCOOL
PAN ISLAMIC INDUSTRIES
DYL MOTORCYCLES
UNIVERSAL CONTAINERS
MARVEL METALS
GFC FANS
BREEZE FROST
BABAR ENGINEERING
DAWLANCE PVT. LTD
SAMETCO ENGINEERING
NJ AUTOS
SCHNEIDER ELECTRIC

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General Industrial Finishes

The General Industry Paints Business caters mainly to the industrial manufacturing sector of the nation. Berger supplies industrial finishes to leading makers of domestic electric & non-electric appliances, auto spare-parts vendors, steel & metal product manufacturers, heavy industrial machine & transformer manufacturers, metal furniture etc.

Boasting a wide range of industrial finishes Berger enjoys a significant market share in this segment of the paint industry. Berger has a complete industrial paint system developed for its extensive customer network spread all over the country. Finishes ranging from undercoats/primers to air drying enamels & varnishes, high quality heat resistant stoving finishes & varnishes, roller coating paints & lacquers and epoxy based finishes are all available. Each system has its unique characteristics designed to protect & safeguard products from all types of internal & external environmental conditions.

Conforming to International ISO Quality standards Berger over years has established itself as a major manufacturer of Industrial Finishes and is proud to be associated with names like Pak Fan, Siemens, Singer, GFC Fans, SSGC, LG Pakistan etc.

Committed to excellence Berger always has and will continue to provide its customers with industrial finishes that are considered value for money and reliable.

General Industrial Clients

WAHID INDUSTRIES (PAK FANS)

GENERAL FAN COMPANY (GFC)

SUPER ASIA INDUSTRIES

AL BADAR ENGINEERING

SINGER PAKISTAN

LOADS LIMITED

TRANSFO POWER

SIEMENS PAKISTAN

LG PAKISTAN

PHILIPS PAKISTAN

MADINA ELECTRONICS (MILLAT FANS)

BALOCHISTAN WHEELS LTD (BWL)

AGRI AUTOS

GUJRAT STEEL

SUI SOUTHERN GAS CO.(SSGC)

SKYWAYS MANUFACTURING

QUALITY ENGINEERING

ACEPAK ENGINEERING

ATLAS ENGINEERING LIMITED

LOADS LIMITED

D.S MOTORS (UNIQUE MOTOR CYCLE)

NOOR ENGINEERING

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Protective Coatings

The PROTECTON Division of Berger makes heavy duty Protective Coatings and Anti-Corrosive Paints for specialized structures such as barrages, dams, industrial structures, pipelines, boilers, which are exposed to hostile environmental elements.

Protective Coatings serve a dual purpose of protecting surfaces from chemical reactions as well as improving visual appeal. These protective paints conform to international standards of quality and are designed to resist the severity of extreme environmental as well as corrosive effects of atmosphere, and other decaying agents. They have excellent resisting properties against chemicals, marine environment, oil spillage and fresh and salt water. These coatings can be applied to concrete, cement render, asbestos sheeting, steel/concrete pipelines, harbors, oil refineries, dams, barrages, chemical plants, battery rooms etc. and shore installations with good durability.

Protective Coating Clients

DESCON ENGINEERING
PACKAGES LIMITED
FAUJI FERTILIZER CO.
NEXUS ENGINEERING
LOTTE PAKISTAN
PAKISTAN OIL FIELD
NATIONAL REFINERY
UNILEVER PAKISTAN
MAPLE LEAF CEMENT
PAKISTAN PETROLEUM
BYCO PETROLEUM

Vehicle Refinishes

The challenge of Berger's technical expertise in the Vehicle Refinish business is to offer touch-up paints that precisely match the original color of vehicles. This is achieved through different refinish systems designed to enable application for high gloss, durable, quick drying and accurate color matching finishes without giving heat treatment.

VITON car paint is the most popular market brand that was primarily introduced by Berger with Nitrocellulose base. It is based on international trends and offers a complete painting solution comprising putty, primer/surfacer, lacquer and thinners. It has more than 100 shades with the combination of fast drying and polishing properties.

In 2003, alkyd based quick drying enamel range by the name of 'DURA' was successfully launched for economy tier market segment with more than 30 shades and ancillary product range.

With the increase in market potential of wood finishes, new product line has been introduced to cater the needs of Furniture Industry by Refinish department. These products include Sealer, Lacquers (Gloss and Matt finish), Polyurethane base Lacquer, colored Varnishes and Stains that are available in regular and bulk packs.

In 2011, Berger acquired the distribution rights of DuPont Performance Coatings for Pakistan. DuPont is the leading market brand of premium market segment with complete range of 2-K Finishes such as binders, tinters, primers, top coats, clear coats and hardeners along with all type of thinners. The product range is made available at all leading 3S dealerships, workshops and retail market.

Refinish Training Center

Berger has established Refinish Training Center in the vicinity of its plant with state of the art technology. Refinish Training Center is being used to give training to the 3S dealers and painters for the application of 2K paint on cars.

Road Safety

The motto of Berger Road Safety business is" Leading the Way to a Safe Journey'.
Berger Pioneered the concept of single source manufacturing and application of road marking products in Pakistan. The advance Cataphos hot-melt Thermoplastic (TP) paint is manufactured in Pakistan as per BS 3262 specifications. A full range of other road marking products, including Chlorinated Rubber (CR) paint and Water Based (WB) paint, are also manufactured to match various application standards.
In addition to road marking paints, Berger Road Safety offers a complete range of other road safety products such as traffic signs, cat eyes/studs, guardrails, delineators and barriers etc. that meet high quality standards.
All Application services are provided through our trained application teams that are supervised by qualified field supervisors.

BERGER ROAD SAFETY:
Major Road Safety Application Projects

MOTORWAY M-2 PROJECT
MOTORWAY M-3 PROJECT
MOTORWAY M-4 PROJECT
TORKHAM-JALALABAD ROAD
PESHAWAR-TORKHAM ROAD
QUETTA-CHAMAN ROAD
MAKRAN COASTAL HIGHWAY
PANU AAQIL BRIDGE
TAFTAAN HIGHWAY
HYDERABAD-MIRPURKHAS ROAD
SAKRAND BYPASS
RYK-TMP PROJECT (N-5 SECTION)
PAK IRAN BORDER
ADB FLOOD RELIEF PROJECTS
LHR-SKP-FSD BOT PROJECT
LAHORE RING ROAD
LAHORE-KASUR ROAD
GUJRANWALA-SIALKOT ROAD
NAROWAL-ZAFARWAL ROAD
METRO BUS SERVICE PROJECT LAHORE
BAHRIA TOWN LAHORE
BAHRIA TOWN ISLAMABAD
FWO BATGRAM PROJECT
CDA ISLAMABAD ROADS
DHA (KARACHI, LAHORE, ISLAMABAD)
ALLAMA IQBAL INTERNATIONAL AIRPORT LAHORE
MULTAN INTERNATIONAL AIRPORT
SIALKOT INTERNATIONAL AIRPORT
WALTON AIRPORT LAHORE
BENAZIR BHUTTO INTERNATIONAL AIRPORT
MEHRAN AIR BASE KARACHI
MEHRAN HIGHWAY
JACOBABAD PROJECT
QUETTA CITY ROADS
GWADAR CITY PROJECT
KARARO-WADH PROJECT
LARKANA CITY ROADS
LYARI EXPRESSWAY
THAR COAL PROJECT
SUJAWAL PROJECT
NAULACHI BRIDGE MUZZAFARABAD
CHAKLALA CANTONMENT BOARD RAWALPINDI
KOHAT GARRISON
MANGLA GARRISON
CANTONMENT BOARD WALTON ROADS
CANTONMENT BOARD LAHORE ROADS
CANTONMENT BOARD MULTAN ROADS
CANTONMENT BOARD CLIFTON ROADS
FRRP PROJECT FAISALABAD
LRRP PROJECT PHASE I & II LAHORE
AZADI CHOWK INTERCHANGE
QANCHI-CHUNGI INTERCHANGE LAHORE
CITY ROADS FAISALABAD
LDA AVENUE 1
KALMA CHOWK FLYOVER LAHORE
KALMA-CHOWK NEW CAMPUS ROAD LAHORE
WIDENING OF CANAL ROAD LAHORE
SOUTHERN BYPASS ROAD LAHORE
MALL ROAD LAHORE
LOWER MALL ROAD LAHORE
SHALIMAR LINK ROAD LAHORE
EDEN RESIDECIA HOUSING SCHEME
QUAID E AZAM SOLAR PARK BAHAWALPUR
MAULANA SHOUKAT ALI ROAD LAHORE

Berger Road Safety Clients

NATIONAL HIGHWAY AUTHORITY (NHA)
COMMUNICATION & WORKS (C&W) DEPT.
BAHRIA TOWN LIMITED (BTL)
DEFENSE HOUSING AUTHORITY (DHA)
NATIONAL LOGISTIC CELL (NLC)
FRONTIER WORKS ORGANIZATION (FWO)
LAFCO PVT LIMITED
CAPITAL DEVELOPMENT AUTHORITY (CDA)
RAWALPINDI DEVELOPMENT AUTHORITY (RDA)
LAHORE DEVELOPMENT AUTHORITY (LDA)
TRAFFIC ENGINEERING & PLANNING AUTHORITY
CITY DISTRICT GOVERNMENT KARACHI (CDGK)
CITY DISTRICT GOVERNMENT LAHORE (CDGL)
CITY DISTRICT GOVERNMENT FAISALABAD (CDGF)
CIVIL AVIATION AUTHORITY (CAA)
SIAL (SIALKOT INT'L AIRPORT)
HABIB CONSTRUCTION SERVICES (HCS)
ZAHEER KHAN BROTHERS (ZKB)
EDEN HOUSING LIMITED
MALIR CANTONMENT BOARDS (MCB)
KARACHI CANTONMENT BOARD (KCB)
CANTONMENT BOARD CLIFTON (CBC)
CANTONMENT BOARD LAHORE (CBL)
CANTONMENT BOARD MULTAN (CBM)
CANTONMENT BOARD RAWALPINDI (CBR)
CANTONMENT BOARD WALTON (CBW)
M/S DAOKJE
ALDO INTERNATIONAL
CHINA INT'L WATER & ELECTRIC CORP. (CWE)
BEXIN & RAKSHANI
FAUJI FERTILIZER BIN QASIM LIMITED. (FFBL)
UNITED REFRIGERATION
INDUS MOTORS LIMITED
PAK SUZUKI MOTORS CO
K-ELECTRIC
PNS MEHRAN KARACHI
AGHA KHAN UNIVERSITY HOSPITAL (AKUH)
HYDERABAD CANTONMENT BOARD (HCB)

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Govt. and Marine

Berger stands tall amongst esteemed suppliers to Government and its subordinate bodies, Armed Forces, Aviation sector, Utility corporations, Ports and Shipping, Research and Development Organizations, Educational Institutions and Health sector. It provides a vast variety of products and services ranging from the Architectural coatings to highly specialized products.

As Pakistan is endowed with a long coastal belt, it needs reliable protection for its sea-bound crafts as well as off-shore and on-shore installations. Berger's Government & Marine business meets this need with a wide range of products comprising of specialized coatings for ships, air craft's, fuel storage stands, warehouses, arms and ammunition depots, etc.

Govt & Marine Clients

SUI NORTHERN GAS
PAKISTAN RAILWAYS
CIVIL AVIATION AUTHORITY
PAKISTAN ATOMIC ENERGY COMMISSION
WAPDA
C.O.D
POF
ARMY HOUSING
PPHI SINDH
GHQ
FWO
PAKISTAN NAVY

Construction Chemicals

Berger is active in most facets of the construction industry and operates sales, warehousing and manufacturing facilities all over the country, thereby providing local markets with a prompt and informed customer service.

BERGER has established a nationwide reputation for innovative construction technology based on extensive research and development together with experienced practical advice. We offer a broad range of high-quality, intelligent and tailor-made products and system to meet customer's needs, improving the quality, safety, efficiency, economy, design and durability of construction. The product range of BERGER comprises of products for almost every conceivable high performance chemical requirement of the building.

The company has earned wide acclaim for its high performance Epoxy Floorings and Chemical Waterproofing products. BERGER products are manufactured under stringent quality control using ingredients sourced indigenously as well as imported.

The staggering array of products includes Concrete Admixtures, Waterproofing treatments, Epoxy Flooring, Sealants and Grouts.

Construction Chemicals Clients

ATTOCK REFINERY LTD,
NATIONAL DEVELOPMENT COMPLEX
MOL PAKISTAN
PAF
PAK ARAB FERTILIZERS
LALPIR POWER HOUSE
I.T TOWER, LAHORE
INDUS MOTORS COMPANY
LANDI RENZO PAKISTAN
AGA KHAN UNIVERSITY HOSPITAL
ENGRO FOODS

Adhesives

The flagship brand at Berger's Adhesives business is Berlith. It is white glue based on a plastic resin that combines high concentration, high bonding strength and excellent application qualities. Both, in the wood furniture and sports goods industries, the high adhesion strength of Berlith makes it ideal for gluing hardboard, chipboard, softwood, ply, Formica, etc.

Because of its plastic resin, Berlith is the first choice for use in kitchen cabinets and counters. Berlith also serves as suitable pasting material for labels on plastic, glass, cartons, etc.

Berlith is especially designed for wood furniture industry, where its high adhesive strength makes it ideal for gluing.

Printing Inks

Berger Paints is a manufacturer of printing inks for packaging industry. The base factory is operational at Lahore plant since 2009, whereas a color mixing house is functional at SITE Karachi. The Company is producing quality products by acquiring technology from SICPA International Switzerland. Most of the raw materials are imported from Europe and South Asian countries.

Berger's objective is to provide Flexo, Gravure and Offset inks according to international standards and to keep the products environment friendly.

Water-based Flexo ink is the most growing business. This is part of Berger's continuous efforts to meet growing market demand for quality brands in a wide range of product categories.

More than 100 printers and packaging houses across the country are in business with the company with trust and confidence which reflects that future is promising for this business line.

Printing Inks Business – Clients

FIRST TREET MANUFACTURING
ROSHAN PACKAGES PVT LIMITED
NOVACYN PACK
AL-QADRI & AWAN
FRONTIER PRINTER
FINE PACKAGES
INDUSTRIAL PACKAGES
AL MADINA PLASTICS
JILLANI INDUSTRIAL CORPORATION
ALHAMD GRAVURE
AL-AZIZ ROTOFLEX

Marketing Activities

Berger Paints TVC Campaign

Berger's TVC was aired from March till June, creating a buzz in the entire paint industry. This campaign was aired on the prominent TV Channels, cable and radio. The concept of the TVC is very innovative and inspiring, as a result of which Berger's TVC breaks the clutter and stands out among all other TVCs aired. For the first week the 59-second TVC was aired while for the remaining period a 20-second TVC of Berger Silk Emulsion was aired. Additionally, magazine ads were made a part of this campaign as well.

Institute of Architect Pakistan Exhibitions in Lahore & Karachi

Berger by maintaining the tradition participated in the international trade show IAP exhibition in Lahore and Karachi in the year 2014-15. A large number of international brands and well reputed organizations especially related to the construction and paint industry such as Berger Paints Pakistan Limited participated in this exhibition. The main purpose to participate in this trade show was to get attention of the potential customers i.e. Architects, Builders and Contractors and to make them aware of the quality product offerings. Participants showed great interest in Berger's stall.

Pakistan Coating Show: Lahore

Berger participated in Pakistan Coating Show, which was held in Lahore Expo Center on 22nd, 23rd and 24th January, 2015. Coatings and chemicals, Raw Material, packaging and other support National and International Companies participated in this sector. It was a great platform to tap several new and feasible sources of raw material and packaging. A total number of 70 National and International companies exhibited in this show and according to a survey around 7500 visitors, visited the exhibition. This show was truly one of its kinds and for the first time such an exhibition was organized.

Dawn Lifestyle: Karachi, Lahore & Islamabad

Berger participated in Dawn Lifestyle Exhibition held at Karachi, Lahore & Islamabad in the year 2014-15. Renowned companies from FMCG, Home Appliance, Furniture, Fashion/Cosmetics industry etc. participated in this exhibition. People from different walks of life attended this exhibition and participated in various activities (food court, singing competition and children activities) organized by Dawn group. During this event Berger stall became the center of attention due to its location and activities. People in huge numbers visited the stall and participated in Berger stall activities.

Berger Annual Sales Conference-August 2014

Berger Paints Pakistan Limited organized Berger Sales Conference 2014 on 7th, 8th and 9th August, 2014 at Hospitality Inn, Lahore. This conference provided a platform to the Sales Team to discuss their last six months Sales Performance and present their problems and discuss their solutions with their heads. This entire activity boosted the morale of the Sales persons and it was also a great source of motivation. Six Consecutive Winner Awards were distributed among the sales persons as an appreciation of their hard work, hence motivating them to work even harder in the future.

Long Service Awards were also made part of the conference to appreciate the 10, 15 and 20 years service of Berger's Employees. Skit and Singing Competitions were also held on the third day evening, which was a fun filled evening full of laughter's as the sales people prepared and performed their acts. All the employees left the Conference with the hopes and motivation to perform even better in the future and work with full commitment to achieve their future targets.

IAP Annual General Meeting Sponsored by Berger Paints Pakistan

IAP held its Annual General Meeting and Dinner for Lahore Chapter on 17th September, 2014 at Faletti's Hotel Lahore. Berger Paints Pakistan was honored to sponsor this event for IAP Lahore. After the AGM, Berger Paints Sales and Marketing team gave corporate presentation to the architects. The architects at the forum appreciated the presence of Berger Paints and took interest in our products.

Regional Sales Conferences: Karachi, Lahore & Islamabad

Berger Paints Pakistan Limited organized Berger Regional Sales Conferences in Islamabad, Lahore and Karachi in the month of January, 2015 at Margalla Hotel, Maisonette Hotel and Regent Plaza respectively. It was a two day regional conference in the respective regions which was filled with several presentations by the Sales Departments. This conference provided a platform to the Sales Team to discuss their last six months Sales Performance and present their problems and discuss their solutions with Senior Management. This entire activity boosted the morale of the Sales persons and it was also a great source of motivation for them as they made promises to meet up next 6 months targets with full force and confidence. Moreover new policies and incentives were announced to motivate the sales team and to help them achieve the next 6 months target for the year 2014 – 15.

Berger Dealers Convention in PC Rawalpindi & PC Bhurban

Berger Paints had announced 4 months Scheme (March-June) in North Region for Top Paint Dealers. This Scheme was designed for Golden and Silver Category Dealers of North Region. For the distribution of scheme gifts, Berger organized two Dealer Conventions; one in PC Rawalpindi on 20th September, 2014 for Silver Category Dealers and one in PC Bhurban on 21st September, 2014 for Golden Category Dealers. Gold coins, Honda City, Suzuki Cultus, Suzuki Mehran, Motorcycles and different Home Appliances were distributed to the winners through lucky draw.

Dealers Convention in PC Lahore & Mughal e Azam Fort

Berger paints organized a Dealers Convention in Lahore on December 12, 2014 & December 19, 2014 at PC Lahore & Mughal e Azam Fort. A large number of dealers participated in this event and showed great interest in Berger and its products. This party was a huge success for Berger Paints.

Marketing Association of Pakistan

Berger paints has been continuously sponsoring several seminars conducted by Marketing Association of Pakistan in Lahore in the year 2014-15.

Dealer Foreign Trips

Berger Paints has organized a number of dealer trips in the year 2014-15. To qualify for this trip, Dealers were given challenging sales and collection targets. These destinations included Thailand, Malaysia and South Africa. These were highly memorable trips for Berger's customers as well as employees where everyone enjoyed these beautiful locations.

Launch of Vogue Series Products

Berger Paints has launched its new series of textured finishes by the name of Berger Vogue Series. This series consists of a total of five products. Two of these are exterior finishes, namely: Exterior Texture and Sand Finish. The remaining three are for interior surfaces, namely: Interior Texture, Glazed Finish and Marbleized Finish.

Berger Vogue Series is a series of special effect finishes which help to beautify your walls. Using this series you can explore your own creativity and develop your own patterns for interior and exterior surfaces. Berger provides unique and high end quality in textured finishes. Create your own masterpiece through the application of the Vogue Series products.

Launch of NU Series Products

Berger Paints launches a series of 3 highly economical products for its customers in the year 2014-15. This series is called NU Series and consists of NU Enamel, NU Emulsion and NU Putty. This range of new products has become an instant success in the market providing the company boost in sales.

BERGER
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Corporate Activities


BIRTHDAY CELEBRATION

Celebrating an employee's birthdays is a very effective way of making a team member feel special. We regularly celebrate Birthday's at Head office, Plant & Regional offices. We have taken this initiative for employee motivation and to make them feel special.

GREEN DAY:

We all know that purpose of Pakistan Day celebrations is to pay tribute to the pride we have in our beloved country. In line with the same spirit, we celebrated "Green Day" on 24th March 2015. Employees wore green color on that day at head office, plant & regional offices.


HAJJ DRAW:

Performance of Hajj (Pilgrimage) is a compulsion on all Muslims, at least once in a life-time, if the circumstances permit. Hajj is obligatory only when an individual is in a position, both physically and materially, to undertake the journey to Makah. The company gives opportunity to performing hajj every year for a Muslim employee.

IDEA HOUSE:

We have developed a platform with the name of IDEA HOUSE for Berger & Buxly family. The IDEA HOUSE demonstrates the correlation between bottom-up ideas and an organization's ability to be consistently INNOVATIVE!!!!!

The primary objective of this exercise is to provide a framework for our organization to become idea-driven as Ideas are the engine of progress.

IDEA HOUSEplatform has received an overwhelming response. In every quarter we select top three ideas for implementation.

A focused approach on following is given along with other ideas:

“How to enhance Business Growth, Sales Improvement and Brand Perception to become leading paint manufacturer in Pakistan”

So it’s not about making ideas; it’s about making ideas happen…………

LONG SERVICE AWARDS:

Long Service Awards are held every year to appreciate the 10, 15 and 20 years of service of Berger Employees. Skit and Singing Competitions are part of this event to make the event fun filled and full of laughter.

CRICKET TOURNAMENT:

Berger Interdepartmental Cricket Tournament is held every year.This is the most popular event and all employees show their enthusiasm for this sport.

It’s a fun filled day with lots of breath taking moments, prizes and delicious food. It’s a full day activity where families enjoy the food and game. It’s a wonderful team building activity.

JOB FAIRS:

Berger Human Resource Department participates in Job fairs of renowned universities. It's a good platform to attract potential candidates. At Berger we feel that it is our responsibility to provide a platform to fresh graduates to prove themselves and get groomed for their professional careers.

EXTERNAL TRAININGS:

'Training' suggests putting stuff into people, when actually we should be developing people from the inside out - so they achieve their own individual potential - what they love and enjoy, what they are most capable of, and strong at doing, rather than what we try to make them be.

Human Resource Department is paying keen interest in Training & Development function. Keeping in view the importance of learning & Development of Berger family; we have conducted important trainings.

FIRE FIGHTING TRAINING BY EHS DEPARTMENT

Berger EHS department conducts fire fighting training for employees in Berger Offices as well as factory through out the year. This is a very effective training which prepares individuals to combat accidents. A team of trained fire fighters has been prepared among the employees in all Berger Offices for this purpose.

