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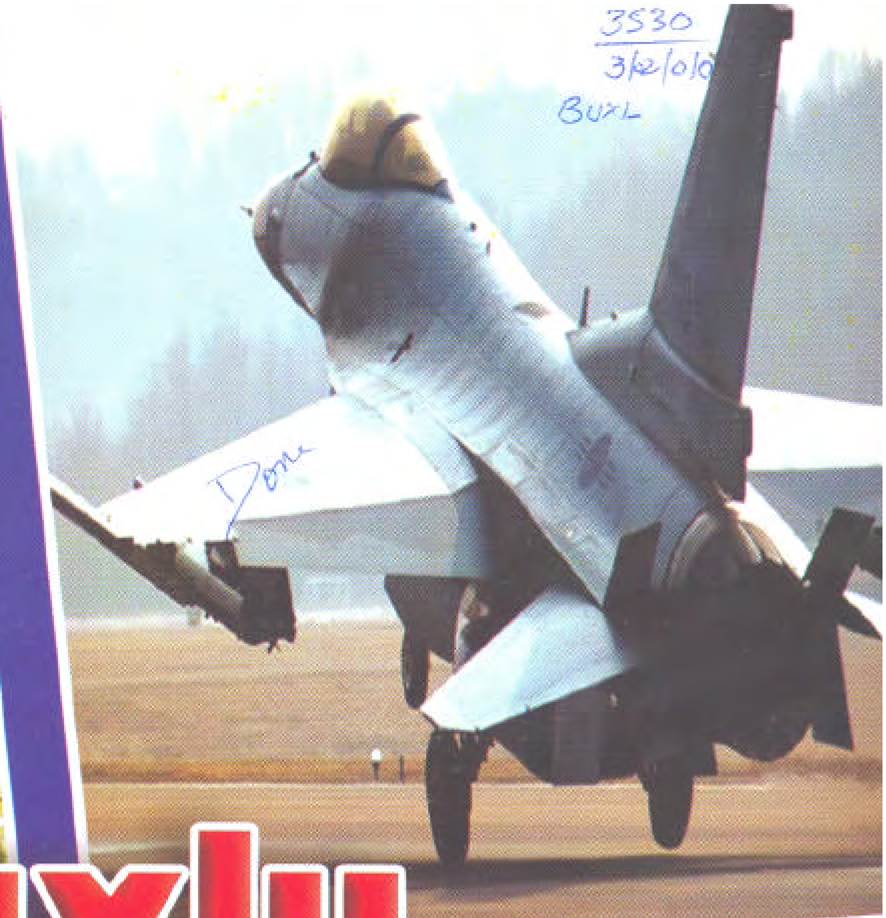

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Buxly

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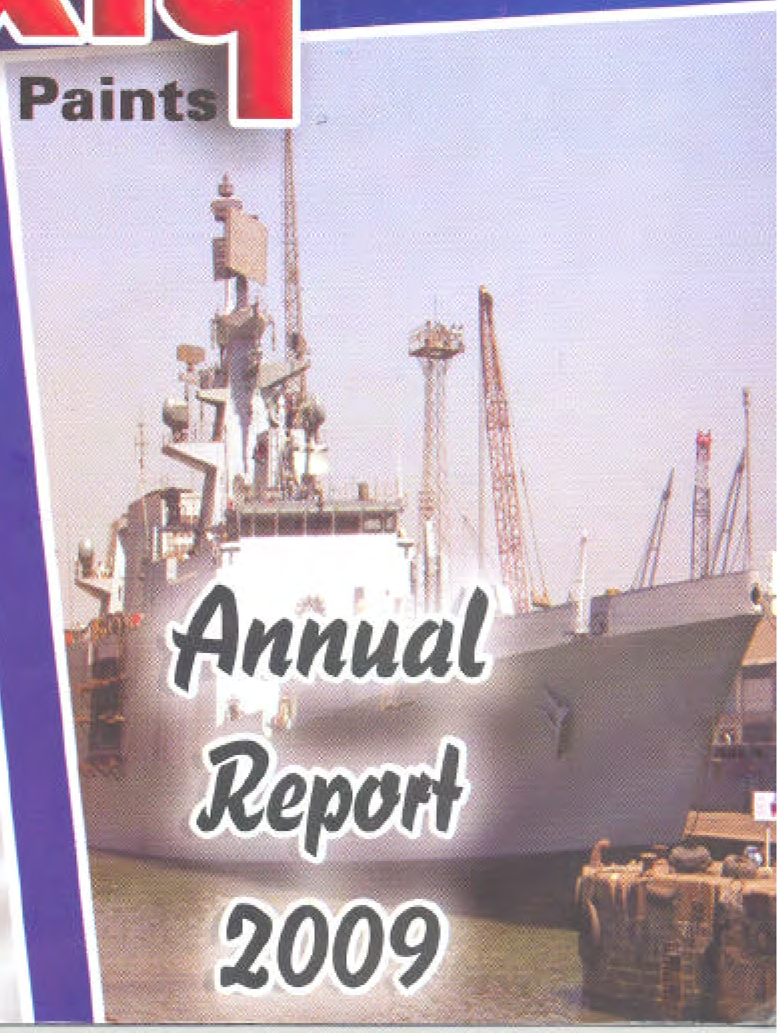