BERGER Trusted Worldwide

Financial Highlights

	2015	2014	2013	2012	2011	2010
	Year Ended June 30,					
	------------------ (Rupees in thousand) ------------------					
NET ASSETS						
Fixed Assets	1,049,567	587,703	603,597	639,696	697,641	715,499
Assets under Finance Lease	3,473	4,809	7,145	9,121	2,770	-
Goodwill	36,750	36,750	36,750	40,750	40,750	40,750
Long Term Investments	12,528	12,810	4,086	4,086	5,567	6,962
Long Term Loans & Deposits	50,397	39,927	37,123	34,700	31,861	23,508
Deferred Taxation	36,745	156,457	162,901	176,685	131,685	96,022
Net Current Assets	116,097	119,694	(86,418)	(145,607)	(40,948)	(208,918)
Total	1,305,557	958,150	765,184	759,431	869,326	673,823
FINANCE BY						
Share Captial	181,864	181,864	181,864	181,864	181,864	181,864
Reserves	444,701	385,317	280,734	219,307	219,469	277,593
Surplus On Revaluation of Fixed Assets	559,773	184,878	186,311	187,720	197,997	210,343
	1,186,338	752,059	648,909	588,891	599,330	669,800
Long Term and Deferred Liabilities	119,219	206,091	116,275	170,540	269,996	4,023
Total	1,305,557	958,150	765,184	759,431	869,326	673,823
TURNOVER AND PROFITS						
Turnover	4,301,830	4,509,031	4,167,303	4,052,009	3,571,510	3,359,276
Gross Profit	1,155,332	1,097,260	927,831	798,419	740,270	781,726
	26.86%	24.33%	22.26%	19.70%	20.73%	23.27%
Profit/(Loss) before tax	166,588	148,962	101,368	(7,080)	(70,661)	(128,299)
Taxation	57,435	51,454	41,350	3,359	(191)	(12,078)
Profit/(Loss) after tax	109,153	97,508	60,018	(10,439)	(70,470)	(116,221)
EARNING AND DIVIDENDS						
Earning/(Loss) per share	6.00	5.36	3.30	-0.57	-3.87	-8.91
Interim Dividend per share-Cash (Rupee)	1.50					
Final Dividend per share-Cash (Rupee)	1.00	1.00	0.50	-	-	-

Directors' Report

The directors of your Company are pleased to present their review along with audited financial statements of the Company for the year ended June 30, 2015.

ECONOMY OF PAKISTAN

The economic environment in the country witnessed some positive signs during the financial year under review. Real GDP growth came at 4.2% in 2014-15, an improvement over the previous year (4.0%). Moreover, the Government has set an optimistic target of 5.5% in 2015-16. The country's foreign reserves increased substantially over the year and at June 30, 2015 stood at USD 18.7 billion, thereby resulting in stability in the value of the PKR to the USD. The improvement in foreign exchange reserves was mainly due to continuous improvement in foreign remittances by workforce abroad, support from bilateral lenders, issuance of Sukuk bonds in the international market, various privatization initiatives and decline in international oil prices. In line with these improving trends, the Karachi Stock Exchange continued to show improvement and remained among best performing markets of the world.

In April 2015, Pakistan and Chinese governments signed a historic agreement to commence work on China-Pakistan Economic Corridor (CPEC) whereby the Chinese government would finance Chinese companies to build $45.6 billion worth of energy and infrastructure projects over the next six years. Soon after, both Moody's and S&P raised Pakistan's credit rating from stable to positive.

BUSINESS PERFORMANCE

During the year under review non organized sector continued to challenge through extended credit and aggressive trade discounts in the market. However, your company almost managed to maintain top line while Gross Profit Margin has been increased by 2.5% over last year, primarily due to lower raw material cost as a result of international reduction in prices generally and petroleum products in particular. Product innovation and quality remained a key focus area of the Company.

FINANCIAL PERFORMANCE

The financial performance and position is summarized hereunder:

	30 June 2015	30 June 2014
	Rupees in thousand	
Operating profit	293,448	206,745
Other operating income	34,115	117,968
	327,563	324,713
Finance cost	148,354	166,086
Other charges	12,621	9,665
	160,975	175,751
Profit before taxation	166,588	148,962
Taxation	57,435	51,454
Profit after taxation	109,153	97,508

FUTURE OUTLOOK

With several positive indicators for the economy, economic activity set to drive the demand for infrastructure, housing and construction. Your Company feels that there will be good opportunities in the next financial year and going forward.

SAFETY, HEALTH & ENVIORNMENT

Your Company is fully aware of the need for safety in all aspects of its operations. Apart from imparting intensive training of staff, various significant steps were also taken to adopt safety practices. There was no significant accident/injury to report during the year.

BOARD OF DIRECTORS

During the year, five meetings of the Board of Directors were held and attendance was as follows:

Mr. Maqbool H. H. Rahimtoola	5
Dr. Mahmood Ahmad	5
Mr. Hamid Masood Sohail	5
Mr. Muhammad Naseem	5
Mr. Shahzad M. Hussain	5
Mr. Zafar A. Osmani	4
Mr. Muhammad Saeed (Alternate Director of Mr. Ilyas Sharif)	2
Mr. Zafar Qidwai (Alternate Director of Mr. Ilyas Sharif)	3

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

CONSOLIDATED FINANCIAL STAEMENTS

Consolidated financial statement of the Company and its subsidiaries, Berger DPI (Private) Limited, Berger Road Safety (Private) Limited and Berdex Construction Chemical (Private) Limited are attached.

HOLDING COMPANY

The holding company of Berger Paints Pakistan Limited is Messrs. Slotrapid limited which is incorporated in the B.V.I.

PROFIT PER SHARE

The Earnings per share for the year is Rs. 6.00 (2014: Rs. 5.36)

AUDITORS

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

RELATED PARTY TRANSACTIONS

All transactions with related parties are reviewed and approved by the Board. The Board approved pricing policy for related party transactions as discussed in the notes to the accounts.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The requirement of the Code of Corporate Governance set out by the Stock Exchanges in their listing regulations, relevant for the year ended 30 June 2015 have been duly complied with. A statement to this effect is attached with the report.

PATTERN OF SHAREHOLDING

The pattern of shareholding as on June 30, 2015 and its disclosure, as required by the Code of Corporate Governance appears on Page 45.

STATEMENT OF CORPORATE FINANCIAL REPORTING FRAMEWORK

The Company has complied with all the requirements of the Code of Corporate Governance as required by the listing regulations.

Accordingly, the Directors are pleased to confirm the following:

i. The financial statements together with the notes thereon have been drawn up to conformity with the Companies Ordinance, 1984. These statements present fairly the Company's state of affairs, the result of its operations, cash flow and changes in equity.

ii. Proper books of accounts have been maintained by the Company.

iii. Appropriate accounting policies have been consistently applied in the preparation of financial statements which conform to the International Accounting Standards as applicable in Pakistan.

iv. The accounting estimates, wherever required are based on reasonable and prudent judgment.

v. International financial reporting standard, as applicable in Pakistan, have been followed in preparation of financial statements.

vi. The system of internal control is sound in design and has been effectively implemented.

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 the last six years is annexed.

x. The value of investments of provident, gratuity and pension funds are at June 30, 2015:

	Rupees in Thousand
Berger Paints Executive Staff Pension Fund	41,628
Berger Paints Gratuity Fund	1,682
Berger Paints Provident Fund	160,557

xi. The directors, CEO, CFO / Company Secretary and their Spouses and minor children did not carry out any trading in the shares of the Company.

CORPORATE SOCIAL RESPONSIBILITY

Berger Paints Pakistan believes in development and nurturing human capital which ultimately contribute for the betterment of respective families, their country and humanity at large. Considering that aim, your Company carried out many community programs in the field of education, health care and welfare projects. Berger is also partnering with National Outreach Program (NOP) which provide platform for knowledge sharing among people from different walks of life. NOP conduct every week a free seminar on different topics and so far NOP has conducted 150 free seminars in a period of just two years. NOP is also conducting free training to youth under “Rising Star” program where Berger is supporting them.

To recognize Company’s efforts on CSR front, NFEH Pakistan has given Corporate Social Responsibility Award 2015 to your Company.

Company has also helped hospitals and schools in paint work to support their noble cause.

ON BEHALF OF THE BOARD

Lahore
Date: 28 September 2015

Dr. Mahmood Ahmad
Chief Executive

Pattern of Shareholding

As on 30 June 2015

NO. OF SHAREHOLDERS	From	To	SHARES HELD	PERCENTAGE
349	1	100	10255	0.0564
437	101	500	166339	0.9146
273	501	1000	240499	1.3224
388	1001	5000	982816	5.4041
85	5001	10000	647570	3.5607
22	10001	15000	278896	1.5335
15	15001	20000	264041	1.4519
13	20001	25000	302862	1.6653
6	25001	30000	160547	0.8828
2	30001	35000	63429	0.3488
4	35001	40000	153000	0.8413
1	40001	45000	45000	0.2474
4	45001	50000	200000	1.0997
1	50001	55000	55000	0.3024
2	55001	60000	116500	0.6406
3	60001	65000	189601	1.0425
1	65001	70000	70000	0.3849
2	80001	85000	166000	0.9128
1	85001	90000	89500	0.4921
1	95001	100000	100000	0.5499
1	105001	110000	105500	0.5801
1	120001	125000	122184	0.6718
1	125001	130000	125500	0.6901
1	155001	160000	156500	0.8605
1	185001	190000	188500	1.0365
1	200001	205000	203429	1.1186
1	305001	310000	309495	1.7018
1	325001	330000	325454	1.7895
1	330001	335000	333318	1.8328
1	350001	355000	354290	1.9481
1	405001	410000	407426	2.2403
1	440001	445000	443417	2.4382
1	475001	480000	477496	2.6256
1	865001	870000	865961	4.7616
1	9465001	9470000	9466057	52.0502
1625			18186382	100

BERGER
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Pattern of Shareholding

As on 30 June 2015

Description	Shares Held	Percentage
Directors, CEO and their spouses and minor children	2,021	0.011%
NIT & ICP	408,916	2.248%
Banks, DFI & NBFI	523,585	2.879%
General Public (Local)	6,560,583	36.074%
General Public (Foreign)	278,057	1.529%
Others	947,163	5.208%
Associate Companies	9,466,057	52.050%
	18,186,382	100.000%

Categories of Shareholders Required Under the Code of Corporate Governance as at June 30, 2015

Directors, CEO and their spouses and minor children Holding Percentage	Shares Held	Percentage
Dr. Mahmood Ahmad	2	0.000%
Mr. Maqbool H. H. Rahimtoola	1,572	0.009%
Mr. Hamid Masood Sohail	444	0.002%
Mr. Ilyas Sharif	1	0.000%
Mr. Mohammad Naseem	1	0.000%
Mr. Zafar A. Osmani	1	0.000%
TOTAL	2,021	0.011%
Associate Companies		
Slotrapid Limited	9,466,057	52.050%
NIT and ICP		
National Bank of Pakistan Trustee Department	900	0.005%
Investment Corporation of Pakistan	590	0.003%
CDC - Trustee National Investment (Unit) Trust	407,426	2.240%
	408,916	2.248%
Banks, DFI & NBFI	523,585	2.879%
General Public (Local)	6,560,583	36.074%
General Public (Foreign)	278,057	1.529%
Others	947,163	5.208%
	8,309,388	45.690%
	18,186,382	100.000%

Statement of Compliance with the Code of Corporate Governance
For the year ended 30 June 2015

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.35 of listing regulations of Stock Exchange of Karachi and Islamabad 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 Name

   Independent Directors (s)
   Mr. Hamid Masood Sohail
   Mr. Shahzad M. Hussain
   Mr. Zafar Aziz Osmani

   Non-Executive Director(s)
   Mr. Maqbool H.H. Rahimtoola
   Mr. Muhammad Naseem
   Mr. Ilyas Sharif

   Executive Director
   Dr. Mahmood Ahmad

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

2. The directors of the company have confirmed that none of them is serving as a director on 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 DFI of, being member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred in the Board of Directors of the Company during the year.

5. The company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which there were approved or amended has been maintained.

7. All the powers of Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms & conditions of employment of the CEO, other executive and non-executives directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman 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 meeting were appropriately recorded and circulated.

9. Requirement of the Code on director’s training has been complied with.

10. There were no new appointments of Chief Financial Officers (CFO), Company Secretary and Head of Internal Audit during the year.

11. The directors' report for this year has been prepared in compliance with the requirement 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 the CFO beforeapproval of the Board.

13. The Directors, CEO and executive do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

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

15. The Board has formed an audit committee. It comprises three members, of whom two are non-executives directors including the chairman of the committee who is also an independent director.

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

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

18. The Board has set up an effective internal audit function. The staff is considered to be suitably qualified and experienced. They are conversant with the policies and procedures of the Company and are involved in the internal audit function on a full time basis.

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, 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 its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the institute of Charted accountants of Pakistan.

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

21. The 'close 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 contained in the Code have been complied with including that the Board has developed a criteria for its own evaluation in the year under review and assessment against this criteria has been done in the board of directors meeting after end of financial year.

ON BEHALF OF THE BOARD

Lahore:
Date: 28 September 2015

Dr. Mahmood Ahmad
Chief Executive

KPMG Taseer Hadi & Co.
Chartered Accountants
2nd Floor, Servis House, 2-Main
Gulberg, Jail Road, Lahore Pakistan

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Berger Paints Pakistan Limited ("the Company")** for the year ended 30 June 2015 to comply with the Listing Regulations no.35 of Islamabad and Karachi 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's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control system 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 its 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 alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out 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 the Company for the year ended 30 June 2015.

KPMG Taseer Hadi & Co.

Lahore
Date: 28 September 2015

KPMG Taseer Hadi & Co.
Chartered Accountants
(Bilal Ali)

KPMG Taseer Hadi & Co.
Chartered Accountants
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Gulberg, Jail Road, Lahore Pakistan

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Internet www.kpmg.com.pk

Auditors' Report to the Members

We have audited the annexed balance sheet of Berger Paints Pakistan Limited ("the company") as at 30 June 2015 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 2015 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and was deposited after the year end in the Central Zakat Fund established under section 7 of that Ordinance.

KPMG Taseer Hadi & Co.

Lahore

Date: 28 September 2015

KPMG Taseer Hadi & Co.
Chartered Accountants
(Bilal Ali)

Balance Sheet
As at 30 June 2015

	Note	2015	2014
		(Rupees in thousand)	
Non-current assets			
Property, plant and equipment	5	1,045,323	579,585
Intangibles	6	44,467	49,677
Investments - related parties	7	12,528	12,810
Long term loans	8	32,472	22,731
Long term deposits	9	17,925	17,196
Deferred taxation	10	36,745	156,457
		1,189,460	838,456
Current assets			
Stores	11	7,056	6,288
Stock in trade	12	717,550	810,836
Trade debts	13	1,093,739	1,091,149
Loans and advances	14	79,877	63,528
Trade deposits and short term prepayments	15	25,829	10,857
Other receivables	16	23,050	41,003
Income tax - net		209,166	115,023
Short term investments	17	10,018	-
Cash and bank balances	18	191,738	255,010
		2,358,023	2,393,694
		3,547,483	3,232,150
Share capital and reserves			
Authorised share capital			
25,000,000 (2014: 25,000,000) ordinary shares of Rs.10 each		250,000	250,000
Share capital	19	181,864	181,864
Reserves	20	444,701	385,317
		626,565	567,181
Surplus on revaluation of fixed assets - net of tax	21	559,773	184,878
Non-current liabilities			
Long term financing	22	41,950	147,550
Staff retirement and other long term benefits	23	76,420	54,535
Liabilities against assets subject to finance lease	24	849	4,006
Current liabilities			
Trade and other payables	25	1,062,745	930,528
Accrued finance cost	26	27,379	40,164
Current maturity of long term financing	22	105,600	105,600
Current maturity of liabilities against assets subject to finance lease	24	2,434	1,584
Short term borrowings	27	1,043,768	1,196,124
		2,241,926	2,274,000
		2,361,145	2,480,091
Contingencies and commitments	28		
		3,547,483	3,232,150

The annexed notes 1 to 49 form an integral part of these financial statements.

Chief Financial Officer　　Chief Executive　　Director

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Profit and Loss Account

For the year ended 30 June 2015

	Note	2015	2014
		(Rupees in thousand)	
Sales - net	29	4,301,830	4,509,031
Cost of sales	30	(3,146,498)	(3,411,771)
Gross profit		1,155,332	1,097,260
Distribution costs	31	(681,425)	(708,993)
Administrative expenses	32	(180,459)	(181,522)
		(861,884)	(890,515)
Operating profit		293,448	206,745
Other income	33	34,115	117,968
		327,563	324,713
Other charges	34	(12,621)	(9,665)
Finance cost	35	(148,354)	(166,086)
		(160,975)	(175,751)
Profit before taxation		166,588	148,962
Taxation	36	(57,435)	(51,454)
Profit after taxation		109,153	97,508
		Rupees	
Earning per share - basic and diluted	37	6.00	5.36

The annexed notes 1 to 49 form an integral part of these financial statements.

Chief Financial Officer Chief Executive Director

Statement of Comprehensive Income

For the year ended 30 June 2015

		2015	2014
		(Rupees in thousand)	
Profit after taxation		109,153	97,508
Other comprehensive income			
Items that may be reclassified to profit and loss			
Fair value (deficit) / gain on 'Available for sale' investments		(282)	6,430
Items that will never be reclassified to profit and loss			
Remeasurment of defined benefit obligation		(5,094)	8,305
Surplus on revaluation of fixed assets - net of tax	(i)	-	-
Total comprehensive income for the year		103,777	112,243

(i) Surplus on revaluation of fixed assets - net of tax is presented under separate head below equity in accordance with the requirements of section 235 of the Companies Ordinance, 1984.

The annexed notes 1 to 49 form an integral part of these financial statements.

Chief Financial Officer	Chief Executive	Director

BERGER Trusted Worldwide

Cash Flow Statement

For the year ended 30 June 2015

	Note	2015	2014
		(Rupees in thousand)	
Cash flow from operating activities			
Profit before taxation		166,588	148,962
Adjustments for non cash items:			
Depreciation on property, plant and equipment	5.6	62,987	63,726
Amortization on computer software	32	5,210	2,586
(Gain) / loss on disposal of property, plant and equipment	33	(1,643)	22
Provision against slow moving stock		10,379	3,842
Provision for doubtful debts	31	12,191	38,892
Provision for doubtful deposits		-	3,221
Gain on transfer of equity investment to available for sale		-	(2,294)
Provision for doubtful advances		-	1,385
Provision for staff retirement and other long term benefits		20,880	14,958
Finance cost	35	148,354	166,086
Liabilities no longer payable written back	33	-	(53,586)
		258,358	238,838
Operating profit before working capital changes		424,946	387,800
Working capital changes			
(Increase) / decrease in current assets:			
Stores and spares		(768)	664
Stock in trade		82,907	61,237
Trade debts		(14,948)	(294,922)
Loans and advances		(16,349)	(9,726)
Trade deposits and short term prepayments		(14,972)	1,482
Other receivables		17,953	(8,060)
		53,823	(249,325)
Increase in current liabilities:			
Trade and other payables		121,360	31,183
Cash generated from operations		600,129	169,658
Finance cost paid		(161,139)	(163,403)
Taxes paid		(97,828)	(33,291)
Staff retirement and other long term benefits paid		(4,089)	(12,811)
Long term loans - net		(9,741)	(1,892)
Dividend paid		(33,802)	(9,038)
Long term deposits - net		(729)	(912)
		(307,328)	(221,347)
Net cash generated from / (used in) from operating activities		292,801	(51,689)
Cash flow from investing activities			
Fixed capital expenditure		(92,447)	(51,642)
Sale proceeds from disposal of property, plant and equipment		6,655	3,539
Short term investments		(10,018)	18,883
Net cash used in investing activities		(95,810)	(29,220)
Cash flow from financing activities			
(Repayment of) / proceeds from long term financing		(105,600)	138,150
Short term borrowings - net		(108,000)	14,000
Lease rentals paid		(2,307)	(2,084)
Net cash (used in) / generated from financing activities		(215,907)	150,066
Net (decrease) / increase in cash and cash equivalents		(18,916)	69,157
Cash and cash equivalents at beginning of the year		(783,114)	(852,271)
Cash and cash equivalents at end of the year	38	(802,030)	(783,114)

The annexed notes 1 to 49 form an integral part of these financial statements.

Chief Financial Officer   Chief Executive   Director

Statement of Changes in Equity

For the year ended 30 June 2015

	Issued, subscribed and paid-up share capital	Capital Reserves		Revenue Reserves		Total share capital and reserve
		Share premium	Fair value reserve	General reserve	Accumulated (loss) / Profit	
	(Rupees in thousand)					
Balance as at 1 July 2013	181,864	56,819	-	285,000	(61,085)	462,598
Transaction with owners of the Company recognized directly in equity - Distributions						
Dividend for the year ended 30 June 2013 @ Rs. 0.50 per share.	-	-	-	-	(9,093)	(9,093)
Total comprehensive income for the year ended 30 June 2014						
Profit for the year	-	-	-	-	97,508	97,508
Other Comprehensive income for the year						
Fair value gain on 'Available for sale' investments	-	-	6,430	-	-	6,430
Remeasurement of defined benefit obligation	-	-	-	-	8,305	8,305
Total Comprehensive income for the year	-	-	6,430	-	105,813	112,243
Surplus on revaluation of property, plant and equipment realized through incremental depreciation charged on related assets during the year - net of tax	-	-	-	-	1,433	1,433
Balance as at 30 June 2014	181,864	56,819	6,430	285,000	37,068	567,181
Transaction with owners of the Company recognized directly in equity - Distributions						
Dividend for the year ended 30 June 2014 @ Rs. 1.00 per share.	-	-	-	-	(18,187)	(18,187)
Interim dividend for the year ended 30 June 2015 @ Rs. 1.50 per share	-	-	-	-	(27,280)	(27,280)
Total comprehensive income for the year ended 30 June 2015						
Profit for the year	-	-	-	-	109,153	109,153
Other Comprehensive income for the year						
Fair value deficit on 'Available for sale' investments	-	-	(282)	-	-	(282)
Remeasurement of defined benefit obligation	-	-	-	-	(5,094)	(5,094)
Total Comprehensive income for the year	-	-	(282)	-	104,059	103,777
Surplus on revaluation of property, plant and equipment realized through incremental depreciation charged on related assets during the year - net of tax	-	-	-	-	1,074	1,074
Balance as at 30 June 2015	181,864	56,819	6,148	285,000	96,734	626,565

The annexed notes 1 to 49 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive

Director

Notes to the Financial Statements

For the year ended 30 June 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

The company was incorporated in Pakistan on March 25, 1950 as a private limited company under the Companies Act, 1913 (now Companies Ordinance, 1984) and was subsequently converted into a public limited company. The company is listed on the Karachi and Islamabad Stock Exchanges. The company is engaged in the manufacturing of paints, varnishes and other related items. Slotrapid Limited, based in British Virgin Island is the holding company. The registered office of the company is situated at 36-Industrial Estate Kot-Lakhpat, Lahore and the principal manufacturing facility of the company is situated at 28 Km Multan Road, Lahore.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board and Islamic Financial Reporting Standards (IFAs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value as referred to in note 3.4, the measurement of certain items of property, plant and equipment as referred to in note 21 at revalued amounts and recognition of certain staff retirement and other long term benefits as referred to in note 3.12 at present value.

3.2 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss, except for freehold and leasehold land, buildings thereon and plant and machinery, which are stated at revalued amounts less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to the surplus on revaluation of fixed assets account except for a reversal of deficit already charged to profit or loss. A revaluation deficit is recognized in profit or loss, except for a deficit directly offsetting a previous surplus on the same asset, in which case the deficit is taken to surplus on revaluation of fixed assets account. The surplus on revaluation of fixed assets to the extent of the annual incremental depreciation based on the revalued carrying amount of the assets and the depreciation based on the assets' original cost is transferred annually to retained earnings net of related deferred tax. Any accumulated depreciation at the revaluation date is eliminated against the gross carrying amount of the assets and the net amount is restated to the revalued amount of the assets. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to retained earnings. All transfers to / from surplus on revaluation of fixed assets account are net of applicable deferred income tax.

Depreciation on all property plant and equipment except freehold land is charged to income using the straight line method whereby the cost less residual value of an asset is written off over its estimated useful life at the annual rates. Residual values are reviewed at each balance sheet date and adjusted if the impact on depreciation is significant.

Useful lives are determined by the management based on expected usage of assets, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

Depreciation on additions to property, plant and equipment is charged from the month in which the asset is put to use or capitalized while depreciation on assets disposed off is charged up to the month preceding the disposal.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on disposal of property, plant and equipment are represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Capital work in progress is stated at cost less impairment in value, if any. It consists of all expenditure and advances connected with specific assets incurred and made during installation and construction period. These are transferred to relevant property, plant and equipment category.

3.3 Intangibles

- Computer Software

Expenditure incurred to acquire computer software are capitalized as intangible assets and stated at cost less accumulated amortization and any identified impairment loss.

Amortization is charged to income on straight line basis so as to write off the cost of an asset over its estimated useful life. Amortization on addition is charged from the month in which the asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off. Amortization is being charged at annual rates as specified in note 6.

- Business combinations

The purchase method of accounting is used to account for the acquisition of businesses by the company. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed, if any, at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities, if any, assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recognized as goodwill.