Annual Report 2009

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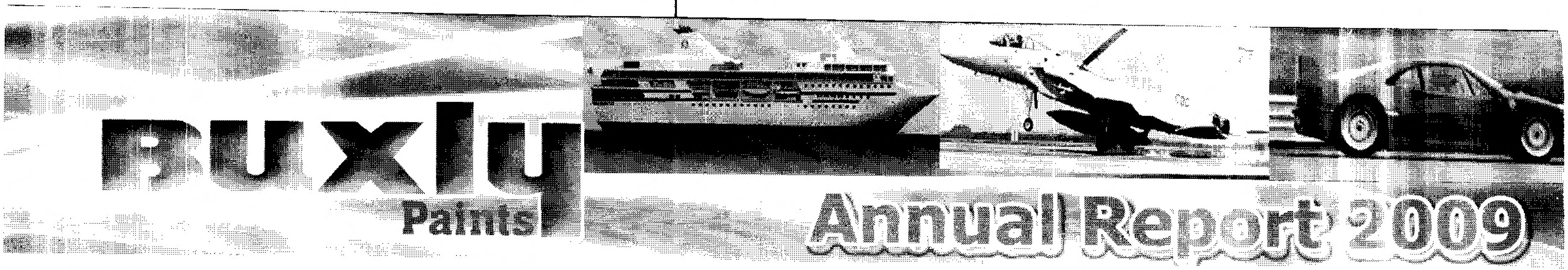


COMPANY INFORMATION

Board of Directors:

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

Audit Committee:

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

Company Secretary:

Mr. Mohammad Shabbir

Auditors:

KPMG- Taseer Hadi & Co.
Chartered Accountants

Legal Advisor:

Mr. Laiq Ahmed Khan

Bankers:

Habib Metropolitan Bank Limited
Habib Bank Limited
NIB Bank Limited
National Bank Limited
Muslim Commercial Bank Limited
Bank Alfalah

Share Registrar:

Noble Computer Services (Pvt.) Ltd.
Mezzanine Floor, House of Habib Building,
(Siddiqsons Tower), 3- Jinnah C.H. Society,
Main Shahrah-e-Faisal, Karachi-75350,
Ph: (92-21) 34325482-87
Fax: (92-21) 34325442

Registered Office:

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

Factory:

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

Web Site Address:

http://www.buxly.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 55th Annual General Meeting of the shareholders of Buxly Paints Limited, Karachi will be held at S.I.T.E. Association of Industry Conference Hall, Aiwan-Sanat, H-16, Textile Avenue, S.I.T.E., Karachi- 75700 on Thursday, February 18, 2010 at 11:00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the 54th Annual General Meeting held on Wednesday, October 22, 2008.

2. To receive, consider and approve the Audited Accounts of the Company for the year ended June 30, 2009 together with Directors' and Auditors' Report thereon.

3. To appoint Auditors for the year ending June 30, 2010 and fix their remuneration. The present auditors M/s. KPMG Taseer Hadi & Co. Chartered Accountants retire and being eligible offer themselves for re-appointment.

SPECIAL BUSINESS:

4. To consider and if thought fit to approve an amount of Rs. 1.200 million (Rupees one million two hundred thousand only) as gross remuneration of the Chief Executive Officer and Directors.

By Order of the Board

Mohammad Shabbir
Company Secretary

Karachi: - January 25, 2010
Registered office
X-3, Manghopir Road,
S.I.T.E, Karachi.

Note:

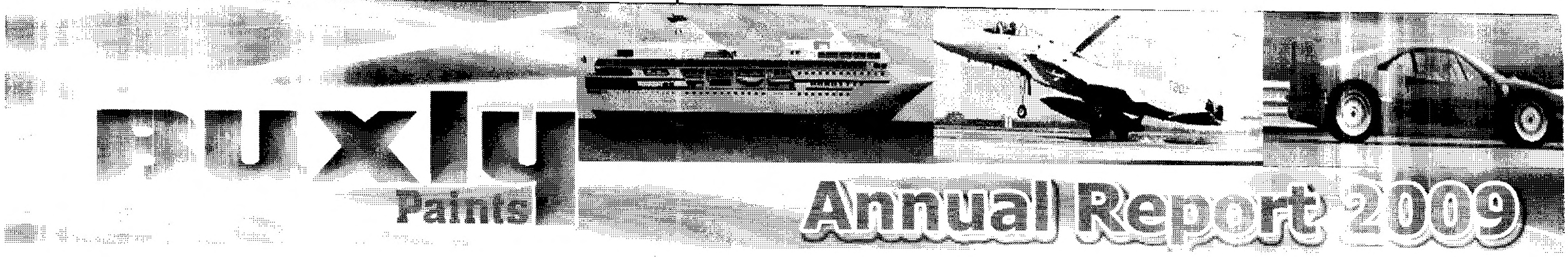
1. The Share Transfer Books of the Company will remain closed from Wednesday, February 10, 2010 to Thursday, February 18, 2010, both days inclusive. No transfers will be admitted / registered after 1:00 p.m. on Tuesday, February 09, 2010.

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

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

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

5. Statement under section 160(1) (b) of the Companies Ordinance 1984 in respect of special business along with proposed resolution is being sent to the members with Notice and Annual Accounts.