The Company assesses at each balance sheet date whether there is any indication that intangible assets 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 amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income statement. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

3.4 Investments

Management determines the classification of its investments at the time of purchase depending on the purpose for which the investments are acquired and re-evaluates this classification at the end of each financial year. Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital are included in current assets, all other investments are classified as non-current.

Investments are either classified as financial assets at fair value through profit or loss, held-to-maturity investments, available for sale investments or investment in subsidiary and associated companies, as appropriate. When investments are recognized initially, they are measured at fair value, plus, in case of investments not at fair value through profit or loss, directly attributable transaction cost.

Investments in equity instruments of subsidiaries and associates

Investments in subsidiaries and associates where the Company has significant influence are measured at cost less impairment, if any, in the Company's separate financial statements.

The Company is required to issue consolidated financial statements along with its separate financial statements, in accordance with the requirements of IAS-27 'Consolidated and separate financial statements'. Investments in associates, in the consolidated financial statements, are accounted for using equity method.

Available for sale

Investments that are intended to be held for sale for an indefinite period of the time or may be sold in response to need for liquidity are classified as available for sale.

Investments classified as available for sale are initially measured at cost, being the fair value of consideration given plus any directly attributable cost. At subsequent reporting dates, these investments are remeasured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments for which quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Unrealized gains and losses arising from the changes in the fair value are included in fair value reserves in the period in which they arise. At the time of disposal, the respective surplus or deficit in the fair value reserve is transferred to profit and loss account.

All purchases and sales of investments are recognized on the trade date which is the date that the company commits to purchase or sell the investment. Cost of purchase includes transaction cost.

At each reporting date, the Company reviews the carrying amounts of its investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account. Where an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised recoverable amount but limited to the initial cost of the investment. In respect of available for sale investment, cumulative impairment loss less any impairment loss already recognized in profit and loss account is removed from equity and recognized in the profit and loss account that are not subsequently covered through profit and loss account. The recoverable amount is the higher of an asset's fair value less cost to sell or value in use.

3.5 Long term deposits

Long term deposits are stated at cost less impairment, if any.

3.6 Stores

These are valued at moving average cost less any identified impairment except for items in transit, which are valued at invoice price and related expenses incurred up to the balance sheet date. General stores, spares and loose tools are charged to profit and loss currently. The company reviews the carrying amount of stores on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores.

3.7 Stocks in trade

Stocks of raw and packing materials are valued at moving average cost. Finished goods are valued at the lower of average manufacturing cost and Net Realizable Value (NRV). Semi-processed goods are valued at moving average cost. Finished goods purchased for resale are measured at lower of moving average cost and net realizable value.

Average cost in relation to semi-processed and finished goods comprises direct material and appropriate portion of production overheads.

Stock in transit is stated at invoice value plus other charges paid thereon up to the balance sheet date.

NRV signifies the estimated selling price in the ordinary course of business less estimated costs of completion and the costs necessary to be incurred to make the sale.

Provision for obsolete and slow moving stock in trade is made on management estimate, whenever necessary.

3.8 Trade debts and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the normal course of business. Trade debts and other receivables are stated at original invoice amount, which approximates fair value less an allowance made for uncollectible amounts. Provision for doubtful receivables is based on review of outstanding amounts at year end and management's assessment of customers' credit worthiness. Balances considered bad and irrecoverable are written off as and when identified.

3.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, current and deposit account balances with banks and outstanding balance of running finance facilities availed by the company.

3.10 Taxation

Current

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

Deferred

Deferred tax is recognized using the balance sheet liability method, on all major temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carry-forward of unused tax losses and tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and / or carry-forward of unused tax losses can be utilized.

The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. In this regard, the effects on deferred taxation of the proportion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan.

3.11 Leases

Finance leases

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Asset subject to finance lease are initially recognized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and long-term depending upon the timing of the payment.

Each minimum lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term.

Assets acquired under a finance lease are depreciated over the useful life of the asset on a straight-line method at the rates given in note 5.1. Depreciation of leased assets is charged to profit and loss account.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

Operating lease

Leases including Ijarah financing where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight-line basis over the lease / Ijarah term unless another systematic basis is representative of the time pattern of the Company’s benefit.

3.12 Staff retirement and other long term benefits

3.12.1 Defined benefit plan

The company operates the following defined benefit schemes:

a) An approved and funded pension scheme for all executives; and
b) An approved and funded gratuity scheme for all its permanent employees.

Actuarial valuation are carried out using the ‘Projected Unit Credit Method’. Contributions to the schemes are based on these valuations. Actual gains and losses arising from experience adjustments and changes in actuarial assumptions are charged to equity and other comprehensive income in the year in which they arise. Past service cost are recognised immediately in profit and loss account. The main features of defined benefit schemes are mentioned in note 23.

3.12.2 Defined contribution plan

Provident fund

The Company also operates a recognized 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 10 percent of basic salary for executive and non-executive staff. During the year Rs. 11.78 million (2014: Rs. 10.57 million) were charged to expense.

3.12.3 Other long term benefits - Accumulated compensated absences

The Company also provides for compensated absences for all eligible employees in accordance with the rules of the company. The company accounts for these benefits in the period in which the absences are earned. Employees are entitled to earned leaves of 21 days per annum. The unutilized leaves are accumulated subject to a maximum of 42 days. The unutilized accumulated leaves can be encashed at the time the employee leaves Company service. The accumulated leave balance in excess of 42 days of an employee is ignored while determining benefit obligations.

The Company uses the actuarial valuations carried out using the projected unit credit method for valuation of its accumulated compensating absences. Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to profit and loss account. The amount recognised in the balance sheet represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the profit and loss account immediately in the period when these occur. The following significant assumptions have been used:

Discount rate	9% per annum
Expected rate of salary increase in future years	8% per annum

3.13 Borrowings

Borrowings are recognized initially at the proceeds received. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method. Finance costs are accounted for on accrual basis and are reported under accrued finance costs to the extent of the amount remaining unpaid.

3.14 Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in ordinary course of business form suppliers. Accounts payable are classified if payment is due within one year or less (or in normal operating cycle of business, if longer), if not, they are classified as non current liabilities. Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

3.15 Provisions

Provisions are recognized when, the company has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and reliable estimates of the obligations can be made. Provisions are reviewed periodically and adjusted to reflect the current best estimates.

3.16 Contingent assets

Contingent assets are possible assets those arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company and are disclosed when inflow of economic benefits is probable. Contingent assets are not recognized until their realization become virtually certain.

3.17 Contingent liabilities

A contingent liability is disclosed when:

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

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

3.18 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees which is the Company's functional and presentation currency using the exchange rates approximating those prevailing at the date of the transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the balance sheet date. Exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to income currently. Non-monetary assets and liabilities denominated in foreign currency that are measured in terms of historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

3.19 Borrowings cost

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commissioning.

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3.20 Revenue recognition

- Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the company and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably.

- Revenue from sale of goods is recognized when the significant risk and rewards of owner ship of the goods are transferred to the buyer.

- Interest / markup is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

- Dividend income is recognized when the company's right to receive payment is established.

- Other revenues are recorded on accrual basis.

3.21 Financial instruments

All financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized at the time when the company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to income currently.

Financial assets include investments, trade debts, loans, advances, deposits, other receivables and cash and bank balances.

Financial liabilities include long term financing, short term borrowings, accrued finance cost and trade and other payables.

3.22 Off setting of financial assets and liabilities

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

3.23 Dividends and appropriations to general reserve

Dividends and appropriations to general reserves are recognized in the financial statements in the period in which these are approved.

3.24 Impairment

The company assesses at each balance sheet date whether there is any indication that the assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to determine whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is charged to income currently except for impairment loss on revalued assets, which is recognized directly against any revaluation surplus for the related asset to the extent that the impairment loss does not exceed the amount held in the revaluation surplus for the same asset.

3.25 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the company that makes strategic decisions.

3.26 Standards, interpretations and amendments to published approved International Financial Reporting Standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2015:

- Amendments to IAS-38 ‘Intangible Assets’ and IAS-16 ‘Property, Plant and Equipment’ (effective for annual periods beginning on or after 1 January 2016).

- IFRS-10 ‘Consolidated Financial Statements’ – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS-27 ‘Consolidated and Separate Financial Statements’. IFRS-10.

- IFRS-11 ‘Joint Arrangements’ (effective for annual periods beginning on or after 1 January 2015) replaces IAS-31 ‘Interests in Joint Ventures’.

- IFRS-12 ‘Disclosure of Interests in Other Entities’ (effective for annual periods beginning on or after 1 January 2015).

- IFRS-13 ‘Fair Value Measurement’ effective for annual periods beginning on or after 1 January 2015).

- Amendments to IAS-27 ‘Separate Financial Statements’ (effective for annual periods beginning on or after 1 January 2016).

- Agriculture: Bearer Plants [Amendments to IAS-16 and IAS-41] (effective for annual periods beginning on or after 1 January 2016).

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS-10 and IAS-28) [effective for annual periods beginning on or after 1 January 2016].

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS-5 'Non-current Assets Held for Sale and Discontinued Operations'.
- IFRS-7 'Financial Instruments- Disclosures'.
- IAS-19 'Employee Benefits'.
- IAS-34 'Interim Financial Reporting'.

These amendments are not likely to have any material impact on these financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

	Note
- Residual values and useful lives of depreciable assets	3.2
- Provision for taxation	3.10
- Provision for deferred taxation	3.10
- Stock in trade to their net realizable value	3.7
- Provision for doubtful debts	3.8
- Staff retirement and other long term benefits	3.12
- Provisions	3.15

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

	Note	2015	2014
		(Rupees in thousand)	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	1,007,054	576,109
Capital work in progress	5.3	38,269	3,476
		1,045,323	579,585

5.1 Property, plant and equipment

	Annual rate of depreciation	Cost/revalued amount as at 01 July 2014	Additions/ (deletions)/ adjustments	Effect of revaluation	Cost/revalued amount as at 30 June 2015	Accumulated Depreciation as at 01 July 2014	Depreciation charge/ (deletions)/ adjustments for the year	Elimination of accumulated depreciation against cost on revaluation	Accumulated depreciation as at 30 June 2015	Book value as at 30 June 2015
	%	------------------------------ (Rupees in thousand) ------------------------------								
Owned										
Freehold land	-	196,862	-	202,898	399,760	-	-	-	-	399,760
Leasehold land	2.06	67,000	-	31,333	98,333	5,475	1,365	(6,839)	-	98,333
			-				-			
			-				(1)			
Building on freehold land	5	185,228	3,750	49,437	238,035	34,226	9,044	(43,044)	-	238,035
			-				-			
			(380)				(226)			
Building on leasehold land	5	9,807	3,469	(33)	13,508	1,866	556	(2,689)	-	13,508
			-				-			
			265				267			
Plant and machinery	8-35	264,416	32,580	(97,560)	187,382	175,913	35,502	(203,284)	-	187,382
			(11,611)				(8,118)			
			(443)				(13)			
Laboratory equipments	10	19,416	3,458	-	22,868	10,457	1,828	-	12,286	10,582
			-				-			
			(6)				1			
Electric fittings	10	38,304	2,397	-	40,344	16,163	3,623	-	19,712	20,632
			(95)				(65)			
			(262)				(9)			
Computer and related accessories	25	17,625	2,208	-	19,819	13,554	2,302	-	15,894	3,925
			(57)				(10)			
			43				48			
Office machines	10	5,429	404	-	5,743	2,387	467	-	2,797	2,946
			(89)				(56)			
			(1)				(1)			
Furniture and fixtures	10	22,140	2,606	-	23,998	9,895	2,127	-	11,447	12,551
			(651)				(575)			
			(97)				0			
*Motor vehicles	20	42,026	6,782	-	43,347	27,017	3,477	-	27,420	15,927
			(2,878)				(1,545)			
			(2,583)				(1,529)			
2015		868,253	57,654	186,075	1,093,137	296,953	60,291	(255,856)	89,556	1,003,581
			(15,381)				(10,369)			
Leased			(3,464)				(1,463)			
Motor vehicles	20	8,657	-	-	8,655	5,770	2,451	-	6,860	1,795
			-				-			
			(2)				(1,361)			
Electric fittings	10	1,164	-	-	1,164	252	116	-	368	796
							-			
Office machines	10	1,290	-	-	1,290	280	129	-	408	882
			-				-			
			-				(1)			
2015		11,111	-	-	11,109	6,302	2,696	-	7,636	3,473
			-				-			
			(2)				(1,362)			
		879,364	57,654	186,075	1,104,246	303,255	62,987	(255,856)	97,192	1,007,054
			(15,381)				(10,369)			
			(3,466)				(2,825)			

*Motor vehicles include Rs. 3.60 million asset on musharka arrangements as mentioned in note 22.3

	Annual rate of depreciation	Cost/revalued amount as at 01 July 2013	Additions/ (deletions)/ adjustments	Effect of revaluation	Cost/revalued amount as at 30 June 2014	Accumulated Depreciation as at 01 July 2013	Depreciation charge/ (deletions)/ adjustments for the year	Elimination of accumulated depreciation against cost on revaluation	Accumulated depreciation as at 30 June 2014	Book value as at 30 June 2014
	%	(Rupees in thousand)								
Owned										
Freehold land	-	196,862	-	-	196,862	-	-	-	-	196,862
Leasehold land	2.06	67,000	-	-	67,000	4,110	1,365	-	5,475	61,525
Building on freehold land	5	182,489	2,739	-	185,228	25,354	8,872	-	34,226	151,002
Building on leasehold land	5	9,673	134	-	9,807	1,358	508	-	1,866	7,941
Plant and machinery	8-35	253,922	10,494	-	264,416	137,094	38,819	-	175,913	88,503
Laboratory equipments	10	16,945	2,471	-	19,416	8,878	1,579	-	10,457	8,959
Electric fittings	10	29,974	8,330	-	38,304	12,987	3,176	-	16,163	22,141
Computer and related accessories	25	15,440	2,185	-	17,625	11,377	2,177	-	13,554	4,071
Office machines	10	5,054	375	-	5,429	1,962	425	-	2,387	3,042
Furniture and fixtures	10	17,118	5,022	-	22,140	8,113	1,782	-	9,895	12,245
Motor vehicles	20	29,763	17,817 (5,554)	-	42,026	26,324	2,687 (1,994)	-	27,017	15,009
2014		824,240	49,567 (5,554)	-	868,253	237,557	61,390 (1,994)	-	296,953	571,300
Leased										
Motor vehicles	20	8,657	-	-	8,657	3,679	2,091	-	5,770	2,887
Electric fittings	10	1,164	-	-	1,164	136	116	-	252	912
Office machines	10	1,290	-	-	1,290	151	129	-	280	1,010
2014		11,111	-	-	11,111	3,966	2,336	-	6,302	4,809
		835,351	49,567 (5,554)		879,364	241,523	63,726 (1,994)		303,255	576,109

5.2.1 The cost of the assets as at 30 June, 2015 include fully depreciated assets amounting to Rs. 131.77 million (2014: Rs. 54.38 million) but are still in use of the company.

5.2 Disposal of property, plant and equipment

Particulars of assets	Sold to	Note	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
			(-------------- Rupees	in	thousand	------------)	
Motor vehicles							
Suzuki Mehran	Adnan Iqbal		50	-	50	126	Company policy
Suzuki Mehran	Syed Yasir Hussain Shah		48	-	48	461	Tender
Suzuki Cultus	Muhammad Saeed		87	-	87	787	do
Suzuki Mehran	Talha Tanveer Siddiqi		52	-	52	490	do
Suzuki Cultus	Syed Yasir Hussain Shah		76	-	76	626	do
Suzuki Mehran	Qaiser Elahi Manto		50	-	50	487	do
Suzuki Mehran	Syed Yasir Hussain Shah		50	-	50	461	do
Honda City	Jawad Tanveer Siddiqi		886	886	-	625	do
Coure	Khurram Imtiaz		539	539	-	522	do
Suzuki Alto	Azmat Ali Siddiqi		326	-	326	560	do
Suzuki Mehran	Maroof Ali Siddiqi		196	-	196	475	do
Suzuki Mehran	Mohsin Mumtaz		516	120	396	486	do
Other assets with book value less than Rs. 50,000		5.2.1	12,505	8,824	3,681	550	Tender / write off
	2015		15,381	10,369	5,012	6,656	
	2014		5,554	1,994	3,560	3,539	

5.2.1 During the year, the Company has identified certain items of operating assets from which no further economic benefits are expected. Therefore, assets having cost of Rs. 12.51 million and net book value of Rs. 3.68 million have been retired from active use and have been written off in these financial statements.

			2015	2014
			(Rupees in thousand)	
5.3	Capital work in progress includes			
	Civil works		21,811	1,712
	Plant and machinery		4,284	1,764
	Advances to suppliers		10,252	-
	Others		1,922	-
			38,269	3,476

5.4 Valuation of operating assets susceptible to impairment are based on valuations being performed by independent valuators at regular intervals as detailed in note 21.

5.5 Had these revaluations not been carried out, the carrying amount of freehold land and leasehold land, buildings on freehold and leasehold land and plant and machinery would have been as follows:

			2015	2014
			(Rupees in thousand)	
	Freehold land		70,856	70,856
	Leasehold land		1,102	1,124
	Buildings on freehold land		152,176	156,577
	Buildings on leasehold land		10,888	8,008
	Plant and machinery		76,262	84,397
			311,284	320,962
5.6	Depreciation charge for the year has been allocated as follows:			
	Cost of sales	30.1	49,510	51,779
	Distribution costs	31	7,428	6,350
	Administrative expenses	32	6,049	5,597
			62,987	63,726

6. INTANGIBLES

Computer software	6.1	7,717	12,927
Goodwill	6.2	36,750	36,750
		44,467	49,677

6.1 Computer software

This represents expenditure incurred on acquiring and implementing Enterprise Resource Planning (ERP) software.

	Note	2015	2014
		(Rupees in thousand)	
Cost as at 01 July		15,513	15,513
Additions / (disposals) during the year		-	-
Cost as at 30 June		15,513	15,513
Accumulated amortization as at 01 July		2,586	-
Amortization during the year	6.1.1	5,210	2,586
Accumulated amortization as at 30 June		7,796	2,586
Balance as at 30 June		7,717	12,927

6.1.1 Amortization is charged at the rate of 33.33% per annum and has been allocated to administration expenses as referred to in note 32.

6.2 Goodwill

	Note	2015	2014
		(Rupees in thousand)	
Packaging Ink Business		16,750	16,750
Cumulative impairment charged		(4,000)	(4,000)
	6.2.1	12,750	12,750
Powder Coating Business	6.2.2	24,000	24,000
		36,750	36,750

6.2.1 This goodwill represents excess of purchase consideration paid by the Company for acquisition of the Packaging Inks business unit of an ink manufacturing company (the seller) over the fair value of identifiable net assets of the seller at the time of acquisition, net of impairment losses recognized in prior years. For impairment testing, the recoverable amount has been determined based on value in use calculations by discounting the five year cash flow projections prepared by management based on financial budgets and historical trends at 12.50%. The calculation of value in use is sensitive to discount rate and local inflation rates.

6.2.2 This goodwill represents excess of purchase consideration paid by the Company for acquisition of the Powder Coating business unit over the fair value of identifiable net assets of the seller at the time of acquisition, net of impairment losses recognized in prior years. For impairment testing, the recoverable amount has been determined based on value in use calculations by discounting the five year cash flow projections prepared by management based on financial budgets and historical trends at 12.50%. The calculation of value in use is sensitive to discount rate and local inflation rates.

7. INVESTMENTS - RELATED PARTIES

	Note	2015	2014
		(Rupees in thousand)	
In equity instruments of subsidiaries- at cost	7.1	2,550	2,550
Available for sale	7.2	9,978	10,260
		12,528	12,810

7.1 In equity instruments of subsidiaries/associates - at cost

No. of shares - ordinary 2015	No. of shares - ordinary 2014	Name of the company	Country of incorporation	Latest available audited financial statements for the year ended	Percentage holding	Face value per share	2015	2014
							(Rupees in thousand)	
(i) Subsidiary companies - unlisted								
765,000	765,000	Berger DPI (Private) Limited	Pakistan	30 June 2015	51	10	2,550	2,550
676,020	676,020	Berdex Construction Chemicals (Private) Limited	Pakistan	30 June 2015	51.96	10	5,510	5,510
		Less: Provision for impairment					(5,510)	(5,510)
							-	-
							2,550	2,550

	Note	2015	2014
		(Rupees in thousand)	
7.2 Available for sale			
Available for sale - at cost	7.2.1	3,830	3,830
Add: Cumulative fair value gain	7.2.2	6,148	6,430
		9,978	10,260
7.2.1 Available for sale -at cost			
Buxly Paints Limited 273,600 (2014: 273,600) fully paid ordinary shares of Rs. 10 each (Market value- Rs. 9.98 million (2014: Rs. 10.26 million)		3,830	3,830
		3,830	3,830
7.2.2 Cumulative fair value gain			
As at 01 July		6,430	-
Fair value (loss) / gain during the year		(282)	6,430
As at 30 June		6,148	6,430

	Note	2015	2014
		(Rupees in thousand)	

8. LONG TERM LOANS

	Note	2015	2014
Considered good- secured			
Due from employees	8.1	39,934	34,097
Less: Current portion shown under current assets	14	(7,462)	(11,366)
		32,472	22,731

8.1 These represent interest free loans provided to the employees of the company in accordance with the terms of their employment, under a scheme for the purchase of motor vehicles, motor cycles and CNG kits. These loans are secured by way of retention of title documents of the respective assets in the name of the company except for those vehicles which have been refinanced under Ijarah financing. The outstanding amount at the end of the year is recoverable over a period of three to ten years.

8.2 Maximum aggregate balance due from employees at the end of any month during the year was Rs. 43.27 million (2014: Rs. 36.25 million).

9. LONG TERM DEPOSITS

	2015	2014
	(Rupees in thousand)	
Considered good	17,925	17,196
Considered doubtful	4,588	4,588
	22,513	21,784
Less: Provision for doubtful deposits	(4,588)	(4,588)
	17,925	17,196

10. DEFERRED TAXATION

	2015	2014
Deferred tax asset comprises of temporary differences relating to:		
Accelerated tax depreciation	(114,894)	(68,700)
Provision for doubtful debts, receivables and deposits	51,957	59,591
Provision for slow moving stock in trade	8,051	6,579
Unused losses and tax credits	91,631	158,987
	36,745	156,457

	Note	2015	2014
		(Rupees in thousand)	
11. STORES			
In hand		7,056	6,288
12. STOCK IN TRADE			
Raw and packing materials			
- in hand		383,790	465,783
- in transit		64,210	44,057
		448,000	509,840
Semi processed goods		77,458	57,281
Finished goods	12.1	305,268	346,512
		830,726	913,633
Provision for slow moving and obsolete stocks			
- Raw material		(86,302)	(84,000)
- Semi processed goods		(3,698)	-
- Finished goods		(23,176)	(18,797)
		(113,176)	(102,797)
		717,550	810,836

12.1 The amount charged to profit and loss account on account of write down of finished goods to net realizable value amounted to Rs. 1.95 million (2014: Rs. 1.94 million). Included in finished goods stock are color bank machines costing Rs. 10.09 million (2014: Rs. 10.09 million).

	Note	2015	2014
		(Rupees in thousand)	
13. TRADE DEBTS			
Unsecured			
Considered good			
- from related parties	13.1	98,609	51,694
- others		995,130	1,039,455
		1,093,739	1,091,149
Considered doubtful – others		173,089	161,065
		1,266,828	1,252,214
Provision for doubtful debts	13.3	(173,089)	(161,065)
		1,093,739	1,091,149

	Note	2015	2014
		(Rupees in thousand)	

13.1 Trade debts include the following amounts due from the following related parties:

Dadex Eternit Limited - related party		33	-
Buxly Paints Pakistan Limited - related party		61,057	32,405
Berger Road Safety (Private) Limited - subsidiary of Berger DPI (Private) Limited		37,519	19,289
		98,609	51,694

13.2 Aging of related party balances

One to three months		98,609	51,694
		98,609	51,694

13.3 The movement in provision for doubtful debts for the year is as follows:

Balance as at 01 July		161,065	122,661
Provision for the year - net of recoveries	31	12,191	38,892
Bad debts written off		(167)	(488)
Balance as at 30 June		173,089	161,065

14. LOANS AND ADVANCES

Current portion of long-term loans - considered good Due from employees	8	7,462	11,366
Advances - unsecured, considered good			
Employees	14.1	703	909
Suppliers		71,712	51,253
		72,415	52,162
		79,877	63,528

14.1 These are to the Company's employees for business expenses.

15. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Trade deposits - considered good		12,301	4,967
Trade deposits - considered doubtful		9,221	9,221
		21,522	14,188
Provision for doubtful deposits		(9,221)	(9,221)
		12,301	4,967
Short term prepayments		13,528	5,890
		25,829	10,857

	Note	2015	2014
		(Rupees in thousand)	
16 OTHER RECEIVABLES			
Receivable from related parties	16.1	2,798	21,251
Export rebate		18,881	17,642
Accrued income		493	793
Advance against expenses		186	969
Others		692	348
		23,050	41,003

16.1 This includes amount due from the following:

Berger DPI (Private) Limited - a subsidiary	-	261
Buxly Paints Limited - related party	-	16,195
Berger Road Safety (Private) Limited - subsidiary of Berger DPI (Private) Limited	2,798	4,795
	2,798	21,251

16.1.1 This represents amounts receivable from these companies for reimbursement of expenses and sharing of common expenses under normal business trade as per the terms mutually agreed.