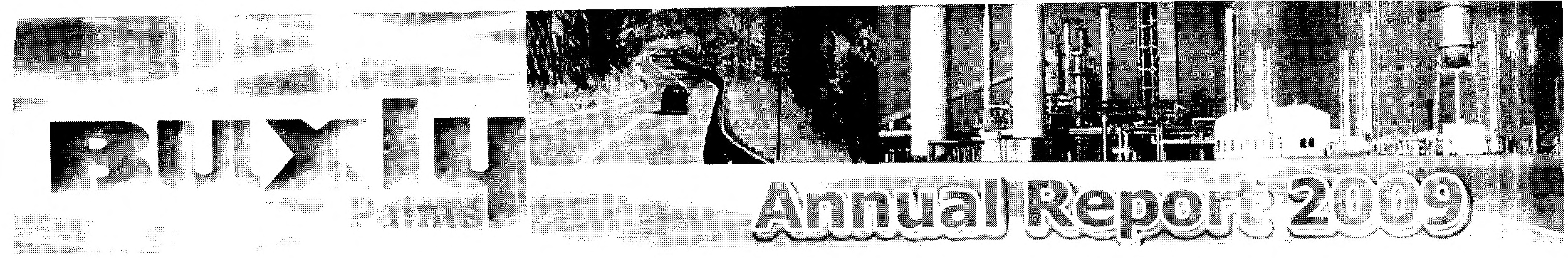
STATEMENT UNDER SECTION 160(1)(B) OF THE COMPANIES ORDINANCE 1984

Material facts concerning the special business to be transacted at the Annual General Meeting and proposed Resolution under section 164(1) of Companies Ordinance 1984 is mentioned below.

		(Rupees in million)
i.	Gross Remuneration of the Chief Executive Officer for the year ending 30 June 2010.	0.900
ii.	Provision for fee payable to 7 Directors for attending Board and Audit Committee Meetings for the year ending June 30, 2010.	0.300
	Total	**1.200**

A total amount of Rs. 1.2 million (Rupees One million two hundred thousand only) will be proposed as the annual gross remuneration of the Chief Executive Officer and Directors of the Company as detailed above for a period of 1 year and following resolution is now passed.

Resolved that a sum of Rs. 1.2 million (Rupees One million two hundred thousand only) be and is hereby approved as gross remuneration of the Chief Executive Officer and Directors of the Company for a period of 1 year.



CHAIRMAN'S REVIEW

I am pleased to present the 55th Annual Report of the Company for the year ended June 30th 2009.

A variety of factors are responsible for the Company being unable to meet the forecast made last year in connection with the anticipated performance during the year under review.

Firstly, the Global Economics crisis which has it's own impact of the economy of our country with depressed trading in most fields and with paint industry being no exception.

Secondly, the entry of some multinational paint companies who have started their operation in Pakistan. These include two of the largest Japanese companies and Jordanian company, who have a large manufacturing base in the UAE. Apart from competition in sales we have lost some key employees to these new companies.

Thirdly, and I must say this with a heavy heart, that a fire occurred in your factory in April 2009. The entire production facility, the storage areas and part of the administrative area were completely destroyed along with some raw materials and finished goods. Whilst we were fully equipped with certified "fire fighting" equipment, the spread of fire was so rapid that it was not possible to control it. Many of our records were destroyed and this is the reason for the delay in holding the Annual General Meeting.

We were fully insured and we have received some part of our claim whilst the major part of it is in final stage of disbursement.

Having said that, it must be noted that with our production being shifted to Berger's Lahore factory, the effect of this fire was minimal compared to what it might have otherwise been.

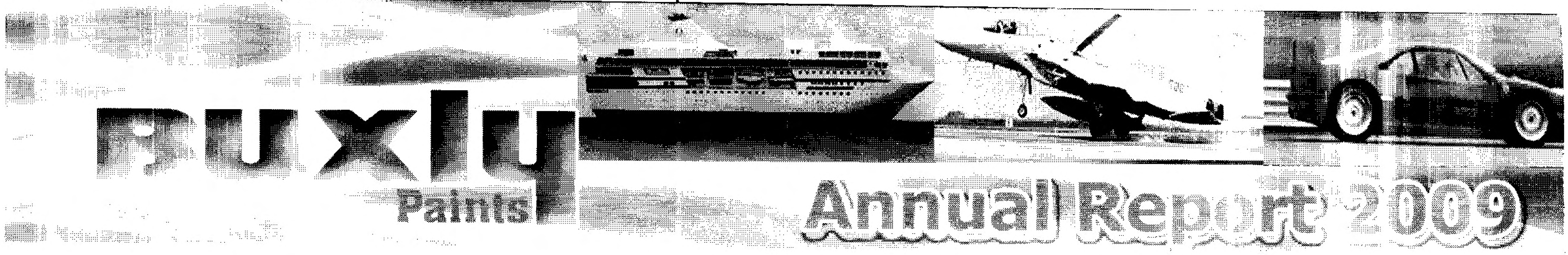
Whilst our sales were lower by 29.7% our gross profit were up from 18.7% to 30.0% an increase of Rs.3.2m. Whilst there is an abnormal increase in administrative costs, a major portion of this is due to provision made for doubtful debts. This is a very prudent move on the part of your company as it gives us a cleaner slate to start the year 2009-2010 wherein we forecast improved results.

The financial costs have been high as we have settled some of our old creditors.