	Note	2015	2014
		(Rupees in thousand)	
17. SHORT TERM INVESTMENTS	17.1	10,018	-

17.1 This represents term deposit receipts (TDR) under lien with commercial banks against letter of guarantee, maturing up to one year and carrying mark-up rate of 6% per annum (2014: 6.5% to 8.5% per annum).

	Note	2015	2014
		(Rupees in thousand)	
18. CASH AND BANK BALANCES			
With banks:			
In current accounts		132,883	194,823
In deposit accounts	18.1	58,241	59,603
Cash in hand		614	584
		191,738	255,010

18.1 This balance is under lien with commercial banks against letter of guarantee, carrying mark-up rates ranging from 6% to 8.5% per annum (2014: 6.5% to 8.5% per annum).

19. SHARE CAPITAL

2015	2014		2015	2014
(Number of shares)			(Rupees in thousand)	
		Authorised share capital		
25,000,000	25,000,000	Ordinary shares of Rs 10 each	250,000	250,000
		Issued, subscribed and paid-up share capital		
12,135,798	12,135,798	Ordinary shares of Rs 10 each fully paid up in cash	121,358	121,358
6,050,611	6,050,611	Ordinary share of Rs 10 each issued as bonus shares	60,506	60,506
18,186,409	18,186,409		181,864	181,864

19.1 Slotrapid Limited B.V.I. (the holding Company) and their nominees hold 9,466,057 (2014: 9,466,057) ordinary shares of Rs. 10 each representing 52.05 percent (2014: 52.05 percent) of the ordinary paid up capital of the Company.

20. RESERVES

	Note	2015	2014
		(Rupees in thousand)	
Capital reserve:			
Share premium reserve	20.1	56,819	56,819
Fair value reserve		6,148	6,430
		62,967	63,249
Revenue reserve:			
General reserve		285,000	285,000
Accumulated Profit		96,734	37,068
		381,734	322,068
		444,701	385,317

20.1 This reserve can be utilized by the Company for the purpose specified in section 83(2) of the Companies Ordinance, 1984.

	2015	2014
	(Rupees in thousand)	
21. SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX		
Net revaluation surplus as at 01 July	184,878	186,311
Surplus arising during the year	441,931	-
	626,809	186,311
Less: Related deferred tax liability on revaluation surplus during the year	65,962	-
Surplus available - net of deferred tax	560,847	186,311
Transfer to unappropriated profit as a result of incremental depreciation charged during the current year-net of deferred tax	(1,074)	(1,433)
Revaluation surplus as at 30 June - net	559,773	184,878

The latest revaluation was carried out by Harvester Enterprises and Co., on 30 June 2015 of freehold land and building on freehold land, leasehold land and building on leasehold land and plant and machinery. The revaluation resulted in a surplus of Rs. 295.38 million on freehold land and building on freehold land, Rs. 40.83 million on leasehold land and building on leasehold land and Rs. 105.72 million on plant and machinery over the respective net book values. The valuation was determined by reference to current market value of the similar properties / assets. The most significant input into this valuation approach is price per acre for land, price per square foot for buildings and present operational condition and age of plant and machinery respectively.

	Note	2015	2014
		(Rupees in thousand)	
22. LONG TERM FINANCING			
Secured			
- JS Bank Limited II	22.1	120,000	200,000
- Habib Bank Limited	22.2	25,000	50,000
- First Habib Modarba	22.3	2,550	3,150
		147,550	253,150
Less: Current maturity shown under current liabilities		(105,600)	(105,600)
		41,950	147,550

22.1 This represents a long term loan of Rs. 200 million. The facility is secured against an equitable mortgage of Rs. 267 million on land and building of Lahore factory of the Company. The balance is repayable in six quarterly installments of Rs. 20 million each ending on October 2016. Markup is payable quarterly and charged at the rate of three month's KIBOR plus 2 % per annum ranging between 9.81% and 12.94% (2014: 12.11% and 12.94%) per annum.

22.2 This represents a long term loan of Rs. 125 million. This facility is secured against hypothecation charge over plant and machinery of the Company. Mark-up is payable quarterly and charged at the rate of one month's KIBOR plus 2.0% per annum. The balance is repayable in 4 equal quarterly installments of Rs. 6.25 million each ending on June 2016. The above facility carries mark-up ranging between 9.47% and 12.17% (2014: 11.01% and 12.17%) per annum.

22.3 This represents diminishing musharika facility of Rs. 3.6 million for purchase of vehicle. The term of the agreement is 5 years. The balance is repayable in 13 equal quarterly installments of Rs. 0.15 million each ending on July 2018. Mark-up is payable quarterly and charged at the rate of six month KIBOR plus 2% per annum. Under the agreement, the Company holds asset with joint ownership with the modarba.

	Note	2015	2014
		(Rupees in thousand)	
23. STAFF RETIREMENT AND OTHER LONG TERM BENEFITS			
Defined benefit plan			
Staff Pension fund	23.2	21,169	12,890
Staff Gratuity fund	23.2	42,038	32,394
		63,207	45,284
Other long term employee benefits			
Accumulating compensated absences	23.13	13,213	9,251
		76,420	54,535

Defined benefit plan

As mentioned in note 3.12 the Company operates an approved funded gratuity and pension schemes for all its permanent employees. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation was carried out at 30 June 2015. Projected Unit Credit method based on the following assumptions was used for these valuations:

	2015	2014
Valuation discount rate	9%	12%
Expected rate of increase in salary level	8%	11%
Rate of return on plan assets	9%	12%
Mortality table	SLIC (2001-05)	SLIC (2001-05)

23.1 The disclosures made in notes 23.2 to 23.6 and 23.9 to 23.15 are based on the information included in the actuarial valuation as of 30 June 2015.

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	2015		2014	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in thousand)			
23.2 Balance sheet reconciliation				
Present value of defined benefit obligation	62,797	43,720	53,439	33,997
Fair value of plan assets	(41,628)	(1,682)	(40,549)	(1,603)
	21,169	42,038	12,890	32,394
23.3 Movement in the fair value of plan assets is as follows:				
Fair value as at 01 July	40,549	1,603	34,861	41
Expected return on plan assets	4,786	161	3,486	4
Remeasurement (losses) / gains	(2,353)	447	(1,533)	839
Company's contribution	-	3,500	5,500	8,500
Benefits paid	(1,354)	(4,029)	(1,765)	(7,781)
Fair value as at 30 June	41,628	1,682	40,549	1,603
23.4 Movement in defined benefit obligation is as follows:				
Obligation as at 01 July	53,439	33,997	48,585	37,904
Employees' contribution not paid to the fund	1,056	-	1,044	-
Service cost	4,040	5,769	4,032	5,768
Interest cost	6,332	4,080	4,858	3,790
Benefits paid	(1,354)	(4,029)	(1,766)	(7,780)
Remeasurement (gains)/loss	(716)	3,903	(3,314)	(5,685)
Obligation as at 30 June	62,797	43,720	53,439	33,997
23.5 Charge for the year				
Current service cost	4,040	5,769	4,032	5,768
Interest cost	6,332	4,080	4,858	3,790
Expected return on plan assets	(4,786)	(161)	(3,486)	(4)
Expense	5,586	9,688	5,404	9,554
Actual return on plan assets	2,433	608	1,953	843

	2015		2014	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in thousand)			
23.6 Movement in net liability in the balance sheet is as follows:				
Net liability as at 01 July	12,890	32,394	13,724	37,863
Charge for the year	5,586	9,688	5,404	9,554
Charge to Other Comprehensive Income during the year	1,637	3,457	(1,782)	(6,523)
Company's contribution	-	(3,500)	(5,500)	(8,500)
Employees' contribution deducted but not paid to the fund	1,056	-	1,044	-
Net liability as at 30 June	21,169	42,039	12,890	32,394
23.7 The charge for the year has been allocated as follows:				
Cost of sales	2,793	4,844	2,702	4,777
Distribution costs	2,290	3,972	2,216	3,917
Administrative expenses	503	872	486	860
	5,586	9,688	5,404	9,554
23.8 Plan assets comprise the following:				
Defence Saving Certificates	7,900	-	8,875	-
Term deposits	3,409	-	3,731	-
Cash at bank	1,504	1,682	306	1,603
Term Finance Certificate	16,725	-	15,119	-
Cash management Optimizer	12,090	-	12,518	-
	41,628	1,682	40,549	1,603

23.9 Amounts for the current period and previous four annual periods of the fair value of plan assets, present value of defined benefit obligation and surplus arising thereon is as follows:

	2015	2014	2013	2012	2011
	(Rupees in thousand)				
As at 30 June					
Present value of defined benefit obligation	106,517	87,436	86,489	72,058	64,448
Fair value of plan assets	(43,310)	(42,152)	(34,902)	(32,981)	(24,376)
Deficit	63,207	45,284	51,587	39,077	40,072
Experience adjustment:					
(Gain)/loss on obligations	5,094	(8,305)	(2,156)	(6,773)	(3,602)
Gain on plan assets	(1,906)	(694)	(1,071)	(2,026)	(1,075)

23.10 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date.

23.11 Actuarial assumptions sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 1% with all other variables held constant, the impact on the present value of the defined benefit obligation as at 30 June 2015 would have been as follows:

Impact on present value of defined benefit obligation as at 30 June

		Pension		Gratuity	
	Change	Increase	Decrease	Increase	Decrease
			(Rupees in thousand)		
Discount rate	1%	(11,770)	11,289	(4,753)	5,642
Future salary	1%	5,628	(4,921)	5,642	(4,835)

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the balance sheet.

23.12 Weighted average duration of the defined benefit obligation is 25 years and 10 years for pension and gratuity plans, respectively.

	2015	2014
	(Rupees in thousand)	
23.13 Other long term employee benefits		
Movement in accumulated compensated absences		
Balance as at 01 July	9,251	9,105
Provision during the year	5,606	5,988
Payments made during the year	(1,644)	(5,842)
Balance as at 30 June	13,213	9,251
23.14 Reconciliation of present value of liability		
Present value of liability as at 01 July	9,251	9,105
Service cost	4,523	3,089
Interest on defined benefit liability	1,011	910
Benefits paid	(1,644)	(5,842)
Remeasurement loss	72	1,989
	13,213	9,251

	2015	2014
	(Rupees in thousand)	
23.15 Charge for the year		
Service cost	4,523	3,089
Interest on defined benefit liability	1,011	910
Remeasurement loss	72	1,989
	5,606	5,988

24. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The minimum lease payments have been discounted at an implicit interest rate of 10% to 12.19% to arrive at their present value. At the end of the lease term, the assets shall be transferred in the name of the lessee. The amount of the future payments and the period in which they will become due are:

	2015			2014
	Minimum lease payments	Future finance cost	Present value of lease liability	Present value of lease liability
	(------Rupeesin thousand------)			
Not later than one year	2,604	170	2,434	1,584
Later than one year but not later than five years	869	20	849	4,006
	3,473	190	3,283	5,590

25. TRADE AND OTHER PAYABLES

	Note	2015	2014
		(Rupees in thousand)	
Trade payables		550,201	514,269
Bills payable		210,317	218,636
Accrued expenses		91,037	16,120
Unpaid and unclaimed dividend		14,025	2,360
Provision for infrastructure cess	25.1	35,532	30,332
Advances from customers		25,837	33,439
Workers' Profits Participation Fund	25.2	15,102	12,958
Workers' Welfare Fund		17,854	14,192
Sales tax, special excise duty and withholding tax		26,464	38,862
Royalty payable to related parties	25.3	33,565	4,590
Royalty and technical fee payable		16,304	12,122
Others		26,507	32,648
		1,062,745	930,528

	Note	2015	2014
		(Rupees in thousand)	
25.1 Provision for infrastructure cess			
Balance as at 01 July		30,332	24,048
Provision for the year		5,200	6,284
Balance as at 30 June		35,532	30,332
25.2 Workers' Profits Participation Fund			
Balance as at 01 July		12,958	8,972
Allocation for the year	34	8,960	7,707
Interest on funds utilized in the Company's business	35	584	975
		22,502	17,654
Payments during the year		(7,400)	(4,696)
Balance as at 30 June		15,102	12,958
25.3 This includes amount due to the following:			
Slotrapid Limited B.V.I. - parent Company		27,514	-
Buxly Paints Limited - related party		6,051	4,590
		33,565	4,590

26. ACCRUED FINANCE COST

	Note	2015	2014
		(Rupees in thousand)	
Mark-up accrued on secured			
Long term financing		2,849	5,768
Short term financing		1,027	2,311
Short term running finances		23,503	32,085
		27,379	40,164

27. SHORT TERM BORROWINGS

	Note	2015	2014
Short term financing	27.1	50,000	158,000
Short term running finances	27.2	993,768	1,038,124
		1,043,768	1,196,124

27.1 Short term financing - secured

This represents utilized amount of short term financing (morabaha) under markup arrangements available from commercial banks aggregating to Rs. 158 million (2014: Rs. 158 million). These facilities are secured against first pari passu charge on all present and future current assets, registered charge (ranking and first exclusive) on fixed assets including freehold and leasehold land, lien over import documents and carries markup ranging between 10% and 12.23% (2014: 12.18% and 13.18%) per annum, payable quarterly.

27.2 Short term running finances - secured

This represents utilized amount of short term running finance facilities under markup arrangements available from commercial banks aggregating to Rs. 1,275 million (2014: Rs. 953 million). These facilities are secured against registered charge over the current assets of the Company and carries markup ranging between 8.31% and 12.67% (2014: 10.58% and 12.87%) per annum, payable quarterly.

27.3 Unavailed credit facilities

The facilities for opening of letters of credits and guarantees as at 30 June 2015 amounted to Rs. 1,300 million (2014: Rs. 2,609 million) of which the remaining unutilized amount as of that date was Rs. 926 million (2014: Rs. 822 million).

28. CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

- In previous years the Company filed a suit against an ex-distributor (the distributor) in the High Court of Sindh (the court) for recovery of Rs. 8.89 million and damages amounting to Rs. 5 million on account of unpaid credit invoices for the products supplied by it to the distributor. However, the distributor in return also filed a counter claim of Rs. 78.15 million against the Company in the court on account of damages and compensation. As the management of the Company, based on the advice of its legal counsel handling the case, is confident that the outcome of this suit will be decided in the favour of the Company, therefore no provision has been made in this respect in these financial statements.

- During the current year, the Sindh Revenue Board (SRB) through assessment order 490/2014 dated 18 September 2014 raised sales tax demand of Rs. 39.34 million along-with penalty but excluding default surcharge on the grounds that the Company has received franchise services through its registered office in Karachi but had not paid sales tax on these services for the tax periods July, 2011 to June, 2013. Department (SRB) had inadvertently added all Royalty figures appearing in accounts including Royalty receivable, Royalty payable, Royalty expense, Related party transfer for the calculation of tax on Royalties. The Company, through its legal counsel, filed an appeal before the Commissioner (Appeals) SRB on the grounds that amount of sales tax is not correctly calculated and the provisions of Sindh Sales Tax on Services Act, 2011 are not applicable for the reason that the Company is managing its affairs from the province of Punjab as the head office and the manufacturing facility is located there. Accordingly management believes it has a strong case and that no financial obligation is expected to accrue.

- The Sindh High Court (the Court) in the case of 'Kasim Textile' in its order of 7 May, 2013 has held that benefit of carry forward of minimum tax under section 113 of the Income Tax Ordinance, 2001 is only available if tax payable in a tax year is less than minimum tax paid. If in a tax year, a Company has assessed losses on which no tax is payable, the Company forgoes the right to carry forward minimum tax paid in that year. In the light of this order, the Company is not entitled to carry forward minimum tax paid in the tax year 2010 to 2012 of Rs 87.69 million as a result of assessed tax losses in these years and adjust it against normal tax liability. Also in the case of refunds claimed in any year, those would also be adjusted accordingly. However, the management is of the view that the verdict has been challenged in the Supreme Court and that they are waiting for the final outcome and accordingly tax liability for the current year has been made on the basis of minimum tax.

- The tax department through assessment order 2/2014 dated May 5, 2014 raised sales tax demand of Rs 102.48 million on the grounds that input sales tax claimed by the Company in connection with raw material/finished goods destroyed by fire that took place in January 2008 is not admissible as the same has been claimed by the Company from the insurers through insurance claim and accordingly be refunded back. The Company through its tax consultants filed an appeal before the Commissioner Inland Revenue (CIR) appeals on legal grounds that this assessment order is being hit by time limitation provided under section 11(5) of the sales tax act, 1990. The assessment order was decided in favour of the Company by the CIR (appeals) against which the department has filed appeal before the Appellate Tribunal Inland Revenue (ATIR) which is pending. Consequently management believes that it has a strong case and no financial obligation is expected to accrue.

- The tax department through assessment order 3/2014 dated May 7, 2014 raised sales tax demand of Rs 10.54 million on the grounds that Company failed to charge output sales tax on certain goods partly damaged/saved during fire in financial year 2008. The Company through its tax consultants filed an appeal against the order before the Commissioner Inland Revenue (CIR) appeals which was decided against the Company, however the departmental action against the demand raised was upheld through stay order. The management filed an appeal with Appellate Tribunal Inland Revenue (ATIR) against the order along with stay order against the demand on grounds that these mentioned goods were used in normal process and respective output related to supplies made from these goods were declared as matter of routine. The ATIR while disposing off the appeal filed by the Company deleted a substantial portion of the demand raised by the department thereby reducing the overall demand to Rs. 1.18 million. The management filed a reference before the Honorable High Court against the order of ATIR for further relief which is pending. Accordingly considering the legal position, management believes that it has strong case and no financial obligation is expected to accrue.

In the current year, the Deputy Commissioner Inland Revenue (DCIR) served a show cause notice to the Company as to why an amount of Rs. 387.27 million may not be recovered as a result of selection of the Company for audit of sales tax for the period July 2009 to June 2010 under section 72B of the Sales Tax Act, 1990. The Company has shifted its office in 2009 and case for change of jurisdiction was in-process at FBR level. Later on jurisdiction was changed to Lahore LTU and no notice was received to Company till this year. The Company, through its legal counsel, challenged the above mentioned notice in the Honorable Lahore High Court whose operation was suspended by the High Court. Accordingly management believes that it has a good arguable case and matter will be decided in its favour. Further management believes that the case is only in its show cause stage and that assessment order has not been served resulting any financial liability.

28.2 Commitments

- Outstanding letters of credit as at 30 June 2015 amounted to Rs. 367.98 million (2014: Rs. 377.79 million).
- Outstanding letters of guarantees as at 30 June 2015 amounted to Rs. 55.62 million (2014: Rs. 48.62 million).
- The amount of future Ijarah rentals for Ijarah financing and the period in which these payments will become due are as follows:

	2015	2014
	(Rupees in thousand)	
Not later than one year	10,287	10,973
Later than one year and not later than five years	22,292	19,873
	32,579	30,846

	Note	2015	2014
		(Rupees in thousand)	
29. SALES - NET			
- Local		5,084,038	5,648,902
- Exports		166,073	189,006
		5,250,111	5,837,908
Less: Discounts		(154,363)	(452,024)
Sales tax		(793,918)	(876,853)
		4,301,830	4,509,031

30. COST OF SALES

	Note	2015	2014
Finished goods as at 01 July		346,512	291,622
Cost of goods manufactured	30.1	3,100,875	3,462,819
Provision against slow moving finished goods		4,379	3,842
Less: Finished goods as at 30 June		(305,268)	(346,512)
Cost of sales		3,146,498	3,411,771

30.1 Cost of goods manufactured

	Note	2015	2014
Raw and packing materials consumed including provision of Rs. 6 million (2014: Nil)		2,789,650	3,098,554
Stores consumed		2,632	4,534
Salaries, wages and other benefits	30.1.1	70,802	69,449
Travelling and conveyance		11,377	7,528
Fuel, water and power		71,303	78,696
Legal and professional		4,516	4,221
Rent, rates and taxes		235	225
Insurance		9,706	3,906
Repairs and maintenance		21,782	19,702
Contracted services		71,720	55,169
Depreciation on property, plant and equipment	5.6	49,510	51,779
Ijarah lease rentals		2,937	3,296
Printing and stationery		1,625	932
Communication		1,409	631
Other expenses		11,848	8,458
		3,121,052	3,407,080
Opening stock of semi-processed goods		57,281	113,020
Closing stock of semi-processed goods		(77,458)	(57,281)
Cost of goods manufactured		3,100,875	3,462,819

30.1.1 Salaries, wages and benefits include Rs. 11.05 million (2014: Rs. 9.79 million) in respect of staff retirement and other long term benefits.

	Note	2015	2014
		(Rupees in thousand)	

31. DISTRIBUTION COSTS

	Note	2015	2014
Salaries, wages and other benefits	31.1	187,011	160,642
Travelling and conveyance		62,772	56,936
Rent, rates and taxes		10,388	21,090
Insurance		8,700	12,636
Fuel, water and power		6,022	3,494
Advertising and sales promotion		202,509	268,442
Technical services and royalty fee		36,187	6,923
Freight and handling		91,207	88,244
Repairs and maintenance		3,082	877
Contracted services		23,447	20,301
Depreciation on property, plant and equipment	5.6	7,428	6,350
Ijarah lease rentals		8,148	7,329
Provision for			
- doubtful debts - net of recoveries	13.3	12,191	38,892
- doubtful deposit		-	3,221
Printing and stationery		2,676	2,284
Legal and professional		7,753	3,436
Communication		5,531	4,936
Other expenses		6,373	2,960
		681,425	708,993

31.1 Salaries, wages and benefits include Rs. 12.95 million (2014: Rs. 11.37 million) in respect of staff retirement and other long term benefits.

	Note	2015	2014
		(Rupees in thousand)	

32. ADMINISTRATIVE EXPENSES

	Note	2015	2014
Salaries, wages and other benefits	32.1	95,663	88,697
Directors' fee		3,300	2,150
Travelling and conveyance		10,551	12,177
Rent, rates and taxes		3,062	4,689
Insurance		4,537	7,522
Auditors' remuneration	32.2	1,597	1,636
Fuel, water and power		2,720	3,828
Repairs and maintenance		3,489	3,988
Contracted services		16,872	17,346
Depreciation on property, plant and equipment	5.6	6,049	5,597
Amortization of computer software	6.1	5,210	2,586
Provision for doubtful advances		-	1,385
Ijarah lease rentals		1,446	1,221
Printing and stationery		2,684	2,814
Legal and professional		8,364	8,463
Communication		2,392	4,300
Others		12,523	13,123
		180,459	181,522

32.1 Salaries, wages and benefits include Rs. 9.14 million (2014: Rs. 8.89 million) in respect of staff retirement and other long term benefits.

	Note	2015	2014
		(Rupees in thousand)	
32.2 Auditors' remuneration			
Audit fee		1,100	1,100
Consolidation and half yearly review		357	396
Out of pocket expenses		140	140
		1,597	1,636

33. OTHER INCOME

	Note	2015	2014
Income from financial assets			
Mark-up on term deposit receipts		4,336	3,958
		4,336	3,958
Income from non financial assets			
Sale of scrap		5,618	6,067
Gain on disposal of property plant and equipment		1,643	-
Rental income and other services charged to related parties		5,684	5,684
Export rebate		2,533	3,815
Liabilities no longer payable written back		-	53,586
Insurance claim		797	8,497
Exchange gain		13,223	32,329
Gain on transfer of equity investment to available for sale		-	2,294
Others		281	1,738
		29,779	114,010
		34,115	117,968

34. OTHER CHARGES

	Note	2015	2014
Loss on disposal of property plant and equipment		-	22
Workers' Welfare Fund		3,661	1,936
Workers' Profit Participation fund	25.2	8,960	7,707
		12,621	9,665

	Note	2015	2014
		(Rupees in thousand)	

35. FINANCE COST

	Note	2015	2014
Mark up on:			
Long term financing		23,339	25,123
Short term financing		9,241	14,759
Short term running finances		110,022	118,154
Finance cost on leases		692	954
Interest on workers profit participation fund	25.2	584	975
Bank charges		4,476	6,121
		148,354	166,086

36. TAXATION

	2015	2014
Current		
- For the year	3,470	45,009
- Prior year	215	-
	3,685	45,009
Deferred		
- Current year	53,750	6,445
	57,435	51,454

36.1 Current tax represents tax under FTR net of tax credit amounting to Rs. 3.47 million (2014: Rs. 4.79 million). Tax under' Final Tax Regime' (FTR) represents tax on exports and finished goods imported for onward sale. FTR is treated as a full and final discharge and not to be set off against normal tax liabilities arising in future years.

	2015	2014
	%	%

36.2 Tax charge reconciliation

	2015	2014
Numerical reconciliation between the average tax rate and the applicable rate		
Applicable tax rate	33.00	34.00
- income under Final Tax Regime	3.03	0.68
- tax rate adjustment	0.65	1.31
- tax credit	(2.33)	(1.45)
- prior year adjustment	0.13	-
	1.48	0.54
Average effective tax rate charged to profit and loss account	34.48	34.54

36.3 The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40% of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

During the year, the Company has paid an interim dividend of Rs. 1.5 per share representing 25% of its after tax profits for the year. Further as explained in note 46 to the financial statements, the Board of Directors in their meeting held on 28 September 2015 has recommended a final dividend of Rs. 1 per ordinary share for the year ended 30 June 2015 which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been made in these financial statements.

37. EARNINGS PER SHARE - BASIC AND DILUTED

	2015	2014
	(Rupees in thousand)	
Profit after taxation	109,153	97,508
	Number of shares	
Weighted average number of shares outstanding during the year	18,186,409	18,186,409
	(Rupees)	
Earning per share	6.00	5.36

37.1 No figure for diluted earnings per share has been presented as the company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

38. CASH AND CASH EQUIVALENTS

	Note	2015	2014
		(Rupees in thousand)	
Cash and bank balances	18	191,738	255,010
Short term running finance	27.2	(993,768)	(1,038,124)
		(802,030)	(783,114)

39. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2015			2014		
	Chief Executive	Executives	Non-Executive Directors	Chief Executive	Executives	Non-Executive Directors
	(------------- Rupees in thousand			------------)		
Managerial remuneration (including bonus)	-	58,196	-	-	49,370	-
Retirement and other long term benefits	-	27,290	-	-	24,712	-
Housing rent	-	25,519	-	-	22,217	-
Utilities	-	5,671	-	-	4,937	-
Medical expenses	-	2,837	-	-	1,652	-
	-	119,513	-	-	102,888	-
Number of persons	1	47	6	1	36	6

39.1 39.1 Retirement and other long term benefits include benefits provided under provident fund, gratuity, pension and accumulated compensated absences.

39.2 In addition to above, six (2014: six) non-executive directors were paid fee aggregating Rs. 3.30 million (2014: Rs. 2.15 million).

39.3 The chief executive and certain other executives of the company are provided with free use of company cars while the chief executive is provided boarding and lodging in the company's guest house.

40. NUMBER OF EMPLOYEES

The Company has employed following number of persons:

	2015	2014
	(Number of persons)	
- As at 30 June	509	477
- Average number of employees	488	464

41. PROVIDENT FUND RELATED DISCLOSURE

The Company has set up provident fund for its permanent employees. The total charge against provident fund for the year was Rs. 11.78 million (2014: Rs. 10.57 million).

The following information is based on un-audited financial statements of the fund:

	2015	2014
	(Rupees in thousand)	
Size of the fund	169,478	147,107
Cost of investment made	103,500	85,500
Fair value of investments	160,557	125,671
	(Percentage)	
Percentage of investments made	95%	85%

The breakup of investments is as follows:

	2015	2014
	(Rupees in thousand)	
Held to maturity		
Defence Saving Certificates	89,400	78,208
Certificates of Deposits	38,016	39,562
	127,416	117,770
Available for sale		
Atlas Income Fund	4,310	4,074
MCB Asset Management	4,590	3,827
Investment with Dubai Islamic Bank	11,138	-
Investment with AKD Investment Management Limited	7,621	-
Al-Ameen Islamic Principle Preservation Fund (UBL)	5,482	-
	33,141	7,901
	160,557	125,671

The above investments out of provident fund from the funds received from the Company have been made in accordance with the requirement of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

42. TRANSACTIONS WITH RELATED PARTIES

The related parties of the company comprise holding company, subsidiaries, associated undertakings, other related companies, post employment benefit plans, directors and key management personnel. The company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties, remuneration of directors and key management personnel are disclosed in the relevant notes.

There have been no guarantees provided or received for any related party receivables or payables. Other material transactions with related parties are given below:

Relation with undertaking	Nature of transaction	2015	2014
		(Rupees in thousand)	
Holding company			
- Slotrapid Limited B.V.I.	Royalty expense	27,514	-
	Reversal of royalty payable	-	81,722
Subsidiary			
- Berger Road Safety (Private) Limited	Sales	109,382	70,315
	Rental income and other services charged	2,077	2,076
	Common expenditures incurred	14,717	-
Related parties			
- Buxly Paints Limited	Sales	116,124	111,766
	Rental income and other services	3,608	3,608
	Toll manufacturing income	8,924	8,138
	Royalty expense	1,461	1,030
	Rental expense	1,200	1,200
- Dadex Eternit Limited	Sales	245	32
- Post employment benefit plans	Expense charged in respect of retirement benefit plans	20,880	20,946
	- Funds paid	5,146	19,842
Remuneration of key management personnel		Note 39	

The related party status of outstanding balances as at 30 June 2015 are included in trade debts (note 13.1), other receivables (note 16.1) and trade and other payables (note 25.3) respectively.

43. FINANCIAL RISK MANAGEMENT

43.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

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

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Company's exposure to financial risk, the way these risks affect the financial position and performance and the manner in which such risks are managed is as follows:

(a) Market risk

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

(i) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The company is exposed to currency risk arising from various currency exposures, primarily with respect to the Euro, United States Dollar (USD) and Japanese Yen (JPY). Currently, the company's foreign exchange risk exposure is restricted to the amounts payable to foreign entities. The company's exposure to foreign exchange risk is as follows:

	2015	2014
	(In thousand)	
Trade and other payables - Euro	(9.06)	(0.01)
Net exposure - Euro	(9.06)	(0.01)
Trade and other payables - USD	(1,145)	(1,850)
Net exposure - USD	(1,145)	(1,850)
Trade and other payables - JPY	(29,572)	(31,514)
Net exposure - JPY	(29,572)	(31,514)

The following significant exchange rates were applied during the year:

	2015	2014
	(In rupees)	
Rupees per Euro		
Average rate for the year	124.02	136.33
Reporting date rate	113.64	134.50
Rupees per USD		
Average rate	100.03	101.93
Reporting date rate	101.60	99.25
Rupees per JPY		
Average rate	0.86	1.04
Reporting date rate	0.83	0.97

If the functional currency, at reporting date, had fluctuated by 5% against the Euro, USD and JPY with all other variables held constant, the impact on profit after taxation for the year would have been Rs. 7.09 million (2014: Rs. 10.72 million) lower/higher, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Foreign exchange risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(ii) Price risk

Other price risk represents 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), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers.

The Company is not exposed to equity price risk since the investment held by the company in subsidiaries are unquoted.

The Company's investments in equity instrument of other entities are publicly traded on the Karachi Stock Exchange. The summary below explains the impact of increase on the Company's surplus of available for sale investment to change in market price. The analysis is based on the assumption that the market price had increased/decreased by 10% with all other variables held constant:

	Impact on equity	
	2015	2014
	(Rupees in thousand)	
Karachi Stock Exchange	998	1,026

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature on reprice in a given period.

The company's interest rate risk arises from long term financing and short term borrowings. Borrowings obtained at variable rates expose the company to cash flow interest rate risk.

At the balance sheet date, the interest rate profile of the company's interest bearing financial instruments was:

	2015	2014
	(Rupees in thousand)	
Financial assets		
<u>Fixed rate instruments</u>		
Bank balances - deposit accounts	58,241	59,603
Short term investments	10,018	-
Total exposure	68,259	59,603

	2015	2014
	(Rupees in thousand)	
Financial liabilities		
Variable rate instruments		
Long-term financing	147,550	253,150
Short-term financing	50,000	158,000
Short-term running finance	993,768	1,038,124
	1,191,318	1,449,274

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 or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on long term financing, at the year end rate, fluctuate by 1% higher / lower with all the other variables held constant, profit after taxation for the year would have been Rs. 233.39 million (2014: Rs. 251.23 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings.

(b) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk of the company arises from deposits with banks and financial institutions and credit exposure to customers. To manage credit risk, the Company maintains procedures covering the application of credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual credit limits are set based on the credit control procedures implemented by the management.

(i) Exposure to credit risk by parties

For banks and financial institutions credit quality is determined with respect to external credit ratings performed by independent parties. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Loans and receivables	2015	2014
	(Rupees in thousand)	
Long term loans	39,934	34,097
Long term deposits	22,513	21,784
Trade debts	1,266,828	1,252,214
Loans and advances	703	909
Trade deposits	21,522	14,188
Other receivables	4,169	23,361
Short term investments	10,018	-
Bank balances	191,124	254,426
	1,556,811	1,600,979

The age of financial assets and related impairment loss at balance sheet date is as follows:

The age of financial assets	2015	2014
	(Rupees in thousand)	
Not past due	280,762	339,544
Past due but not Impaired:		
Not more than three months	1,017,260	1,017,260
More than three months and not more than six months	53,628	53,628
More than six months and not more than one year	22,530	22,530
Past due and Impaired:		
More than one year	182,631	168,017
	1,556,811	1,600,979

(ii) Credit quality of major financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

Banks	Rating Short term	Rating Long term	Rating Agency	2015	2014
				(Rupees in thousand)	
HSBC Oman Bank	F1	A+	Fitch	466	466
Faysal Bank Limited	A1+	AA	PACRA & JCR	8,838	3,317
Bank Al Habib Limited	A1+	AA+	PACRA	19,139	19,040
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	68,258	46,176
United Bank Limited	A-1+	AA+	JCR-VIS	23,122	9,551
Habib Bank Limited	A-1+	AAA	JCR-VIS	8,137	51,198
MCB Bank Limited	A1+	AAA	PACRA	31,433	6,714
JS Bank Limited	A1	A+	PACRA	41,587	31,539
Al-Barka Bank Limited	A-1	A	PACRA & JCR	62	39
Bank Alfalah Limited	A1+	AA	PACRA	100	-
Summit Bank	A1	A	JCR-VIS	-	86,386
				201,142	254,426

(c) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities, that are settled by delivering cash or other financial asset, or that such obligation will have to be settled in a manner unfavorable to Company. 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. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit limits.

The following are the contractual maturities of financial liabilities as at 30 June 2015:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Non derivative financial liabilities				
Long term financing	147,550	105,600	41,950	-
Liabilities against assets subject to finance lease	3,283	2,434	849	-
Trade and other payables	974,912	974,912	-	-
Accrued finance cost	27,379	27,379	-	-
Short term borrowings	1,043,768	1,043,768	-	-
	2,196,892	2,154,093	42,799	-

The following are the contractual maturities of financial liabilities as at 30 June 2014:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Non derivative financial liabilities				
Long term financing	253,150	105,600	147,550	-
Liabilities against assets subject to finance lease	5,590	1,584	4,006	-
Trade and other payables	827,895	827,895	-	-
Accrued finance cost	40,164	40,164	-	-
Short term borrowings	1,196,124	1,196,124	-	-
	2,322,923	2,171,367	151,556	-

43.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

43.2.1 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities
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)

	Level 1	Level 2	Level 3
	(Rupees in thousand)		
Available for sale	9,978	-	-
2015	9,978	-	-
Available for sale	10,260	-	-
2014	10,260	-	-

43.3 Financial instruments by category

	Loans and receivables	
	2015	2014
	(Rupees in thousand)	
Financial assets as per balance sheet		
Long term loans	39,934	34,097
Long term deposits	22,513	21,784
Investments - available for sale	9,978	10,260
Trade debts	1,266,828	1,252,214
Loans and advances	79,877	63,528
Trade deposits	21,522	14,188
Other receivables	23,050	41,003
Short term investments	10,018	-
Cash and bank balances	191,738	255,010
	1,665,458	1,692,084

	Investments in subsidiaries at cost	
	2015	2014
	(Rupees in thousand)	
Investments	2,550	2,550

	Other financial liabilities	
	2015	2014
	(Rupees in thousand)	
Financial liabilities as per balance sheet		
Long term financing	147,550	253,150
Liabilities against assets subject to finance lease	3,283	5,590
Trade and other payables	974,912	827,895
Accrued finance cost	27,379	40,164
Short term borrowings	1,043,768	1,196,124
	2,196,892	2,322,923

43.4 Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide return for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders or issue new shares.

The company monitors capital on the basis of the debt-to-equity ratio - calculated as a ratio of total debt to equity.

The gearing ratios is as follows:

	2015	2014
	(Rupees in thousand)	
Total debt	1,191,318	1,449,274
Total equity	626,565	567,181
Total debt and equity	1,817,883	2,016,455
Gearing ratio	66:34	72:28

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

	2015	2014
	(Liters in thousand)	
44. PRODUCTION CAPACITY		
Actual production	28,433	28,783

The capacity of the plant is indeterminable because it is a multi product plant involving varying processes of manufacturing. Actual production includes resin production of 7.09 million liters (2014: 6.64 million liters) which is used in the manufacture of the final product.

45. OPERATING SEGMENTS

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

45.2 Revenue from sale of paints and allied represents 100% (2014: 100%) of the total revenue of the Company.

45.3 96.84% (2014: 96.76%) sales of the Company relates to customers in Pakistan.

45.4 All non-current assets of the Company as at 30 June 2015 are located in Pakistan.

46. EVENT AFTER BALANCE SHEET DATE

The Board of Directors has proposed a final divided of Rs. 1 per share (2014: Rs 1 per share) amounting to Rs. 18.187 million (2014: Rs. 18.187 million) for the year ended 30 June 2015 in their meeting held on 28 September 2015 for approval of the members at the Annual General Meeting to be held on 29 October 2015. These Financial statements do not reflect theses appropriations.

47. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 28 September 2015 by the Board of Directors of the company.

48. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison and better presentation as per reporting framework however, no significant re-arrangements have been made.

49. GENERAL

Figures have been rounded off to the nearest thousand of rupee unless otherwise stated.

Chief Financial Officer	Chief Executive	Director

Notice of Annual General Meeting

Notice is hereby given that the 65th Annual General Meeting of Berger Paints Pakistan Limited will be held on October 29, 2015 at 10:00 am at the Lahore Factory 28 Km, Multan Road, Lahore. To transact the following business:

1. To confirm minutes of Annual General Meeting held on October 27, 2014.

2. To receive and adopt the Audited Accounts along with the Consolidated Financial Statements of the Company for the year ended June 30, 2015 together with the Auditors Reports and Directors Report thereon.

3. To appoint Auditors and fix their remuneration for the year ending June 30, 2016. Board has recommended reappointing KPMG –Taseer Hadi & Co Chartered Accountants who being eligible offer themselves for re-appointment.

4. To approve the announced dividend in Cash @10% i.e. Rs. 1 per share of Rs. 10 each.

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

BY ORDER OF THE BOARD

Abdul Wahid Qureshi
Company Secretary

Lahore: October 07, 2015

Registered Office:
36- Industrial Estate, Kot Lakhpat Lahore.

NOTES:

1) The Share Transfer Books will remain closed from October 23, 2015 to October 29, 2015, both days inclusive and no transfer will be accepted during this period.

2) A member of the company entitled to attend, speak and vote at this meeting may appoint another member as his/her proxy to attend, speak and vote on his/her behalf.

3) CDC Account Holders will further have to follow the under-mentioned guidelines as laid down by the securities and exchange commission of Pakistan.

   a) For Attending the Meeting:

      i. In case of individuals, the account holder or sub-account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/ her identity by showing his/ her computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

      ii. In case of Corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

b) For Appointing proxies:

i. In case of individuals, the account holder or sub account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the Regulations shall submit the proxy form as per the above requirement.

ii. The proxy form shall be witnessed by two persons whose name, addresses and CNIC numbers shall be mentioned.

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

iv. The proxy shall produce his/ her original CNIC or original passport at the time of the meeting.

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

4) The Form of proxy to be valid must be properly filled in/ executed and received at the Company's Registered Office not later than 48 hours before the time of meeting.

5) Members are requested to notify the Shares Registrar of the Company promptly of any change in their addresses.

6) Members who have not yet submitted photocopies of their Computerized National Identity Card (CNIC) are requested to send the same to our Share Registrar at the earliest.

7) Form of Proxy enclosed herewith.

Berger Paints Pakistan Limited
Consolidated Financial Statements
for the year ended 30 June 2015

Directors' Report

The directors of the Holding Company present their report together with the audited consolidated financial statements for the year ended 30 June 2015.

	Rupees in thousand
Profit before taxation	169,820
Taxation	59,502
Profit after taxation	110,318
Minority interest	571
Net profit for the year attributable to the Holding Company	109,747

FINANCIAL STATEMENTS

The audited accounts of the Holding Company for the year ended 30 June 2015 are annexed.

HOLDING COMPANY

The Holding Company of Berger Paints Pakistan Limited is M/s. Slotrapid Limited which is incorporated in the B.V.I.

PROFIT PER SHARE

The profit per share for the year is Rs.6.03 [2014: Rs.5.20].

AUDITORS

The present auditors M/s. KPMG Taseer Hadi & Co., Chartered Accountants, shall stand retired and being eligible, have offered themselves for re-appointment.

CORPORATE GOVERNANCE

A statement of corporate financial reporting framework appears in the Directors' Report of the Holding Company is annexed.

OTHER INFORMATION

All relevant other information has already been disclosed in Directors' Report of the Holding Company.

ON BEHALF OF THE BOARD

Lahore
Date: 28 September 2015

Dr. Mahmood Ahmad
Chief Executive

KPMG Taseer Hadi & Co.
Chartered Accountants
2nd Floor, Servis House, 2-Main
Gulberg, Jail Road, Lahore Pakistan

Telephone + 92 (42) 3579 0901-6
Fax + 92 (42) 3579 0907
Internet www.kpmg.com.pk

Auditors' Report to the Members

We have audited the annexed consolidated financial statements of Berger Paints Pakistan Limited (the holding company) and its subsidiary companies, Berger DPI (Private) Limited and Berdex Construction Chemicals (Private) Limited, comprising consolidated balance sheet as at 30 June 2015 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of Berger Paints Pakistan Limited. The financial statements of the subsidiary companies, Berger DPI (Private) Limited and Berdex Construction Chemicals (Private) Limited, were audited by another firm of chartered accountants, whose audit report has been furnished to us and our opinion in so far as it relates to the amounts included for such company, is based solely on the report of other auditor. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the consolidated financial statements present fairly the consolidated financial position of Berger Paints Pakistan Limited and its subsidiary companies as at 30 June 2015 and the consolidated results of their operations for the year then ended.

KPMG Taseer Hadi & Co.

Lahore

KPMG Taseer Hadi & Co.
Chartered Accountants
(Bilal Ali)

Date: 28 September 2015

BERGER
Trusted Worldwide

Consolidated Balance Sheet

As at 30 June 2015

	Note	2015	2014
		(Rupees in thousand)	
Non-current assets			
Property, plant and equipment	5	1,053,935	584,572
Intangibles	6	44,467	49,677
Investments - related parties	7	9,978	10,260
Long term loans	8	32,472	22,731
Long term deposits	9	20,404	18,821
Deferred taxation	10	36,525	156,199
		1,197,781	842,260
Current assets			
Stores	11	7,056	6,288
Stock in trade	12	717,550	810,836
Trade debts	13	1,122,879	1,114,994
Loans and advances	14	88,212	64,595
Trade deposits and short term prepayments	15	25,829	10,857
Other receivables	16	22,354	38,453
Income tax - net		218,538	122,885
Short term investments	17	10,018	-
Cash and bank balances	18	195,600	261,464
		2,408,036	2,430,372
		3,605,817	3,272,632
Share capital and reserves			
Authorised share capital			
25,000,000 (2014: 25,000,000) ordinary shares of Rs.10 each		250,000	250,000
Share capital	19	181,864	181,864
Reserves	20	458,805	398,827
		640,669	580,691
Non -controlling interest		18,045	17,474
Advance against issue of share capital of subsidiary company		-	41
Surplus on revaluation of fixed assets - net of tax	21	559,773	184,878
Non-current liabilities			
Long term financing	22	41,950	147,550
Staff retirement and other long term benefits	23	76,420	54,535
Liabilities against assets subject to finance lease	24	6,181	6,409
Current liabilities			
Trade and other payables	25	1,082,230	937,024
Accrued finance cost	26	27,379	40,164
Current maturity of long term financing	22	105,600	105,600
Current maturity of liabilities against assets subject to finance lease	24	3,802	2,142
Short term borrowings	27	1,043,768	1,196,124
		2,262,779	2,281,054
		2,387,330	2,489,548
Contingencies and commitments	28		
		3,605,817	3,272,632

The annexed notes 1 to 49 form an integral part of these financial statements.

Chief Financial Officer　　　　Chief Executive　　　　Director

Consolidated Profit and Loss Account

For the year ended 30 June 2015

	Note	2015	2014
		(Rupees in thousand)	
Sales - net	29	4,420,826	4,562,664
Cost of sales	30	(3,221,818)	(3,446,959)
Gross profit		1,199,008	1,115,705
Distribution costs	31	(715,235)	(723,930)
Administrative expenses	32	(184,580)	(185,419)
		(899,815)	(909,349)
Operating profit		299,193	206,356
Other income	33	32,156	115,230
		331,349	321,586
Other charges	34	(12,762)	(9,640)
Finance cost	35	(148,767)	(166,218)
		(161,529)	(175,858)
Profit before taxation		169,820	145,728
Taxation	36	(59,502)	(51,230)
Profit after taxation		110,318	94,498
Attributable to:			
Equity holders of the parent		109,747	94,575
Non-controlling interest		571	(77)
		Rupees	
Earning per share - basic and diluted	37	6.03	5.20

The annexed notes 1 to 49 form an integral part of these financial statements.

Chief Financial Officer | Chief Executive | Director

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2015

		2015	2014
		(Rupees in thousand)	
Profit after taxation		110,318	94,498
Other comprehensive income			
Items that may be reclassified to profit and loss			
Fair value (deficit) / gain on 'Available for sale' investments		(282)	6,430
Items that will never be reclassified to profit and loss			
Remeasurement of defined benefit obligation		(5,094)	8,305
Surplus on revaluation of fixed assets - net of tax	(i)	-	-
Total comprehensive income for the year		104,942	109,233
Attributable to:			
Equity holders of the parent		104,371	109,310
Non-controlling interest		571	(77)

(i) Surplus on revaluation of fixed assets - net of tax is presented under separate head below equity in accordance with the requirements of section 235 of the Companies Ordinance, 1984.

The annexed notes 1 to 49 form an integral part of these financial statements.