I am thankful to the Security and Exchange Commission of Pakistan (SECP) for their co-operation and understanding of your Company's predicament. I would also like to record my sincere thanks to the management, staff and workers of the company for their untiring efforts during this turbulent year. I wish to thanks the shareholders for understanding and support during the difficult period your company has undergone. My thanks to the management of Berger Paints Pakistan Limited for their support at all times and in all matters.

Chairman

Karachi : January 25, 2010



DIRECTORS' REPORT TO THE SHARHOLDERS

The Directors are pleased to submit the Annual Report of your Company along with the Audited Accounts and the Auditors' Report thereon for the year ended 30 June 2009. Financial results are as follows:

Financial Results:	**2009 (Rupees. in '000')**
Loss before taxation	(6,856)
Less: Taxation	
Prior years	(296)
Deferred	(2,193)
	(2,489)
Loss after Taxation for the year	(9,345)
Surplus on Revaluation of Fixed Assets realized on account of Incremental Depreciation.	285
	(9,060)
Add: Unappropriated Profit brought forward	4,460
	(4,600)
Less: Final Cash Dividend for the year ended June 30, 2008 @ Re. 1.00 per share i. e. 10%	(1,440)
Accumulated Loss	**(6,040)**

1. Board of Directors

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

During the period the following changes occurred in the Board of Directors: Chief Executive Officer Mr. Shafiq Ahmed Siddiqi resigned and was replaced by Mr. Shamshad Ali. Mr. Aamir Amin (NIT Nominee) resigned and was replaced by Mr. Muhammad Mudassir Iqbal (NIT Nominee) who also resigned and was replaced by Mr. Sheikh Asim Rafiq (NIT Nominee).

The Board places on record its appreciation of the valuable services rendered by the outgoing Directors and extends a warm welcome to the new Directors.

2. Board of Directors' Meeting

During the year 6 meetings of the Board of Directors were held. Details of attendance by each member of the Board are as follows:

Name of Directors			**Attendance**
Mr. Muhammad Naseem		:	5
Mr. Shafiq Ahmed Siddiqui		:	1
Mr. H. P. Kotwal		:	6
Mr. Bashir Ahmed		:	4
Mr. Shamshad Ali		:	6
Mr. Aamir Amin	(NIT Nominee)	:	1
Mr. Salman Tarik Kureshi		:	4
Mr. Saeed Mohammad Sheikh		:	6
Mr. Mohammad Hanif Idrees	(Alternate to Mr. Sheikh Ajaz Majid)	:	3
Mr. Muhammad Mudassir Iqbal	(NIT Nominee)	:	2

3. **Pattern of Shareholdings**
A statement showing the Pattern of shareholding appears on page # 42

4. **Earning per share**
(Loss) / Earning per share is (Rs. 6.49) (2008 Rs. 4.07)

5. **Auditors**
The present auditors M/s. KPMG Taseer Hadi & Co., Chartered Accountants retire and being eligible, offer themselves for reappointment. On the recommendation of the Audit Committee, the Board has recommended their reappointment.

6. **Statement of Compliance with the Best Practices of Transfer Pricing.**
The Company has fully complied with the best practices of Transfer Pricing as contained in the Listing Regulation # 38 of the Karachi Stock Exchange.

7. **Fire Incident**
On April 08, 2009, a fire broke out at the factory premises of the Company at Karachi resulting in destruction of its manufacturing facility and other assets i. e. property, plant & machinery, stock etc. The company has lodged an insurance claim in respect of the loss of these items, which is under verification by the insurer.

Further another fire broke out in Company's regional office at Islamabad on July 05, 2009 destroying finished goods stock and sales records of the region. Necessary insurance claim for the loss was lodged & finally settled.

8. The Auditors have qualified their opinion on the grounds that they were unable to carry out certain procedures as relevant documents were destroyed in the fire which occurred on April 08, 2009.

9. **Reasons for non declaring dividend.**
The Directors did not recommend any dividend for the year ended June 30, 2009 as the Company has sustained the loss during the year and it has accumulated losses.

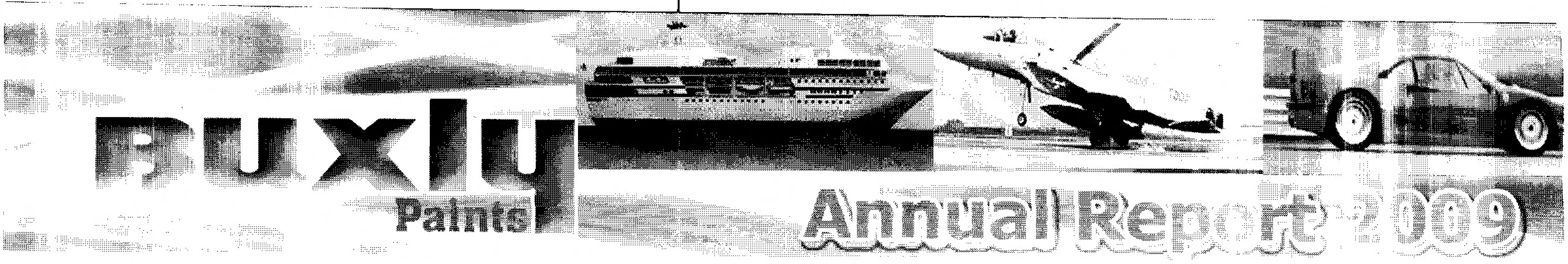
10. **Corporate and Financial Reporting Framework**
The Board of Directors has taken adequate measures for the implementation of the Regulations of the Code of Corporate Governance issued by the Security and Exchange Commission of Pakistan
The Board of Directors confirms compliance with the Corporate and Financial Reporting Framework of the SECP's code of corporate governance of the following:

i The financial statement, prepared by the management of the Company, present fairly its state of affairs, the result of its operation, cash flows and changes in equity.
ii Proper Books of account of the Company have been maintained.
iii Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
iv International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
v The system of internal control is satisfactory and continuous progress is being planned.
vi There are no significant doubts upon the Company's ability to continue as a going concern.
vii There has been no material departure from the best practices of corporate governance, as detailed in the listing Regulations.
viii Key operating and financial data for last six years is annexed at page 8.
ix A brief description of outstanding statutory payments on account of taxes is given in the notes to the financial statements.
x Value of investment of employees provident fund based on latest audited accounts for the year ended June 30,2009. is Rs. 2,774,344 (2008 Rs. 4,188,500)

Karachi : January 25, 2010

Shamshad Ali
Chief Executive Officer

H.P. Kotwal
Director



KEY FINANCIAL AND OPERATING DATA

	2009	2008	2007	2006	2005	2004	2003
	...Year Ended 30 June...						
	...(Rupees in thousand) ,...						
				(Restated)			
NET ASSETS							
Fixed Assets (Net)	2,644	16,496	19,077	21,091	13,043	12,142	12,472
Long Term Loans and Deposits	180	230	230	180	171	171	677
Loans To Employees	120	660	702	355	539	-	-
Defered Taxation	-	508	807	175	1,970	1,547	3,434
Net Current Assets	11,601	12,211	4,115	10,934	29,712	28,844	27,557
Total	14,545	30,105	24,931	32,735	45,435	42,704	44,140
FINANCED BY							
Share Capital	14,400	14,400	14,400	14,400	14,400	14,400	14,400
Reserves	(47)	10,453	4,186	11,606	27,840	23,938	22,311
Surplus on Revaluation of Fixed Assets	-	4,823	5,578	6.037	2,945	3,108	4,996
	14,353	29,676	24,164	32,043	45,185	41,446	41,707\
Long Term & Defered Liabilities	192	429	767	692	250	1,258	2,433
Total	14,545	30,105	24,931	32,735	45,435	42,704	44,140
TURNOVER AND PROFITS							
Turnover	96,786	137,781	303,257	306,103	265,346	177,629	146,764
Profit/(loss) before tax	(6,856)	6,679	(6,995)	(12,999)	4,747	4,376	3,335
Taxation	2,489	825	(884)	(1,582)	(1,008)	(2,837)	(1,557
Profit/(loss) after tax	(9,345)	5,854	(7,879)	(14,581)	3,739	1,539	1,778
Dividend	-	1,440	-	-	1,800	1,800	1,800
EARNING & DIVIDEND							
(Loss)/Earning per Rs. 10 share Rs.	(6.49)	4.07	(5.47)	(10.13)	2.60	1.07	1.23
Dividend per share - Rs.	-	1.00	-	-	1.25	1.25	1.25

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

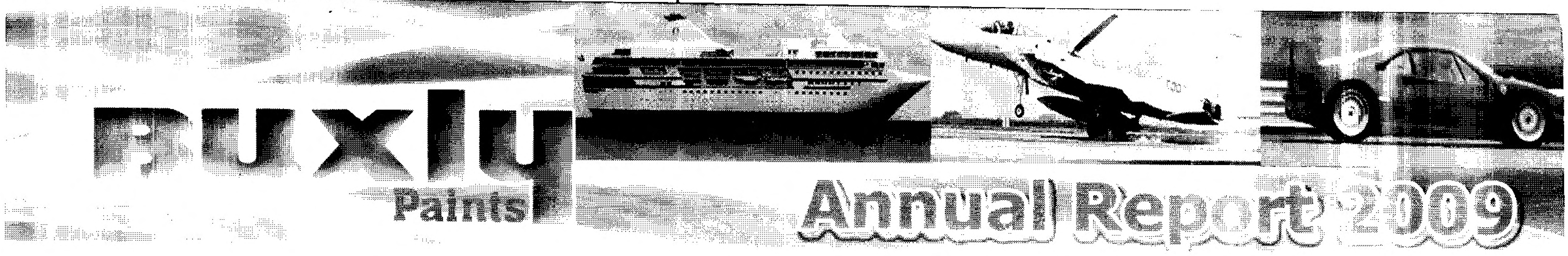
This statement is being presented to comply with the code of corporate governance contained in the listing regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance whereby a company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the code of corporate governance 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 consist independent non-executive directors and a director representing minority shareholders.
2. The Directors have confirmed that none of them is serving as a director in more than ten listed companies including this Company.
3. The Company has prepared a statement of Ethics and Business Practices, which has been signed and circulated to all the directors and employees of the Company.
4. Casual vacancies occurred during the year, were filled within thirty days.
5. All the resident directors of the company are registered as taxpayers and non of them has defaulted in payment of any \ loan to a banking company, a DFI or an NBFI. None of the director is a member of the stock exchanges.
6. The Board has developed a vision/mission statement, overall corporate strategy & significant policies of the company.
7. All the powers of the Board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of Chief Executive Officer (CEO) have been approved by the Board.
8. The Chairman of the Board has been elected from among the non-executive directors of the Company.
9. The meetings of the Board were presided over by the Chairman and in his absence by director elected by the directors present at the meeting for the purpose. The Board meetings were held at least once in every quarter. Written notices of the Board Meeting along-with agenda and working papers were circulated at least seven days before the meetings and the minutes of the meetings were appropriately recorded and circulated.
10. The company has ensured that its directors are fully appraised of their duties and responsibilities.
11. The Directors' Report for the year ended 30 June 2009 has been prepared in compliance with the requirements of the code of corporate governance and fully describe the matters to be disclosed.
12. The Financial statements of the Company were duly endorsed by CEO and CFO before approval by the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The related party transactions which were at arm's length have been placed before the audit committee and approved by the board of directors.
15. The Company has complied with all the corporate and financial reporting requirements of the code.
16. The Board has established an Audit Committee. It comprises three members who are non-executive directors including the Chairman of the committee.
17. The meetings of the Audit Committee were held once every quarter prior to the approval of quarterly, half yearly and annual results of the Company as required by the code. The terms of reference of the committee have been framed, approved by the Board and advised to the committee for compliance.
18. The Company has setup an effective internal audit function for the Company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan and that they or any of the partner of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of the Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. We confirm that all other material principles contained in the code have been complied with.