Chief Financial Officer   Chief Executive   Director

Consolidated Cash Flow Statement

For the year ended 30 June 2015

	Note	2015	2014
		(Rupees in thousand)	
Cash flow from operating activities			
Profit before taxation		169,820	145,728
Adjustments for non cash items:			
Depreciation on property, plant and equipment	5.6	64,095	64,336
Amortization on computer software	32	5,210	2,586
(Gain) / loss on disposal of property, plant and equipment	33	(1,643)	22
Provision against slow moving stock		10,379	3,842
Provision for doubtful debts	31	14,138	44,025
Provision for doubtful deposits		-	3,221
Bad debts directly written off		2,576	663
Gain on transfer of equity investment to available for sale		-	(1,519)
Provision for doubtful advances		-	1,385
Provision for staff retirement and other long term benefits		20,880	14,958
Finance cost	35	148,767	166,218
Liabilities no longer payable written back	33	-	(53,586)
		264,402	246,151
Operating profit before working capital changes		434,222	391,879
Working capital changes			
(Increase) / decrease in current assets:			
Stores and spares		(768)	664
Stock in trade		82,907	61,237
Trade debts		(24,766)	(292,071)
Loans and advances		(23,617)	(10,123)
Trade deposits and short term prepayments		(14,972)	1,982
Other receivables		16,099	(5,015)
		34,883	(243,326)
Increase in current liabilities:			
Trade and other payables		135,839	29,207
Cash generated from operations		604,944	177,760
Finance cost paid		(161,552)	(163,535)
Taxes paid		(101,443)	(36,030)
Staff retirement and other long term benefits paid		(4,089)	(12,811)
Long term loans - net		(9,741)	(1,892)
Dividend paid		(35,333)	(9,038)
Long term deposits - net		(1,583)	(1,222)
		(313,741)	(224,528)
Net cash generated from / (used in) from operating activities		291,203	(46,768)
Cash flow from investing activities			
Fixed capital expenditure		(97,180)	(56,486)
Sale proceeds from disposal of property, plant and equipment		6,655	3,539
Short term investments		(10,018)	18,883
Net cash used in investing activities		(100,543)	(34,064)
Cash flow from financing activities			
(Repayment of) / proceeds from long term financing		(105,600)	138,150
Short term borrowings - net		(108,000)	14,000
Lease rentals paid		1,432	877
Net cash (used in) / generated from financing activities		(212,168)	153,027
Net (decrease) / increase in cash and cash equivalents		(21,508)	72,195
Cash and cash equivalents at beginning of the year		(776,660)	(848,855)
Cash and cash equivalents at end of the year	38	(798,168)	(776,660)

The annexed notes 1 to 49 form an integral part of these financial statements.

Chief Financial Officer   Chief Executive   Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2015

		Capital Reserves		Revenue Reserves				
	Issued, subscribed and paid-up share capital	Share premium	Fair value reserve	General reserve	Accumulated (loss)/profit	Total equity attributable to shareholders of parent company	Non-controlling interest	Total share capital and reserves
	---------------------- (Rupees in thousand) ----------------------							
Balance as at 1 July 2013	181,864	56,819	-	285,000	(44,642)	479,041	17,551	496,592
Transaction with owners of the Company recognized directly in equity - Distributions								
Dividend for the year ended 30 June 2013 @ Rs. 0.50 per share.	-	-	-	-	(9,093)	(9,093)	-	(9,093)
Total comprehensive income for the year ended 30 June 2014								
Profit for the year	-	-	-	-	94,575	94,575	(77)	94,498
Other Comprehensive income for the year								
Fair value gain on 'Available for sale' investments	-	-	6,430	-	-	6,430	-	6,430
Remeasurement of defined benefit obligation	-	-	-	-	8,305	8,305	-	8,305
	-	-	6,430	-	8,305	14,735	-	14,735
Total Comprehensive income for the year	-	-	6,430	-	102,880	109,310	(77)	109,233
Surplus on revaluation of property, plant and equipment realized through incremental depreciation charged on related assets during the year - net of tax	-	-	-	-	1,433	1,433	-	1,433
Balance as at 30 June 2014	181,864	56,819	6,430	285,000	50,578	580,691	17,474	598,165
Transaction with owners of the Company recognized directly in equity - Distributions								
Dividend for the year ended 30 June 2014 @ Rs. 1.00 per share	-	-	-	-	(18,187)	(18,187)	-	(18,187)
Interim dividend for the year ended 30 June 2015 @ Rs 1.50 per share	-	-	-	-	(27,280)	(27,280)	-	(27,280)
Total comprehensive income for the year ended 30 June 2015								
Profit for the year	-	-	-	-	109,747	109,747	571	110,318
Other Comprehensive income for the year								
Fair value gain on 'Available for sale' investments	-	-	(282)	-	-	(282)	-	(282)
Remeasurement of defined benefit obligation	-	-	-	-	(5,094)	(5,094)	-	(5,094)
	-	-	(282)	-	(5,094)	(5,376)	-	(5,376)
Total Comprehensive income for the year	-	-	(282)	-	104,653	104,371	571	104,942
Surplus on revaluation of property, plant and equipment realized through incremental depreciation charged on related assets during the year - net of tax	-	-	-	-	1,074	1,074	-	1,074
Balance as at 30 June 2015	181,864	56,819	6,148	285,000	110,838	640,669	18,045	658,714

The annexed notes 1 to 49 form an integral part of these financial statements.

Chief Financial Officer　　　　Chief Executive　　　　Director

Notes to the Consolidated Financial Statements
For the year ended 30 June 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

The Group comprises of:

Parent company

- Berger Paints Pakistan Limited

Subsidiary companies

- Berdex Construction Chemicals (Private) Limited
- Berger DPI (Private) Limited
- Berger Road Safety (Private) Limited - subsidiary of Berger DPI (Private) Limited

Berger Paints Pakistan Limited (the Parent Company) was incorporated in Pakistan on March 25, 1950 as a private limited company under the Companies Act, 1913 (now Companies Ordinance, 1984) and was subsequently converted into a public limited company. The company is listed on the Karachi and Islamabad Stock Exchanges. The company and its subsidiary companies collectively referred to as the Group are principally engaged in the manufacturing and selling of paints, varnishes and other related items, executing contracts for application of road marking paints and merchandising construction chemicals. The registered office of the Group is situated at 36-Industrial Estate Kot-Lakhpat, Lahore and the principal manufacturing facility of the Group is situated at 28 Km Multan Road, Lahore.

The Group owns 51 percent of the share capital of Berger DPI (Private) Limited who in turn holds 99 percent share capital of the Berger Road Safety (Private) Limited and 51.96 percent of the share capital of Berdex Construction Chemicals (Private) Limited. The group is a subsidiary of Slotrapid Limited B.V.I.

Berdex Construction Chemicals (Private) Limited is under the process of members' voluntary winding up under the provisions of Companies Ordinance, 1984. Therefore, its financial statements have not been prepared on a going concern basis and the historical cost convention has been adjusted for realization of assets and liquidation of liabilities that might be necessary. The carrying value of its assets and liabilities as at 30 June, 2015 approximates their realizable value.

1.1 Basis of consolidation

These consolidated financial statements comprise the financial statements of the parent company and its subsidiary companies as at 30 June 2015.

(a) Subsidiaries

The financial statements of the subsidiary companies have been consolidated on a line-by-line basis and the carrying values of the investments held by the parent company have been eliminated against the shareholders' equity in the subsidiary companies.

The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

All intragroup balances, transactions, income and expenses and profits and losses resulting from intragroup transactions that are recognised in assets, are eliminated in full.

The subsidiaries are fully consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date that such control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill.

(b) Non-controlling interest

Non-controlling interest is that part of net results of operations and of net assets of the subsidiaries which are not owned by the parent company. Non-controlling interest is presented as a separate item in the consolidated financial statements. The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals to non-controlling interests result in gains and losses for the Group and are recorded in the income statement.

(c) Associates

Associates are all entities over which the Group has significant influence but not control. The Group's share of its associate's post-acquisition profit or loss is recognised in the profit and loss account, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial

Reporting Standards (IFRSs) issued by the International Accounting Standard Board and Islamic Financial Reporting Standards (IFAs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value as referred to in note 3.4, the measurement of certain items of property, plant and equipment as referred to in note 21 at revalued amounts and recognition of certain staff retirement and other long term benefits as referred to in note 3.12 at present value.

3.2 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss, except for freehold and leasehold land, buildings thereon and plant and machinery, which are stated at revalued amounts less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to the surplus on revaluation of fixed assets account except for a reversal of deficit already charged to profit or loss. A revaluation deficit is recognized in profit or loss, except for a deficit directly offsetting a previous surplus on the same asset, in which case the deficit is taken to surplus on revaluation of fixed assets account. The surplus on revaluation of fixed assets to the extent of the annual incremental depreciation based on the revalued carrying amount of the assets and the depreciation based on the assets' original cost is transferred annually to retained earnings net of related deferred tax. Any accumulated depreciation at the revaluation date is eliminated against the gross carrying amount of the assets and the net amount is restated to the revalued amount of the assets. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to retained earnings. All transfers to / from surplus on revaluation of fixed assets account are net of applicable deferred income tax.

Depreciation on all property plant and equipment except freehold land is charged to income using the straight line method whereby the cost less residual value of an asset is written off over its estimated useful life at the annual rates. Residual values are reviewed at each balance sheet date and adjusted if the impact on depreciation is significant.

Useful lives are determined by the management based on expected usage of assets, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

Depreciation on additions to property, plant and equipment is charged from the month in which the asset is put to use or capitalized while depreciation on assets disposed off is charged up to the month preceding the disposal.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on disposal of property, plant and equipment are represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Capital work in progress is stated at cost less impairment in value, if any. It consists of all expenditure and advances connected with specific assets incurred and made during installation and construction period. These are transferred to relevant property, plant and equipment category.

3.3 Intangibles

- Computer Software

Expenditure incurred to acquire computer software are capitalized as intangible assets and stated at cost less accumulated amortization and any identified impairment loss.

Amortization is charged to income on straight line basis so as to write off the cost of an asset over its estimated useful life. Amortization on addition is charged form the month in which the asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off. Amortization is being charged at annual rates as specified in note 6.

- Business combinations

The purchase method of accounting is used to account for the acquisition of businesses by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed, if any, at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities, if any, assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recognized as goodwill.

The Group assesses at each balance sheet date whether there is any indication that intangible assets 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 amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income statement. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

3.4 Investments

Management determines the classification of its investments at the time of purchase depending on the purpose for which the investments are acquired and re-evaluates this classification at the end of each financial year. Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital are included in current assets, all other investments are classified as non-current.

Investments are either classified as financial assets at fair value through profit or loss, held-to-maturity investments, available for sale investments or investment in subsidiary and associated companies, as appropriate. When investments are recognized initially, they are measured at fair value, plus, in case of investments not at fair value through profit or loss, directly attributable transaction cost.

Investments in equity instruments of associates

Associates are all entities over which the Group has significant influence but not control. Investments in equity instruments of associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's share of its associate's post-acquisition profit or loss is recognised in the profit and loss account, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Available for sale

Investments that are intended to be held for sale for an indefinite period of the time or may be sold in response to need for liquidity are classified as available for sale.

Investments classified as available for sale are initially measured at cost, being the fair value of consideration given plus any directly attributable cost. At subsequent reporting dates, these investments are remeasured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments for which quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Unrealized gains and losses arising from the changes in the fair value are included in fair value reserves in the period in which they arise. At the time of disposal, the respective surplus or deficit in the fair value reserve is transferred to profit and loss account.

All purchases and sales of investments are recognized on the trade date which is the date that the company commits to purchase or sell the investment. Cost of purchase includes transaction cost.

At each reporting date, the Group reviews the carrying amounts of its investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account. Where an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised recoverable amount but limited to the initial cost of the investment. In respect of available for sale investment, cumulative impairment loss less any impairment loss already recognized in profit and loss account is removed from equity and recognized in the profit and loss account that are not subsequently covered through profit and loss account. The recoverable amount is the higher of an asset's fair value less cost to sell or value in use.

3.5 Long term deposits

Long term deposits are stated at cost less impairment, if any.

3.6 Stores

These are valued at moving average cost less any identified impairment except for items in transit, which are valued at invoice price and related expenses incurred up to the balance sheet date. General stores, spares and loose tools are charged to profit and loss currently. The Group reviews the carrying amount of stores on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores.

3.7 Stocks in trade

Stocks of raw and packing materials are valued at moving average cost. Finished goods are valued at the lower of average manufacturing cost and Net Realizable Value (NRV). Semi-processed goods are valued at moving average cost. Finished goods purchased for resale are measured at lower of moving average cost and net realizable value.

Average cost in relation to semi-processed and finished goods comprises direct material and appropriate portion of production overheads.

Stock in transit is stated at invoice value plus other charges paid thereon up to the balance sheet date.

NRV signifies the estimated selling price in the ordinary course of business less estimated costs of completion and the costs necessary to be incurred to make the sale.

Provision for obsolete and slow moving stock in trade is made on management estimate, whenever necessary.

3.8 Trade debts and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the normal course of business. Trade debts and other receivables are stated at original invoice amount, which approximates fair value less an allowance made for uncollectible amounts. Provision for doubtful receivables is based on review of outstanding amounts at year end and management's assessment of customers' credit worthiness. Balances considered bad and irrecoverable are written off as and when identified.

3.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, current and deposit account balances with banks and outstanding balance of running finance facilities availed by the Group.

3.10 Taxation

Current

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

Deferred

Deferred tax is recognized using the balance sheet liability method, on all major temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carry-forward of unused tax losses and tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and / or carry-forward of unused tax losses can be utilized.

The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. In this regard, the effects on deferred taxation of the proportion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan.

3.11 Leases

Finance leases

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Asset subject to finance lease are initially recognized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of the payment.

Each minimum lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term.

Assets acquired under a finance lease are depreciated over the useful life of the asset on a straight-line method at the rates given in note 5.1. Depreciation of leased assets is charged to profit and loss account.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

Operating lease

Leases including ijarah financing where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight-line basis over the lease / ijarah term unless another systematic basis is representative of the time pattern of the Group's benefit.

3.12 Staff retirement and other long term benefits

3.12.1 Defined benefit plan

The Group operates the following defined benefit schemes:

a) An approved and funded pension scheme for all executives; and
b) An approved and funded gratuity scheme for all its permanent employees.

Actuarial valuation are carried out using the 'Projected Unit Credit Method'. Contributions to the schemes are based on these valuations. Actual gains and losses arising from experience adjustments and changes in actuarial assumptions are charged to equity and other comprehensive income in the year in which they arise. Past service cost are recognised immediately in profit and loss account. The main features of defined benefit schemes are mentioned in note 23.

3.12.2 Defined contribution plan

Provident fund

The Group also operates a recognized provident fund scheme for its employees. Equal monthly contributions are made, both by the Group and the employees, to the fund at the rate of 10 percent of basic salary for executive and non-executive staff. During the year Rs. 11.78 million (2014: Rs. 10.57 million) were charged to expense.

3.12.3 Other long term benefits - Accumulated compensated absences

The Group also provides for compensated absences for all eligible employees in accordance with the rules of the Group. The Group accounts for these benefits in the period in which the absences are earned. Employees are entitled to earned leaves of 21 days per annum. The unutilized leaves are accumulated subject to a maximum of 42 days. The unutilized accumulated leaves can be encashed at the time the employee leaves service. The accumulated leave balance in excess of 42 days of an employee is ignored while determining benefit obligations.

The Group uses the actuarial valuations carried out using the 'Projected Unit Credit Method' for valuation of its accumulated compensating absences. Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to profit and loss account. The amount recognised in the balance sheet represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the profit and loss account immediately in the period when these occur. The following significant assumptions have been used:

Discount rate	9% per annum
Expected rate of salary increase in future years	8% per annum

3.13 Borrowings

Borrowings are recognized initially at the proceeds received. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method. Finance costs are accounted for on accrual basis and are reported under accrued finance costs to the extent of the amount remaining unpaid.

3.14 Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in ordinary course of business form suppliers. Accounts payable are classified if payment is due within one year or less (or in normal operating cycle of business, if longer), if not, they are classified as non current liabilities. Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

3.15 Provisions

Provisions are recognized when, the Group has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and reliable estimates of the obligations can be made. Provisions are reviewed periodically and adjusted to reflect the current best estimates.

3.16 Contingent assets

Contingent assets are possible assets those arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and are disclosed when inflow of economic benefits is probable. Contingent assets are not recognized until their realization become virtually certain.

3.17 Contingent liabilities

A contingent liability is disclosed when:

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

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

3.18 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees which is the Group's functional and presentation currency using the exchange rates approximating those prevailing at the date of the transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the balance sheet date. Exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to income currently. Non-monetary assets and liabilities denominated in foreign currency that are measured in terms of historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

3.19 Borrowings cost

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commissioning.

3.20 Revenue recognition

- Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably.

- Revenue from sale of goods is recognized when the significant risk and rewards of owner ship of the goods are transferred to the buyer.

- Interest / markup is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

- Dividend income is recognized when the right to receive payment is established.

- Other revenues are recorded on accrual basis.

3.21 Financial instruments

All financial assets and liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognized at the time when the Group loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to income currently.

Financial assets include investments, trade debts, loans, advances, deposits, other receivables and cash and bank balances.

Financial liabilities include long term financing, short term borrowings, accrued finance cost and trade and other payables.

3.22 Off setting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Group has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.23 Dividends and appropriations to general reserve

Dividends and appropriations to general reserves are recognized in the consolidated financial statements in the period in which these are approved.

3.24 Impairment

The Group assesses at each balance sheet date whether there is any indication that the assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to determine whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is charged to income currently except for impairment loss on revalued assets, which is recognized directly against any revaluation surplus for the related asset to the extent that the impairment loss does not exceed the amount held in the revaluation surplus for the same asset.

3.25 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

3.26 Standards, interpretations and amendments to published approved International Financial Reporting Standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2015:

- Amendments to IAS-38 'Intangible Assets' and IAS-16 'Property, Plant and Equipment' (effective for annual periods beginning on or after 1 January 2016).

- IFRS-10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS-27 'Consolidated and Separate Financial Statements'. IFRS-10.

- IFRS-11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS-31 'Interests in Joint Ventures'.

- IFRS-12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2015).

- IFRS-13 'Fair Value Measurement' effective for annual periods beginning on or after 1 January 2015).

- Amendments to IAS-27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016).

- Agriculture: Bearer Plants [Amendments to IAS-16 and IAS-41] (effective for annual periods beginning on or after 1 January 2016).

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS-10 and IAS-28) [effective for annual periods beginning on or after 1 January 2016].

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS-5 'Non-current Assets Held for Sale and Discontinued Operations'.

- IFRS-7 'Financial Instruments- Disclosures'.

- IAS-19 'Employee Benefits'.

- IAS-34 'Interim Financial Reporting'.

These amendments are not likely to have any material impact on these consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these consolidated financial statements are as follows:

		Note
-	Residual values and useful lives of depreciable assets	3.2
-	Provision for taxation	3.10
-	Provision for deferred taxation	3.10
-	Stock in trade to their net realizable value	3.7
-	Provision for doubtful debts	3.8
-	Staff retirement and other long term benefits	3.12
-	Provisions	3.15

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

	Note	2015	2014
		(Rupees in thousand)	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	1,015,666	581,096
Capital work in progress	5.3	38,269	3,476
		1,053,935	584,572

5.1 Property, plant and equipment

	Annual rate of depreciation	Cost/revalued amount as at 01 July 2014	Additions/ (deletions)/ adjustments	Effect of revaluation	Cost/revalued amount as at 30 June 2015	Accumulated Depreciation as at 01 July 2014	Depreciation charge/ (deletions)/ adjustments for the year	Elimination of accumulated depreciation against cost on revaluation	Accumulated depreciation as at 30 June 2015	Book value as at 30 June 2015
	%	------------------------------			(Rupees in thousand)		------------------------------			
Owned										
Freehold land	-	196,862	-	202,898	399,760	-	-	-	-	399,760
Leasehold land	2.06	67,000	-	31,333	98,333	5,475	1,365	(6,839)	-	98,333
Building on freehold land	5	185,228	- - 3,750	49,437	238,035	34,226	- (1) 9,044	(43,044)	-	238,035
Building on leasehold land	5	9,807	- (380) 3,469	(33)	13,508	1,866	- (226) 556	(2,689)	-	13,508
Plant and machinery	8-35	275,882	- 265 32,778 (11,611)	(97,560)	199,046	185,548	- 267 35,783 (8,118)	(203,284)	9,916	189,130
Laboratory equipments	10	19,416	(443) 3,458	-	22,868	10,458	(13) 1,828	-	12,287	10,581
Electric fittings	10	38,304	- (6) 2,397 (95)	-	40,344	16,163	- 1 3,623 (65)	-	19,712	20,632
Computer and related accessories	25	17,778	(262) 2,242 (57)	-	20,006	13,671	(9) 2,320 (10)	-	16,029	3,977
Office machines	10	5,438	43 404 (89)	-	5,752	2,392	48 470 (56)	-	2,805	2,947
Furniture and fixtures	10	22,140	(1) 2,606 (651)	-	23,998	9,895	(1) 2,127 (575)	-	11,447	12,551
Motor vehicles	20	45,840	(97) 6,782 (2,878) (2,583)	-	47,161	30,831	0 3,477 (1,545) (1,529)	-	31,234	15,927
2015		883,695	57,886 (15,381) (3,464)	186,075	1,108,811	310,525	60,593 (10,369) (1,463)	(255,856)	103,430	1,005,381
Leased										
Motor vehicles	20	11,937	4,500	-	16,435	5,932	3,257	-	7,828	8,607
Electric fittings	10	1,164	- (2) -	-	1,164	252	- (1,361) 116	-	368	796
Office machines	10	1,290	- - -	-	1,290	280	- 129 - (1)	-	408	882
2015		14,391	4,500 - (2)	-	18,889	6,464	3,502 - (1,362)	-	8,604	10,285
		898,086	62,386 (15,381) (3,466)	186,075	1,127,700	316,989	64,095 (10,369) (2,825)	(255,856)	112,034	1,015,666

*Motor vehicles include Rs. 3.60 million asset on musharka arrangements as mentioned in note 22.3

	Annual rate of depreciation	Cost/revalued amount as at 01 July 2013	Additions/ (deletions)/ adjustments	Effect of revaluation	Cost/revalued amount as at 30 June 2014	Accumulated Depreciation as at 01 July 2013	Depreciation charge/ (deletions)/ adjustments for the year	Elimination of accumulated depreciation against cost on revaluation	Accumulated depreciation as at 30 June 2014	Book value as at 30 June 2014
	%	------------------------------ (Rupees in thousand) ------------------------------								
Owned										
Freehold land	-	196,862	-		196,862	-	-	-	-	196,862
Leasehold land	2.06	67,000	-		67,000	4,110	1,365	-	5,475	61,525
Building on freehold land	5	182,489	2,739		185,228	25,354	8,873	-	34,227	151,001
Building on leasehold land	5	9,673	134		9,807	1,358	508	-	1,866	7,941
Plant and machinery	8-35	263,824	12,058		275,882	146,298	39,250	-	185,548	90,334
Laboratory equipments	10	16,945	2,471		19,416	8,878	1,580	-	10,458	8,958
Electric fittings	10	29,974	8,330		38,304	12,987	3,176	-	16,163	22,141
Computer and related accessories	25	15,593	2,185		17,778	11,478	2,193	-	13,671	4,107
Office machines	10	5,063	375		5,438	1,967	425	-	2,392	3,046
Furniture and fixtures	10	17,118	5,022		22,140	8,113	1,782	-	9,895	12,245
Motor vehicles	20	33,577	17,817 (5,554)		45,840	30,138	2,687 (1,994)	-	30,831	15,009
2014		838,118	51,131 (5,554)	-	883,695	250,681	61,839 (1,994)	-	310,526	573,169
Leased										
Motor vehicles	20	8,657	3,280	-	11,937	3,680	2,252	-	5,932	6,005
Electric fittings	10	1,164	-	-	1,164	136	116	-	252	912
Office machines	10	1,290	-	-	1,290	151	129	-	280	1,010
2014		11,111	3,280	-	14,391	3,967	2,497	-	6,464	7,927
		849,229	54,411 (5,554)		898,086	254,648	64,336 (1,994)		316,990	581,096

5.1.1 The cost of the assets as at 30 June, 2015 include fully depreciated assets amounting to Rs. 131.77 million (2014: Rs. 54.38 million) but are still in use of the company.

5.2 Disposal of property, plant and equipment

Particulars of assets	Sold to	Note	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
			(--------------	R u p e e s	in	thousand ------------)	
Motor vehicles							
Suzuki Mehran	Adnan Iqbal		50	-	50	126	Company policy
Suzuki Mehran	Syed Yasir Hussain Shah		48	-	48	461	Tender
Suzuki Cultus	Muhammad Saeed		87	-	87	787	do
Suzuki Mehran	Talha Tanveer Siddiqi		52	-	52	490	do
Suzuki Cultus	Syed Yasir Hussain Shah		76	-	76	626	do
Suzuki Mehran	Qaiser Elahi Manto		50	-	50	487	do
Suzuki Mehran	Syed Yasir Hussain Shah		50	-	50	461	do
Honda City	Jawad Tanveer Siddiqi		886	886	-	625	do
Coure	Khurram Imtiaz		539	539	-	522	do
Suzuki Alto	Azmat Ali Siddiqi		326	-	326	560	do
Suzuki Mehran	Maroof Ali Siddiqi		196	-	196	475	do
Suzuki Mehran	Mohsin Mumtaz		516	120	396	486	do
Other assets with book value less than Rs. 50,000		5.2.1	12,505	8,824	3,681	550	Tender / write off
	2015		15,381	10,369	5,012	6,656	
	2014		5,554	1,994	3,560	3,539	

5.2.1 During the year, the Group has identified certain items of operating assets from which no further economic benefits are expected. Therefore, assets having cost of Rs. 12.51 million and net book value of Rs. 3.68 million have been retired from active use and have been written off in these consolidated financial statements.

	Note	2015	2014
		(Rupees in thousand)	
5.3 Capital work in progress includes			
Civil works		21,811	1,712
Plant and machinery		4,284	1,764
Advances to suppliers		10,252	-
Others		1,922	-
		38,269	3,476

5.4 Valuation of operating assets susceptible to impairment are based on valuations being performed by independent valuators at regular intervals as detailed in note 21.

5.5 Had these revaluations not been carried out, the carrying amount of freehold land and leasehold land, buildings on freehold and leasehold land and plant and machinery would have been as follows:

	Note	2015	2014
		(Rupees in thousand)	
Freehold land		70,856	70,856
Leasehold land		1,102	1,124
Buildings on freehold land		152,176	156,577
Buildings on leasehold land		10,888	8,008
Plant and machinery		76,009	84,397
		313,031	320,962
5.6 Depreciation charge for the year has been allocated as follows:			
Cost of sales	30.1	50,597	52,101
Distribution costs	31	7,428	6,350
Administrative expenses	32	6,070	5,885
		64,095	64,336

6. INTANGIBLES

	Note	2015	2014
Computer software	6.1	7,717	12,927
Goodwill	6.2	36,750	36,750
		44,467	49,677

6.1 Computer software

This represents expenditure incurred on acquiring and implementing Enterprise Resource Planning (ERP) software.

	Note	2015	2014
		(Rupees in thousand)	
Cost as at 01 July		15,513	15,513
Additions / (disposals) during the year		-	-
Cost as at 30 June		15,513	15,513
Accumulated amortization as at 01 July		2,586	-
Amortization during the year	6.1.1	5,210	2,586
Accumulated amortization as at 30 June		7,796	2,586
Balance as at 30 June		7,717	12,927

6.1.1 Amortization is charged at the rate of 33.33% per annum and has been allocated to administration expenses as referred to in note 32.

6.2 Goodwill

	Note	2015	2014
		(Rupees in thousand)	
Packaging Ink Business		16,750	16,750
Cumulative impairment charged		(4,000)	(4,000)
	6.2.1	12,750	12,750
Powder Coating Business	6.2.2	24,000	24,000
		36,750	36,750

6.2.1 This goodwill represents excess of purchase consideration paid by the Group for acquisition of the Packaging Inks business unit of an ink manufacturing company (the seller) over the fair value of identifiable net assets of the seller at the time of acquisition, net of impairment losses recognized in prior years. For impairment testing, the recoverable amount has been determined based on value in use calculations by discounting the five year cash flow projections prepared by management based on financial budgets and historical trends at 12.50%. The calculation of value in use is sensitive to discount rate and local inflation rates.

6.2.2 This goodwill represents excess of purchase consideration paid by the Group for acquisition of the Powder Coating business unit over the fair value of identifiable net assets of the seller at the time of acquisition, net of impairment losses recognized in prior years. For impairment testing, the recoverable amount has been determined based on value in use calculations by discounting the five year cash flow projections prepared by management based on financial budgets and historical trends at 12.50%. The calculation of value in use is sensitive to discount rate and local inflation rates.

7. INVESTMENTS - RELATED PARTIES

	Note	2015	2014
		(Rupees in thousand)	
Available for sale	7.1	9,978	10,260
		9,978	10,260

	Note	2015	2014
		(Rupees in thousand)	
7.1 Available for sale			
Available for sale - at cost	7.1.1	3,830	3,830
Add: Cumulative fair value gain	7.1.2	6,148	6,430
		9,978	10,260

7.1.1 Available for sale -at cost

Buxly Paints Limited 273,600 (2014: 273,600) fully paid ordinary shares of Rs. 10 each (Market value- Rs. 9.98 million (2014: Rs. 10.26 million)	3,830	3,830
	3,830	3,830

7.1.2 Cumulative fair value gain

As at 01 July	6,430	-
Fair value (loss) / gain during the year	(282)	6,430
As at 30 June	6,148	6,430

8. LONG TERM LOANS

	Note	2015	2014
Considered good- secured			
Due from employees	8.1	39,934	34,097
Less: Current portion shown under current assets	14	(7,462)	(11,366)
		32,472	22,731

8.1 These represent interest free loans provided to the employees of the Group in accordance with the terms of their employment, under a scheme for the purchase of motor vehicles, motor cycles and CNG kits. These loans are secured by way of retention of title documents of the respective assets in the name of the company except for those vehicles which have been refinanced under Ijarah financing. The outstanding amount at the end of the year is recoverable over a period of three to ten years.

8.2 Maximum aggregate balance due from employees at the end of any month during the year was Rs. 43.27 million (2014: Rs. 36.25 million).

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	Note	2015	2014
		(Rupees in thousand)	
9. LONG TERM DEPOSITS			
Considered good		20,404	18,821
Considered doubtful		4,588	4,588
		24,992	23,409
Less: Provision for doubtful deposits		(4,588)	(4,588)
		20,404	18,821
10. DEFERRED TAXATION			
Deferred tax asset comprises of temporary differences relating to:			
Accelerated tax depreciation		(115,114)	(68,958)
Provision for doubtful debts, receivables and deposits		51,957	59,591
Provision for slow moving stock in trade		8,051	6,579
Unused losses and tax credits		91,631	158,987
		36,525	156,199
11. STORES			
In hand		7,056	6,288
12. STOCK IN TRADE			
Raw and packing materials			
- in hand		383,790	465,783
- in transit		64,210	44,057
		448,000	509,840
Semi processed goods		77,458	57,281
Finished goods	12.1	305,268	346,512
		830,726	913,633
Provision for slow moving and obsolete stocks			
- Raw material		(86,302)	(84,000)
- Semi processed goods		(3,698)	-
- Finished goods		(23,176)	(18,797)
		(113,176)	(102,797)
		717,550	810,836

12.1 The amount charged to profit and loss account on account of write down of finished goods to net realizable value amounted to Rs. 1.95 million (2014: Rs. 1.94 million). Included in finished goods stock are color bank machines costing Rs. 10.09 million (2014: Rs. 10.09 million).

13. TRADE DEBTS

	Note	2015	2014
		(Rupees in thousand)	
Unsecured			
Considered good			
- from related parties	13.1	61,090	32,405
- others		1,061,789	1,082,589
		1,122,879	1,114,994
Considered doubtful – others		184,804	170,833
		1,307,683	1,285,827
Provision for doubtful debts	13.3	(184,804)	(170,833)
		1,122,879	1,114,994

13.1 Trade debts include the following amounts due from the following related parties:

	2015	2014
Dadex Eternit Limited - related party	33	-
Buxly Paints Pakistan Limited - related party	61,057	32,405
	61,090	32,405

13.2 Aging of related party balances

	2015	2014
One to three months	61,090	32,405
	61,090	32,405

13.3 The movement in provision for doubtful debts for the year is as follows:

	Note	2015	2014
Balance as at 01 July		170,833	128,790
Provision for the year - net of recoveries	31	14,138	44,025
Provision written back		-	(1,494)
Bad debts written off		(167)	(488)
Balance as at 30 June		184,804	170,833

	Note	2015	2014
		(Rupees in thousand)	
14. LOANS AND ADVANCES			
Current portion of long-term loans			
- considered good			
Due from employees	8	7,462	11,366
Advances - unsecured, considered good			
Employees	14.1	703	909
Suppliers		80,047	52,320
		80,750	53,229
		88,212	64,595

14.1 These are to the Group's employees for business expenses.

15. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	2015	2014
Trade deposits - considered good	12,301	4,967
Trade deposits - considered doubtful	9,221	9,221
	21,522	14,188
Provision for doubtful deposits	(9,221)	(9,221)
	12,301	4,967
Short term prepayments	13,528	5,890
	25,829	10,857

16. OTHER RECEIVABLES

	Note	2015	2014
Receivable from related parties	16.1	-	16,195
Export rebate		18,881	17,642
Accrued income		493	793
Retention money		5,102	5,102
Advance against expenses		186	969
Others		692	752
		25,354	41,453
Less: Provision for doubtful receivables		(3,000)	(3,000)
		22,354	38,453

		2015	2014
		(Rupees in thousand)	
16.1	This includes amount due from the following:		
	Buxly Paints Limited - related party	-	16,195
		-	16,195

16.1.1 This represents amounts receivable from these companies for reimbursement of expenses and sharing of common expenses under normal business trade as per the terms mutually agreed.

		Note	2015	2014
			(Rupees in thousand)	
17.	SHORT TERM INVESTMENTS	17.1	10,018	-

17.1 This represents term deposit receipts (TDR) under lien with commercial banks against letter of guarantee, maturing up to one year and carrying mark-up rate of 6% per annum (2014: 6.5% to 8.5% per annum).

		Note	2015	2014
			(Rupees in thousand)	
18.	CASH AND BANK BALANCES			
	With banks:			
	In current accounts		133,376	195,318
	In deposit accounts	18.1	61,600	64,831
	Cash in hand		624	1,315
			195,600	261,464

18.1 This balance is under lien with commercial banks against letter of guarantee, carrying mark-up rates ranging from 6% to 8.5% per annum (2014: 6.5% to 8.5% per annum).

19. SHARE CAPITAL

2015 (Number of shares)	2014 (Number of shares)		2015 (Rupees in thousand)	2014 (Rupees in thousand)
		Authorised share capital		
25,000,000	25,000,000	Ordinary shares of Rs 10 each	250,000	250,000
		Issued, subscribed and paid-up share capital		
12,135,798	12,135,798	Ordinary shares of Rs 10 each fully paid up in cash	121,358	121,358
6,050,611	6,050,611	Ordinary share of Rs 10 each issued as bonus shares	60,506	60,506
18,186,409	18,186,409		181,864	181,864

19.1 Slotrapid Limited B.V.I. (the holding Company) and their nominees hold 9,466,057 (2014: 9,466,057) ordinary shares of Rs. 10 each representing 52.05 percent (2014: 52.05 percent) of the ordinary paid up capital of the Group.

20. RESERVES

	Note	2015 (Rupees in thousand)	2014 (Rupees in thousand)
Capital reserve:			
Share premium reserve	20.1	56,819	56,819
Fair value reserve		6,148	6,430
		62,967	63,249
Revenue reserve:			
General reserve		285,000	285,000
Accumulated Profit		110,838	50,578
		395,838	335,578
		458,805	398,827

20.1 This reserve can be utilized by the Group for the purpose specified in section 83(2) of the Companies Ordinance, 1984.

	2015	2014
	(Rupees in thousand)	

21. SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX

	2015	2014
Net revaluation surplus as at 01 July	184,878	186,311
Surplus arising during the year	441,931	-
	626,809	186,311
Less: Related deferred tax liability on revaluation surplus during the year	65,962	-
Surplus available - net of deferred tax	560,847	186,311
Transfer to unappropriated profit as a result of incremental depreciation charged during the current year-net of deferred tax	(1,074)	(1,433)
Revaluation surplus as at 30 June - net	559,773	184,878

The latest revaluation was carried out by Harvester Enterprises and Co., on 30 June 2015 of freehold land and building on freehold land, leasehold land and building on leasehold land and plant and machinery. The revaluation resulted in a surplus of Rs. 295.38 million on freehold land and building on freehold land, Rs. 40.83 million on leasehold land and building on leasehold land and Rs. 105.72 million on plant and machinery over the respective net book values. The valuation was determined by reference to current market value of the similar properties / assets. The most significant input into this valuation approach is price per acre for land, price per square foot for buildings and present operational condition and age of plant and machinery respectively.

22. LONG TERM FINANCING

	Note	2015	2014
		(Rupees in thousand)	
Secured			
- JS Bank Limited II	22.1	120,000	200,000
- Habib Bank Limited	22.2	25,000	50,000
- First Habib Modarba	22.3	2,550	3,150
		147,550	253,150
Less: Current maturity shown under current liabilities		(105,600)	(105,600)
		41,950	147,550

22.1 This represents a long term loan of Rs. 200 million. The facility is secured against an equitable mortgage of Rs. 267 million on land and building of Lahore factory of the Group. The balance is repayable in six quarterly installments of Rs. 20 million each ending on October 2016. Markup is payable quarterly and charged at the rate of three month's KIBOR plus 2 % per annum ranging between 9.81% and 12.94% (2014: 12.11% and 12.94%) per annum.

22.2 This represents a long term loan of Rs. 125 million. This facility is secured against hypothecation charge over plant and machinery of the Group. Mark-up is payable quarterly and charged at the rate of one month's KIBOR plus 2.0% per annum. The balance is repayable in 4 equal quarterly installments of Rs. 6.25 million each ending on June 2016. The above facility carries mark-up ranging between 9.47% and 12.17% (2014: 11.01% and 12.17%) per annum.

22.3 This represents diminishing musharika facility of Rs. 3.6 million for purchase of vehicle. The term of the agreement is 5 years. The balance is repayable in 13 equal quarterly installments of Rs. 0.15 million each ending on July 2018. Mark-up is payable quarterly and charged at the rate of six month KIBOR plus 2% per annum. Under the agreement, the Group holds asset with joint ownership with the modarba.

	Note	2015	2014
		(Rupees in thousand)	
23. STAFF RETIREMENT AND OTHER LONG TERM BENEFITS			
Defined benefit plan			
Staff Pension fund	23.2	21,169	12,890
Staff Gratuity fund	23.2	42,038	32,394
		63,207	45,284
Other long term employee benefits			
Accumulating compensated absences	23.13	13,213	9,251
		76,420	54,535

Defined benefit plan

As mentioned in note 3.12 the Group operates an approved funded gratuity and pension schemes for all its permanent employees. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation was carried out at 30 June 2015. Projected Unit Credit method based on the following assumptions was used for these valuations:

	2015	2014
Valuation discount rate	9%	12%
Expected rate of increase in salary level	8%	11%
Rate of return on plan assets	9%	12%
Mortality table	SLIC (2001-05)	SLIC (2001-05)

23.1 The disclosures made in notes 23.2 to 23.6 and 23.9 to 23.15 are based on the information included in the actuarial valuation as of 30 June 2015.

	2015		2014	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in thousand)			
23.2 Balance sheet reconciliation				
Present value of defined benefit obligation	62,797	43,720	53,439	33,997
Fair value of plan assets	(41,628)	(1,682)	(40,549)	(1,603)
	21,169	42,038	12,890	32,394
23.3 Movement in the fair value of plan assets is as follows:				
Fair value as at 01 July	40,549	1,603	34,861	41
Expected return on plan assets	4,786	161	3,486	4
Remeasurement (losses) / gains	(2,353)	447	(1,533)	839
Company's contribution	-	3,500	5,500	8,500
Benefits paid	(1,354)	(4,029)	(1,765)	(7,781)
Fair value as at 30 June	41,628	1,682	40,549	1,603
23.4 Movement in defined benefit obligation is as follows:				
Obligation as at 01 July	53,439	33,997	48,585	37,904
Employees' contribution not paid to the fund	1,056	-	1,044	-
Service cost	4,040	5,769	4,032	5,768
Interest cost	6,332	4,080	4,858	3,790
Benefits paid	(1,354)	(4,029)	(1,766)	(7,780)
Remeasurement (gains)/loss	(716)	3,903	(3,314)	(5,685)
Obligation as at 30 June	62,797	43,720	53,439	33,997
23.5 Charge for the year				
Current service cost	4,040	5,769	4,032	5,768
Interest cost	6,332	4,080	4,858	3,790
Expected return on plan assets	(4,786)	(161)	(3,486)	(4)
Expense	5,586	9,688	5,404	9,554
Actual return on plan assets	2,433	608	1,953	843

	2015		2014	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in thousand)			
23.6 Movement in net liability in the balance sheet is as follows:				
Net liability as at 01 July	12,890	32,394	13,724	37,863
Charge for the year	5,586	9,688	5,404	9,554
Charge to Other Comprehensive Income during the year	1,637	3,457	(1,782)	(6,523)
Company's contribution	-	(3,500)	(5,500)	(8,500)
Employees' contribution deducted but not paid to the fund	1,056	-	1,044	-
Net liability as at 30 June	21,169	42,039	12,890	32,394
23.7 The charge for the year has been allocated as follows:				
Cost of sales	2,793	4,844	2,702	4,777
Distribution costs	2,290	3,972	2,216	3,917
Administrative expenses	503	872	486	860
	5,586	9,688	5,404	9,554
23.8 Plan assets comprise the following:				
Defence Saving Certificates	7,900	-	8,875	-
Term deposits	3,409	-	3,731	-
Cash at bank	1,504	1,682	306	1,603
Term Finance Certificate	16,725	-	15,119	-
Cash management Optimizer	12,090	-	12,518	-
	41,628	1,682	40,549	1,603

23.9 Amounts for the current period and previous four annual periods of the fair value of plan assets, present value of defined benefit obligation and surplus arising thereon is as follows:

	2015	2014	2013	2012	2011
	(Rupees in thousand)				
As at 30 June					
Present value of defined benefit obligation	106,517	87,436	86,489	72,058	64,448
Fair value of plan assets	(43,310)	(42,152)	(34,902)	(32,981)	(24,376)
Deficit	63,207	45,284	51,587	39,077	40,072
Experience adjustment:					
(Gain)/loss on obligations	5,094	(8,305)	(2,156)	(6,773)	(3,602)
Gain on plan assets	(1,906)	(694)	(1,071)	(2,026)	(1,075)

23.10 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date.

23.11 Actuarial assumptions sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 1% with all other variables held constant, the impact on the present value of the defined benefit obligation as at 30 June 2015 would have been as follows:

Impact on present value of defined benefit obligation as at 30 June

		Pension		Gratuity	
	Change	Increase	Decrease	Increase	Decrease
			(Rupees in thousand)		
Discount rate	1%	(11,770)	11,289	(4,753)	5,642
Future salary	1%	5,628	(4,921)	5,642	(4,835)

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the balance sheet.

23.12 Weighted average duration of the defined benefit obligation is 25 years and 10 years for pension and gratuity plans, respectively.

	2015	2014
	(Rupees in thousand)	
23.13 Other long term employee benefits		
Movement in accumulated compensated absences		
Balance as at 01 July	9,251	9,105
Provision during the year	5,606	5,988
Payments made during the year	(1,644)	(5,842)
Balance as at 30 June	13,213	9,251
23.14 Reconciliation of present value of liability		
Present value of liability as at 01 July	9,251	9,105
Service cost	4,523	3,089
Interest on defined benefit liability	1,011	910
Benefits paid	(1,644)	(5,842)
Remeasurement loss	72	1,989
	13,213	9,251

	2015	2014
	(Rupees in thousand)	
23.15 Charge for the year		
Service cost	4,523	3,089
Interest on defined benefit liability	1,011	910
Remeasurement loss	72	1,989
	5,606	5,988

24. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The minimum lease payments have been discounted at an implicit interest rate of 10% to 12.19% to arrive at their present value. At the end of the lease term, the assets shall be transferred in the name of the lessee. The amount of the future payments and the period in which they will become due are:

	2015			2014
	Minimum lease payments	Future finance cost	Present value of lease liability	Present value of lease liability
	(------Rupees in thousand------)			
Not later than one year	3,972	170	3,802	2,142
Later than one year but not later than five years	7,284	1,103	6,181	6,409
	11,256	1,273	9,983	8,551

25. TRADE AND OTHER PAYABLES

	Note	2015	2014
		(Rupees in thousand)	
Trade payables		552,708	515,344
Bills payable		210,317	218,636
Accrued expenses		92,891	16,375
Unpaid and unclaimed dividend		14,025	3,891
Provision for infrastructure cess	25.1	35,532	30,332
Advances from customers		39,959	36,527
Workers' Profits Participation Fund	25.2	15,413	13,242
Workers' Welfare Fund		18,157	14,353
Sales tax, special excise duty and withholding tax		26,507	38,862
Royalty payable to related parties	25.3	33,565	4,590
Royalty and technical fee payable		16,304	12,122
Others		26,852	32,750
		1,082,230	937,024

	Note	2015	2014
		(Rupees in thousand)	
25.1 Provision for infrastructure cess			
Balance as at 01 July		30,332	24,048
Provision for the year		5,200	6,284
Balance as at 30 June		35,532	30,332
25.2 Workers' Profits Participation Fund			
Balance as at 01 July		13,242	9,238
Allocation for the year	34	8,960	7,707
Interest on funds utilized in the Company's business	35	611	993
		22,813	17,938
Payments during the year		(7,400)	(4,696)
Balance as at 30 June		15,413	13,242
25.3 This includes amount due to the following:			
Slotrapid Limited B.V.I. - parent Company		27,514	-
Buxly Paints Limited - related party		6,051	4,590
		33,565	4,590

26. ACCRUED FINANCE COST

	Note	2015	2014
Mark-up accrued on secured			
Long term financing		2,849	5,768
Short term financing		1,027	2,311
Short term running finances		23,503	32,085
		27,379	40,164

27. SHORT TERM BORROWINGS

	Note	2015	2014
Short term financing	27.1	50,000	158,000
Short term running finances	27.2	993,768	1,038,124
		1,043,768	1,196,124

27.1 Short term financing - secured

This represents utilized amount of short term financing (morabaha) under markup arrangements available from commercial banks aggregating to Rs. 158 million (2014: Rs. 158 million). These facilities are secured against first pari passu charge on all present and future current assets, registered charge (ranking and first exclusive) on fixed assets including freehold and leasehold land, lien over import documents and carries markup ranging between 10% and 12.23% (2014: 12.18% and 13.18%) per annum, payable quarterly.

27.2 Short term running finances - secured

This represents utilized amount of short term running finance facilities under markup arrangements available from commercial banks aggregating to Rs. 1,275 million (2014: Rs. 953 million). These facilities are secured against registered charge over the current assets of the Group and carries markup ranging between 8.31% and 12.67% (2014: 10.58% and 12.87%) per annum, payable quarterly.

27.3 Unavailed credit facilities

The facilities for opening of letters of credits and guarantees as at 30 June 2015 amounted to Rs. 1,300 million (2014: Rs. 2,609 million) of which the remaining unutilized amount as of that date was Rs. 926 million (2014: Rs. 822 million).

28. CONTINGENCIES AND COMMITMENTS

28.1 Contingencies - Parent company

- In previous years the Company filed a suit against an ex-distributor (the distributor) in the High Court of Sindh (the court) for recovery of Rs. 8.89 million and damages amounting to Rs. 5 million on account of unpaid credit invoices for the products supplied by it to the distributor. However, the distributor in return also filed a counter claim of Rs. 78.15 million against the Company in the court on account of damages and compensation. As the management of the Company, based on the advice of its legal counsel handling the case, is confident that the outcome of this suit will be decided in the favour of the Company, therefore no provision has been made in this respect in these consolidated financial statements.

- During the current year, the Sindh Revenue Board (SRB) through assessment order 490/2014 dated 18 September 2014 raised sales tax demand of Rs. 39.34 million along-with penalty but excluding default surcharge on the grounds that the Company has received franchise services through its registered office in Karachi but had not paid sales tax on these services for the tax periods July, 2011 to June, 2013. Department (SRB) had inadvertently added all Royalty figures appearing in accounts including Royalty receivable, Royalty payable, Royalty expense, Related party transfer for the calculation of tax on Royalties. The Company, through its legal counsel, filed an appeal before the Commissioner (Appeals) SRB on the grounds that amount of sales tax is not correctly calculated and the provisions of Sindh Sales Tax on Services Act, 2011 are not applicable for the reason that the Company is managing its affairs from the province of Punjab as the head office and the manufacturing facility is located there. Accordingly management believes it has a strong case and that no financial obligation is expected to accrue.