Karachi: January 25, 2010

Shamshad Ali
Chief Executive Officer



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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Buxly Paints Limited ("the Company") to comply with the Listing Regulations of the Karachi and Lahore Stock

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub-Regulation (xiii a) of. Listing resolution No. 35 (Previously Resolution No. 37) notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on trems equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transaction s are also required to be seperately placed before the audit committee.

We are only required and have ensured complience of requirement to the extent of approval of related party transaction by the Board of Director and placement of such transactions before the audit committee. We have not carried out any procedure to determine whether the relate party transactions were under taken at arm's length price.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the company the year ended 30 June 2009.

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Lahore: January 25, 2010

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Buxly Paints Limited ("the Company") as at 30 June 2009 and the related profit and loss account, 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:

1. As stated in note 2 to the annexed financial statements, certain records of the Company were destroyed as a result of a fire at the factory premises of the Company located in Karachi on April 8, 2009. As a consequence of this situation those records and their supporting documentation in respect of the current year were not available for our examination. We have been advised by the management that a data gathering exercise was initiated by the Company and in this regard duplicate documents have been arranged, wherever possible from regional offices of the Company, toll manufacturer and the customers / suppliers such as invoices, production records, raw materials consumption records, bank statements, provisional receipts, payment vouchers etc. We have applied verification procedures on the duplicate documentation arranged by the Company, however, due to aforementioned situation we were unable to complete certain audit procedures such as verification of original supports, source documentation, manual amendments to these documents and authorities etc.

a) in our opinion, except for the effects of the matters reported in paragraph 1 above, if any, 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 and except for the effects of the adjustments, if any, that might have been determined to be necessary had we been able to satisfy ourselves regarding matters referred to in paragraph 1 above, the balance sheet, profit and loss account, 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 2009 and of the loss, its cash flows and changes in equity for the year then ended; and

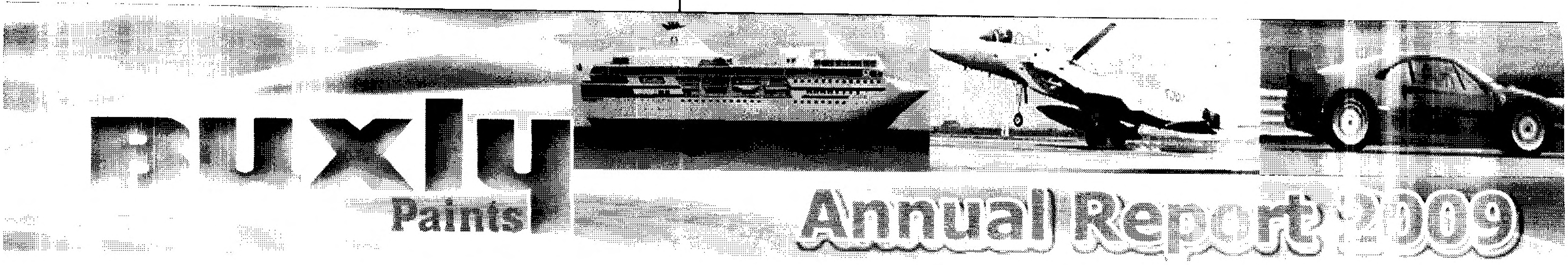
d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance,

Without qualifying our opinion, we draw attention to note 20.2 of the financial statements which indicates that the company has filed an insurance claim of Rs 13.273 million and Rs. 2.615 million in respect of items of property, plant and equipment (PPE) and stock in trade respectively. Out of these an aggregate amount of Rs. 0.319 million relating to claim against vehicle has been received from the insurance company subsequent to 30 June 2009. The claims lodged by the Company in respect of PPE of Rs. 12.954 million and the stock in trade Rs. 2.615 million are under verification and remain to be approved by the insurance company. The company has not recognized insurance claim in the books as the same has not been completely settled by insurance company and has fully recognized total loss of Rs. 8.158 million in the financial statements.

KPMG Taseer Hadi &Co

Lahore: January 25, 2010

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



BALANCE SHEET AS AT 30 JUNE 2009

	Note	2009	2008
		(Rupees in '000')	
ASSETS			
Non current assets			
Property, plant and equipment	6	**2,644**	16,496
Long term loans and advances	7	**120**	660
Long term deposits	8	**180**	230
Deferred taxation	9	**-**	508
		2,944	17,894
Current assets			
Stock-in-trade	10	**15,973**	19,267
Trade debts-unsecured	11	**49,392**	45,712
Current portion of long term loans and advances	7	**57**	280
Advances and deposits	12	**5,346**	6,020
Prepayments and other receivables	13	**990**	1,721
Tax refund due from Government		**7,438**	5,197
Cash and bank balances	14	**4,722**	14,737
		83,918	92,934
Total assets		**86,862**	110,828
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
5,000,000 (2008: 5,000,000) Ordinary shares of Rs.10 each		**50,000**	50,000
Issued, subscribed and paid-up capital	15	**14,400**	14,400
Reserves		**5,993**	5,993
Unappropriated (loss) / profit		**(6,040)**	4,460
		14,353	24,853
Surplus on revaluation of property, plant and equipment	16	**-**	4,823
Non-current liabilities			
Liabilities against assets subject to finance lease	17	**192**	429
Current liabilities			
Current portion of liabilities against assets subject to finance lease	17	**188**	338
Short term running finance	18	**32,775**	29,814
Trade and other payables	19	**39,278**	49,880
Interest and mark-up accrued		**76**	691
		72,317	80,723
Contingencies and commitments	20		
Total equity and liabilities		**86,862**	110,828

The annexed notes 1 to 40 form an integral part of these financial statements.

Chief Executive Officer **Director**

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009	2008 Restated
		(Rupees in '000')	
Sales - net	21	**96,786**	137,781
Cost of sales	22	**67,712**	111,930
Gross profit		**29,074**	25,851
Distribution and selling expenses	23	**10,417**	13,292
Administrative expenses	24	**16,167**	9,089
Other expenses	25	**8,158**	200
		34,742	22,581
		(5,66)	3,270
Other operating income	26	**5,964**	6,243
		296	9,513
Finance cost	27	**(7,152)**	(2,834)
(Loss) / profit before taxation		**(6,856)**	6,679
Taxation	28	**(2,489)**	(825)
(Loss) / profit for the year		**(9,345)**	5,854
(Loss) / earnings per share - basic and diluted	29	**(6.49)**	4.07

The annexed notes 1 to 40 form an integral part of these financial statements.

Chief Executive Officer

Director

STATEMENT OF CHANGES IN FINANCIAL POSITION (CASH FLOW STATEMENT) FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009	2008 Restated
		(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	30	**(1,214)**	(19,035)
Long term deposits		**50**	-
Income tax paid		**(2,537)**	(3,575)
Finance cost paid		**(7,767)**	(1,988)
Staff gratuity paid		**(11)**	(139)
Leave encashment paid		**(1,052)**	(1,368)
Long term loans and advances		**297**	172
Net cash used in operating activities		**(12,234)**	(25,933)
Cash flows from investing activities			
Capital expenditure		**(7)**	(166)
Proceeds from sale of property, plant and equipment		**1,218**	-
Net cash generated from / (used in) from investing activities		**1,211**	(166)
Cash flows from financing activities			
Payment of liabilities against assets subject to finance leases		**(387)**	(293)
Dividend paid		**(1,566)**	-
Net cash used in financing activities		**(1,953)**	(293)
Net decrease in cash and cash equivalents		**(12,976)**	(26,392)
Cash and cash equivalents at beginning of the year		**(15,077)**	11,315
Cash and cash equivalents at end of the year	31	**(28,053)**	(15,077)

The annexed notes 1 to 40 form an integral part of these financial statements.

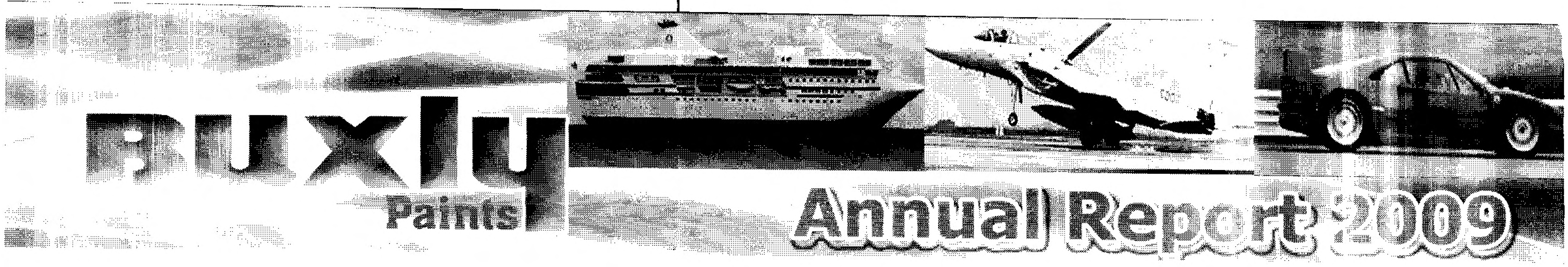
Chief Executive Officer | **Director**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