- The Sindh High Court (the Court) in the case of 'Kasim Textile' in its order of 7 May, 2013 has held that benefit of carry forward of minimum tax under section 113 of the Income Tax Ordinance, 2001 is only available if tax payable in a tax year is less than minimum tax paid. If in a tax year, a Company has assessed losses on which no tax is payable, the Company forgoes the right to carry forward minimum tax paid in that year. In the light of this order, the Company is not entitled to carry forward minimum tax paid in the tax year 2010 to 2012 of Rs 87.69 million as a result of assessed tax losses in these years and adjust it against normal tax liability. Also in the case of refunds claimed in any year, those would also be adjusted accordingly. However, the management is of the view that the verdict has been challenged in the Supreme Court and that they are waiting for the final outcome.

- The tax department through assessment order 2/2014 dated May 5, 2014 raised sales tax demand of Rs. 102.48 million on the grounds that input sales tax claimed by the Company in connection with raw material/finished goods destroyed by fire that took place in January 2008 is not admissible as the same has been claimed by the Company from the insurers through insurance claim and accordingly be refunded back. The Company through its tax consultants filed an appeal before the Commissioner Inland Revenue (CIR) appeals on legal grounds that this assessment order is being hit by time limitation provided under section 11(5) of the sales tax act, 1990. The assessment order was decided in favour of the Company by the CIR (appeals) against which the department has filed appeal before the Appellate Tribunal Inland Revenue (ATIR) which is pending. Consequently management believes that it has a strong case and no financial obligation is expected to accrue.

- The tax department through assessment order 3/2014 dated May 7, 2014 raised sales tax demand of Rs 10.54 million on the grounds that Company failed to charge output sales tax on certain goods partly damaged/saved during fire in financial year 2008. The Company through its tax consultants filed an appeal against the order before the Commissioner Inland Revenue (CIR) appeals which was decided against the Company, however the departmental action against the demand raised was upheld through stay order. The management filed an appeal with Appellate Tribunal Inland Revenue (ATIR) against the order along with stay order against the demand on grounds that these mentioned goods were used in normal process and respective output related to supplies made from these goods were declared as matter of routine. The ATIR while disposing off the appeal filed by the Company deleted a substantial portion of the demand raised by the department thereby reducing the overall demand to Rs. 1.18 million. The management filed a reference before the Honorable High Court against the order of ATIR for further relief which is pending. Accordingly considering the legal position, management believes that it has strong case and no financial obligation is expected to accrue.

  In the current year, the Deputy Commissioner Inland Revenue (DCIR) served a show cause notice to the Company as to why an amount of Rs. 387.27 million may not be recovered as a result of selection of the Company for audit of sales tax for the period July 2009 to June 2010 under section 72B of the Sales Tax Act, 1990. The Company has shifted its office in 2009 and case for change of jurisdiction was in-process at FBR level. Later on jurisdiction was changed to Lahore LTU and no notice was received to Company till this year. The Company, through its legal counsel, challenged the above mentioned notice in the Honorable Lahore High Court whose operation was suspended by the High Court. Accordingly management believes that it has a good arguable case and matter will be decided in its favour. Further management believes that the case is only in its show cause stage and that assessment order has not been served resulting any financial liability.

28.2 Commitments - Parent company

- Outstanding letters of credit as at 30 June 2015 amounted to Rs. 367.98 million (2014: Rs. 377.79 million).

- Outstanding letters of guarantees as at 30 June 2015 amounted to Rs. 55.62 million (2014: Rs. 48.62 million).

- The amount of future Ijarah rentals for Ijarah financing and the period in which these payments will become due are as follows:

	2015	2014
	(Rupees in thousand)	
Not later than one year	10,287	10,973
Later than one year and not later than five years	22,292	19,873
	32,579	30,846

Commitments - Subsidiary companies

- The value of contracts which remained uninvoiced at year end due to non completion of work is Rs. 33.31 million (2014: Rs. 28.33 million).

29. SALES - NET

	2015	2014
	(Rupees in thousand)	
- Local	5,203,034	5,702,535
- Exports	166,073	189,006
	5,369,107	5,891,541
Less: Discounts	(154,363)	(452,024)
Sales tax	(793,918)	(876,853)
	4,420,826	4,562,664

30. COST OF SALES

	Note	2015	2014
		(Rupees in thousand)	
Finished goods as at 01 July		346,512	291,622
Cost of goods manufactured	30.1	3,164,709	3,494,368
Provision against slow moving finished goods		4,379	3,842
Application cost		11,486	3,639
Less: Finished goods as at 30 June		(305,268)	(346,512)
Cost of sales		3,221,818	3,446,959

30.1 Cost of goods manufactured

	Note	2015	2014
Raw and packing materials consumed including provision of Rs. 6 million (2014: Nil)		2,838,610	3,121,698
Stores consumed		2,897	4,534
Salaries, wages and other benefits	30.1.1	76,293	71,972
Travelling and conveyance		11,377	7,528
Fuel, water and power		75,799	81,575
Legal and professional		4,760	4,221
Rent, rates and taxes		235	1,211
Insurance		9,717	3,906
Repairs and maintenance		23,074	20,468
Contracted services		71,720	55,169
Depreciation on property, plant and equipment	5.6	50,597	52,101
Ijarah lease rentals		2,937	3,296
Printing and stationery		1,625	942
Communication		1,409	631
Other expenses		13,836	9,377
		3,184,886	3,438,629
Opening stock of semi-processed goods		57,281	113,020
Closing stock of semi-processed goods		(77,458)	(57,281)
Cost of goods manufactured		3,164,709	3,494,368

30.1.1 Salaries, wages and benefits include Rs. 11.05 million (2014: Rs. 9.79 million) in respect of staff retirement and other long term benefits.

31. DISTRIBUTION COSTS

	Note	2015	2014
		(Rupees in thousand)	
Salaries, wages and other benefits	31.1	205,393	163,004
Travelling and conveyance		63,882	57,518
Rent, rates and taxes		10,388	21,145
Insurance		8,700	12,636
Fuel, water and power		6,022	3,494
Advertising and sales promotion		204,193	269,352
Technical services and royalty fee		36,187	6,923
Freight and handling		93,560	88,301
Repairs and maintenance		3,082	877
Contracted services		23,447	20,301
Depreciation on property, plant and equipment	5.6	7,428	6,350
Ijarah lease rentals		8,148	7,329
Provision for			
- doubtful debts - net of recoveries	13.3	14,138	44,025
- doubtful deposit		-	3,221
Bad debts directly written off		2,576	663
Printing and stationery		2,737	2,321
Legal and professional		8,015	3,436
Communication		5,535	4,940
Other expenses		6,862	5,899
Commission		4,942	2,195
		715,235	723,930

31.1 Salaries, wages and benefits include Rs. 12.95 million (2014: Rs. 11.37 million) in respect of staff retirement and other long term benefits.

32. ADMINISTRATIVE EXPENSES

	Note	2015	2014
		(Rupees in thousand)	
Salaries, wages and other benefits	32.1	99,341	90,422
Directors' fee		3,300	2,150
Travelling and conveyance		10,569	12,193
Rent, rates and taxes		3,104	4,709
Insurance		4,537	7,522
Auditors' remuneration	32.2	1,727	1,876
Fuel, water and power		2,720	3,828
Repairs and maintenance		3,520	3,991
Contracted services		16,872	17,346
Depreciation on property, plant and equipment	5.6	6,070	5,885
Amortization of computer software	6.1	5,210	2,586
Provision for doubtful advances		-	1,385
Ijarah lease rentals		1,446	1,221
Printing and stationery		2,690	2,815
Legal and professional		8,364	8,732
Communication		2,392	4,300
Others		12,718	14,458
		184,580	185,419

32.1 Salaries, wages and benefits include Rs. 9.14 million (2014: Rs. 8.89 million) in respect of staff retirement and other long term benefits.

	Note	2015	2014
		(Rupees in thousand)	
32.2 Auditors' remuneration			
Audit fee		1,100	1,100
Component auditor		130	240
Consolidation and half yearly review		357	396
Out of pocket expenses		140	140
		1,727	1,876

33. OTHER INCOME

	Note	2015	2014
Income from financial assets			
Mark-up on term deposit receipts		4,336	4,071
		4,336	4,071
Income from non financial assets			
Sale of scrap		5,618	6,067
Gain on disposal of property plant and equipment		1,643	-
Rental income and other services charged to related parties		3,607	3,608
Export rebate		2,533	3,815
Liabilities no longer payable written back		-	53,586
Insurance claim		797	8,497
Exchange gain		13,223	32,329
Gain on transfer of equity investment to available for sale		-	1,519
Others		399	1,738
		27,820	111,159
		32,156	115,230

34. OTHER CHARGES

	Note	2015	2014
Loss on disposal of property plant and equipment		-	22
Workers' Welfare Fund		3,802	1,911
Workers' Profit Participation fund	25.2	8,960	7,707
		12,762	9,640

	Note	2015	2014
		(Rupees in thousand)	
35. FINANCE COST			
Mark up on:			
Long term financing		23,339	25,123
Short term financing		9,241	14,759
Short term running finances		110,022	118,154
Finance cost on leases		1,052	1,035
Interest on workers profit participation fund	25.2	611	993
Bank charges		4,502	6,154
		148,767	166,218
36. TAXATION			
Current			
- For the year		5,576	44,599
- Prior year		215	-
		5,791	44,599
Deferred			
- Current year		53,711	6,631
		59,502	51,230

36.1 Current tax includes tax under 'Final Tax Regime' (FTR) net of tax credit amounting to Rs. 3.47 million (2014: Rs. 4.79 million). Tax under FTR represents tax on exports and finished goods imported for onward sale. FTR is treated as a full and final discharge and not to be set off against normal tax liabilities arising in future years.

	2015	2014
	%	%
36.2 Tax charge reconciliation		
Numerical reconciliation between the average tax rate and the applicable rate		
Applicable tax rate	33.00	34.00
- income under Final Tax Regime	2.97	0.68
- tax rate adjustment	1.27	1.92
- tax credit	(2.33)	(1.45)
- prior year adjustment	0.13	-
	2.04	1.15
Average effective tax rate charged to profit and loss account	35.04	35.15

36.3 The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40% of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

During the year, the Group has paid an interim dividend of Rs. 1.5 per share representing 25% of its after tax profits for the year. Further as explained in note 46 to the financial statements, the Board of Directors in their meeting held on 28 September 2015 has recommended a final dividend of Rs. 1 per ordinary share for the year ended 30 June 2015 which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been made in these consolidated financial statements.

37. EARNINGS PER SHARE - BASIC AND DILUTED

	2015	2014
	(Rupees in thousand)	
Profit after taxation attibutable to equity holders of parents	109,747	94,575
	Number of shares	
Weighted average number of shares outstanding during the year	18,186,409	18,186,409
	(Rupees)	
Earning per share	6.03	5.20

37.1 No figure for diluted earnings per share has been presented as the Group has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

38. CASH AND CASH EQUIVALENTS

	Note	2015	2014
		(Rupees in thousand)	
Cash and bank balances	18	195,600	261,464
Short term running finance	27.2	(993,768)	(1,038,124)
		(798,168)	(776,660)

39. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2015			2014		
	Chief Executive	Executives	Non-Executive Directors	Chief Executive	Executives	Non-Executive Directors
	(------------- Rupees in thousand ------------)					
Managerial remuneration (including bonus)	-	58,196	-	-	49,370	-
Retirement and other long term benefits	-	27,290	-	-	24,712	-
Housing rent	-	25,519	-	-	22,217	-
Utilities	-	5,671	-	-	4,937	-
Medical expenses	-	2,837	-	-	1,652	-
	-	119,513	-	-	102,888	-
Number of persons	1	47	6	1	36	6

39.1 Retirement and other long term benefits include benefits provided under provident fund, gratuity, pension and accumulated compensated absences.

39.2 In addition to above, six (2014: six) non-executive directors were paid fee aggregating Rs. 3.30 million (2014: Rs. 2.15 million).

39.3 The chief executive and certain other executives of the Group are provided with free use of Group cars while the chief executive is provided boarding and lodging in the Group's guest house.

40. NUMBER OF EMPLOYEES

The Group has employed following number of persons:

	2015	2014
	(Number of persons)	
- As at 30 June	509	477
- Average number of employees	488	464

41. PROVIDENT FUND RELATED DISCLOSURE

The Group has set up provident fund for its permanent employees. The total charge against provident fund for the year was Rs. 11.78 million (2014: Rs. 10.57 million).

The following information is based on un-audited financial statements of the fund:

	2015	2014
	(Rupees in thousand)	
Size of the fund	169,478	147,107
Cost of investment made	103,500	85,500
Fair value of investments	160,557	125,671
	(Percentage)	
Percentage of investments made	95%	85%

The breakup of investments is as follows:

	2015	2014
	(Rupees in thousand)	
<u>Held to maturity</u>		
Defence Saving Certificates	89,400	78,208
Certificates of Deposits	38,016	39,562
	127,416	117,770
<u>Available for sale</u>		
Atlas Income Fund	4,310	4,074
MCB Asset Management	4,590	3,827
Investment with Dubai Islamic Bank	11,138	-
Investment with AKD Investment Management Limited 7,621	-	
Al-Ameen Islamic Principle Preservation Fund (UBL)	5,482	-
	33,141	7,901
	160,557	125,671

The above investments out of provident fund from the funds received from the Group have been made in accordance with the requirement of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

42. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Group comprise holding company, associated undertakings, other related companies, post employment benefit plans, directors and key management personnel. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties, remuneration of directors and key management personnel are disclosed in the relevant notes.

There have been no guarantees provided or received for any related party receivables or payables. Other material transactions with related parties are given below:

Relation with undertaking	Nature of transaction	2015	2014
		(Rupees in thousand)	
Holding company			
- Slotrapid Limited B.V.I.	Royalty expense	27,514	-
	Reversal of royalty payable	-	81,722
Related parties			
- Buxly Paints Limited	Sales	116,124	111,766
	Rental income and other services	3,608	3,608
	Toll manufacturing income	8,924	8,138
	Royalty expense	1,461	1,030
	Rental expense	1,200	1,200
- Dadex Eternit Limited	Sales	245	32
Remuneration of key management personnel		Note 39	

The related party status of outstanding balances as at 30 June 2015 are included in trade debts (note 13.1), other receivables (note 16.1), trade and other payables (note 25.3) and staff retirement and other long term benefits (note 23) respectively.

43. FINANCIAL RISK MANAGEMENT

43.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

The Group's Board of Directors ("the Board") has overall responsibility for establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Group's exposure to financial risk, the way these risks affect the financial position and performance and the manner in which such risks are managed is as follows:

43.1(a) Market risk

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

(i) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Group is exposed to currency risk arising from various currency exposures, primarily with respect to the Euro, United States Dollar (USD) and Japanese Yen (JPY). Currently, the Group's foreign exchange risk exposure is restricted to the amounts payable to foreign entities. The Group's exposure to foreign exchange risk is as follows:

	2015	2014
	(In thousand)	
Trade and other payables - Euro	(9.06)	(0.01)
Net exposure - Euro	(9.06)	(0.01)
Trade and other payables - USD	(1,145)	(1,850)
Net exposure - USD	(1,145)	(1,850)
Trade and other payables - JPY	(29,572)	(31,514)
Net exposure - JPY	(29,572)	(31,514)

The following significant exchange rates were applied during the year:

	2015	2014
	(In rupees)	
Rupees per Euro		
Average rate for the year	124.02	136.33
Reporting date rate	113.64	134.50
Rupees per USD		
Average rate	100.03	101.93
Reporting date rate	101.60	99.25
Rupees per JPY		
Average rate	0.86	1.04
Reporting date rate	0.83	0.97

If the functional currency, at reporting date, had fluctuated by 5% against the Euro, USD and JPY with all other variables held constant, the impact on profit after taxation for the year would have been Rs. 7.09 million (2014: Rs. 10.72 million) lower/higher, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Foreign exchange risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(ii) Price risk

Other price risk represents 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), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers.

The Group's investments in equity instrument of other entities are publicly traded on the Karachi Stock Exchange. The summary below explains the impact of increase on the Group's surplus of available for sale investment to change in market price. The analysis is based on the assumption that the market price had increased/decreased by 10% with all other variables held constant:

	Impact on equity	
	2015	2014
	(Rupees in thousand)	
Karachi Stock Exchange	998	1,026

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature on reprice in a given period.

The Group's interest rate risk arises from long term financing and short term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk.

At the balance sheet date, the interest rate profile of the Group's interest bearing financial instruments was:

	2015	2014
	(Rupees in thousand)	
Financial assets		
Fixed rate instruments		
Bank balances - deposit accounts	61,600	64,831
Short term investments	10,018	-
Total exposure	71,618	64,831
Financial liabilities		
Variable rate instruments		
Long-term financing	147,550	253,150
Short-term financing	50,000	158,000
Short-term running finance	993,768	1,038,124
	1,191,318	1,449,274

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Group.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on long term financing, at the year end rate, fluctuate by 1% higher / lower with all the other variables held constant, profit after taxation for the year would have been Rs. 233.39 million (2014: Rs. 251.23 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings.

43.1 (b) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk of the Group arises from deposits with banks and financial institutions and credit exposure to customers. To manage credit risk, the Group maintains procedures covering the application of credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual credit limits are set based on the credit control procedures implemented by the management.

(i) Exposure to credit risk by parties

For banks and financial institutions credit quality is determined with respect to external credit ratings performed by independent parties. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2015	2014
	(Rupees in thousand)	
Loans and receivables		
Long term loans	39,934	34,097
Long term deposits	24,992	23,409
Trade debts	1,307,683	1,285,827
Loans and advances	703	909
Trade deposits	21,522	14,188
Other receivables	6,473	23,811
Short term investments	10,018	-
Bank balances	194,976	260,149
	1,606,301	1,642,390

The age of financial assets and related impairment loss at balance sheet date is as follows:

	2015	2014
	(Rupees in thousand)	
The age of financial assets		
Not past due	284,614	347,342
Past due but not Impaired:		
Not more than three months	1,029,847	1,031,248
More than three months and not more than six months	65,218	53,628
More than six months and not more than one year	25,009	22,530
Past due and Impaired:		
More than one year	201,613	187,642
	1,606,301	1,642,390

(ii) Credit quality of major financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

Banks	Rating Short term	Rating Long term	Rating Agency	2015	2014
				(Rupees in thousand)	
HSBC Oman Bank	F1	A+	Fitch	466	466
Faysal Bank Limited	A1+	AA	PACRA & JCR	8,838	3,317
Bank Al Habib Limited	A1+	AA+	PACRA	19,272	19,174
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	71,939	51,529
United Bank Limited	A-1+	AA+	JCR-VIS	23,122	9,551
Habib Bank Limited	A-1+	AAA	JCR-VIS	8,146	51,405
MCB Bank Limited	A1+	AAA	PACRA	31,433	6,714
JS Bank Limited	A1	A+	PACRA	41,587	31,539
Al-Barka Bank Limited	A-1	A	PACRA & JCR	62	39
Bank Alfalah Limited	A1+	AA	PACRA	100	-
Summit Bank	A1	A	JCR-VIS	-	86,386
Standard Chartered Bank	A1+	AAA	PACRA	19	19
Askari Bank Limited	A1+	AA	PACRA	9	9
NIB Bank	A1+	AA-	PACRA	1	1
				204,994	260,149

43.1 (c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities, that are settled by delivering cash or other financial asset, or that such obligation will have to be settled in a manner unfavorable to Group. The Group'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. The Group finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit limits.

The following are the contractual maturities of financial liabilities as at 30 June 2015:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term financing	147,550	105,600	41,950	-
Liabilities against assets subject to finance lease	9,983	3,802	6,181	-
Trade and other payables	980,232	980,232	-	-
Accrued finance cost	27,379	27,379	-	-
Short term borrowings	1,043,768	1,043,768	-	-
	2,208,912	2,160,781	48,131	-

The following are the contractual maturities of financial liabilities as at 30 June 2014:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
<u>Non derivative financial liabilities</u>				
Long term financing	253,150	105,600	147,550	-
Liabilities against assets subject to finance lease	8,551	2,142	6,409	-
Trade and other payables	831,303	831,303	-	-
Accrued finance cost	40,164	40,164	-	-
Short term borrowings	1,196,124	1,196,124	-	-
	2,329,292	2,175,333	153,959	-

43.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

43.2.1 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities
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)

	Level 1	Level 2	Level 3
	(Rupees in thousand)		
Available for sale	9,978	-	-
2015	9,978	-	-
Available for sale	10,260	-	-
2014	10,260	-	-

43.3 Financial instruments by category

	Loans and receivables	
	2015	2014
	(Rupees in thousand)	
Financial assets as per balance sheet		
Long term loans	39,934	34,097
Long term deposits	24,992	23,409
Investments - available for sale	9,978	10,260
Trade debts	1,307,683	1,285,827
Loans and advances	88,212	64,595
Trade deposits	21,522	14,188
Other receivables	25,354	41,453
Short term investments	10,018	-
Cash and bank balances	195,600	261,464
	1,723,293	1,735,293

	Other financial liabilities	
	2015	2014
	(Rupees in thousand)	
Financial liabilities as per balance sheet		
Long term financing	147,550	253,150
Liabilities against assets subject to finance lease	9,983	8,551
Trade and other payables	980,232	831,303
Accrued finance cost	27,379	40,164
Short term borrowings	1,043,768	1,196,124
	2,208,912	2,329,292

43.4 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide return for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares.

The Group monitors capital on the basis of the debt-to-equity ratio - calculated as a ratio of total debt to equity.

The gearing ratios is as follows:

	2015	2014
	(Rupees in thousand)	
Total debt	1,191,318	1,449,274
Total equity	640,669	580,691
Total debt and equity	1,831,987	2,029,965
Gearing ratio	65:35	71:29

There were no changes in the Group's approach to capital management during the year. The Group is not subject to any externally imposed capital requirements.

44. PRODUCTION CAPACITY

	2015	2014
	(Liters in thousand)	
Actual production	28,433	28,783

The capacity of the plant is indeterminable because it is a multi product plant involving varying processes of manufacturing. Actual production includes resin production of 7.09 million liters (2014: 6.64 million liters) which is used in the manufacture of the final product.

45. OPERATING SEGMENTS

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

45.2 Revenue from sale of paints and allied represents 100% (2014: 100%) of the total revenue of the Group.

45.3 96.91% (2014: 96.79%) sales of the Group relates to customers in Pakistan.

45.4 All non-current assets of the Group as at 30 June 2015 are located in Pakistan.

46. EVENT AFTER BALANCE SHEET DATE

The Board of Directors has proposed a final divided of Rs. 1 per share (2014: Rs 1 per share) amounting to Rs. 18.187 million (2014: Rs. 18.187 million) for the year ended 30 June 2015 in their meeting held on 28 September 2015 for approval of the members at the Annual General Meeting to be held on 29 October 2015. These consolidated financial statements do not reflect theses appropriations.

47. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 28 September 2015 by the Board of Directors of the Group.

48. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison and better presentation as per reporting framework however, no significant re-arrangements have been made.

49. GENERAL

Figures have been rounded off to the nearest thousand of rupee unless otherwise stated.

Chief Financial Officer   Chief Executive   Director

Form of Proxy

The Secretary
Berger Paints Pakistan Limited
36 Industrial Estate, Kot Lakhpat, Lahore

I/We ______________________________ ______________________

____

of ____

______________________________ ______________________

being a member of Berger Paints Pakistan Limited and a holder of ______________________

(No. of shares) ____

ordinary shares as per folio number ______________________________

____

hereby appoint ____

____

of ____

____

on my/our behalf at the Annual General Meeting of the Company to be held on Thursday 29 October 2015 at 10:00 am at 28 km Multan Road, Lahore and at any adjournment thereof.

Signed this ______________ day of ______________ 2015.

Signature on Rs.5.00 Revenue Stamp

NOTES:

1. The Share Transfer Book of the Company will remain closed from 23 October 2015 to 29 October 2015 (both days inclusive).
2. A member of the Company entitled to attend, speak and vote at this meeting may appoint another member as his/her proxy to attend, speak and vote on his/her behalf. The completed proxy form 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 vote at this meeting must bring his/her original CNIC with him/her to prove his/her identity, and in case of proxy, a copy of shareholder's attested CNIC must be attached with the proxy form. Representatives of corporate members should bring the usual documents required for such purpose.

For Free Color Advisory:

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Peshawar: 091-5703376
Quetta: 081-2822772
Gujranwala: 055-3250744, 3843450
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