	Issued, Subcribed and paid-up capital	General reserve	Accumulated (Loss/Profit)	Total
	(Rupees in 000's)			
Balance as at 30 June 2007	14,400	5,993	(1,807)	18,586
Surplus on revaluation of property, plant and equipment realised on account of incremental depreciation charged thereon	-	-	413	413
Net Profit for the year ended 30 June 2008	-	-	5,854	5,854
	-	-	6,267	6,267
Balance as at 30 June 2008	**14,400**	**5,993**	**4,460**	**24,853**
Surplus on revaluation of property, plant and equipment realised on account of incremental depreciation charged thereon	-	-	285	285
Final Dividend paid for the year ended 30 June 2008	-	-	(1,440)	(1,440)
Loss for the year ended 30 June 2009	-	-	(9,345)	(9,345)
	-	-	(10,500)	(10,500)
Balance as at 30 June 2009	**14,400**	**5,993**	**(6,040)**	**14,353**

The annexed notes 1 to 40 form an integral part of these financial statements.

Chief Executive Officer | **Director**



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1 **Nature and status of the Company**

The Companny was incorporated in Pakistan in April 1954 as a private limited company under the Companies Act. 1913 (now the Companies Ordinance, 1984) with registered office in Karachi, Sindh and subsequently converted into a public limited company in May 1985. Its shares are listed on the Karachi and Lahore Stock Exchanges. The principal activity of the comapany is manufacturing and sale of paints, pigments, protective surface coating, varnishes and other related products.

The registered office of the Company is situated at X-3, Manghopir Road, S.I.T.E. Karachi, Pakistan.

2 **Significant Events during the year**

On 08 April, 2009, a fire broke out at the factory premises of the company located in Karachi (the Fire incident) resulting in destruction of its manufacturing facility and certain other assets i.e. property, plant and equipment, furniture and fixture and vehicles (note 6), stock in trade (note 10). The company has lodged insurance claims in respect of loss of the aforementioned items. However, assessment and verification of these claims, except for that of motor vehicle, has not been completed upto the date of issuance of these financial statements. Furthur another fire broke out in company's regional office at Islamabad in July 2009 destroying sales records of the Islamabad region.

- Due to the Fire incident, operations in the Karachi factory were discontinued and are now being carried out from the Berger Paints Limited (a related party) factory under toll manufacturing agreement.

- The Fire incident also resulted in the destruction of various documents, records and other historical financial information of the company, such as journal vouchers,fixed asset register sales invoices, customer orders, payment vouchers, despatch notes production records etc.;

- Subsequent to the Fire incident at Karachi a data gathering exercise was initiated by the management and in this regard duplicate documents were arranged from regional offices of the company and other sources such as customers / suppliers. The management of the company was successful in retrieving the backup of most of the data recorded in the computerised accounting system of the company and in view of this the management of the company is confident that the enclosed financial statements have been appropriately prepared based on the information available in the books and records of the company and truly reflect the financial affairs of the company;

- A data gathering exercise was initiated by the management and in this regard duplicate sales invoices were generated from the computerised accounting system of the company;

- Duplicate bank statements were obtained from the banks so as to corroborate the payments with the electronic records of the payment vouchers;

- Opening balances were traced from the soft copies of the opening trial balance and linked with the audited financial statements for the year ended June 30, 2008;

- Physical verification of assets existing after the Fire incident was conducted to check the physical existence of those assets;

- Electronic records of production data were regenerated;
- Intimations were sent to the Excise and Sales Tax authorities stating therein that the related supporting documentation has been destroyed, however, copies of sales tax returns are available with the company; and
- The company was successful in retrieving the actual data recorded in the computerised accounting system.

In view of the above situation, the management of the company is confident that the financial statements have been appropriately prepared based on the information available in the books and records of the company and those financial statements present a true status of its financial affairs.

3 Statement of compliance

3.1 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 Standard Board as are notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1934 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.

3.2 Initial application of a standard, amendment or an interpretation to an existing standard and forthcoming requirements

3.2.1 Initial application

- IFRS 7 - Financial Instruments: Disclosure (effective for annual periods beginning on or after 28 April 2008) supersedes IAS 32 - Financial Instruments: Disclosure and Presentation. The application of the standard did not have significant impact on the Company's financial statements other than increase in disclosures.
- IAS 29 – Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 28 April 2008). The Company does not have any operations in Hyperinflationary Economies and therefore the application of the standard did not affect the Company's financial statements.
- IFRIC 13 – Customer Loyalty Programmes (effective for annual periods beginning on or after 01 July 2008) addresses the accounting by entities that operate or otherwise participate in customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. The application of IFRIC 13 did not affect the Company's financial statements.
- IFRIC 14 – IAS 19- The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective for annual periods beginning on or after 1 January 2008) clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on minimum funding requirements for such asset. The application of this interpretation did not affect the Company's financial statements.

3.2.2 *Forthcoming requirements*

The following standards, amendments and interpretations of approved accounting standards are only effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increased disclosures in certain cases:

- Revised IAS 1 - Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009).
- Revised IAS 23 - Borrowing costs (effective for annual periods beginning on or after 1 January 2009).
- Amended IAS 27 - Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009).
- IAS 27 'Consolidated and separate financial statements (effective for annual periods beginning on or after 1 January 2009).
- Amendments to IAS 32 Financial instruments: Presentation and IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009).
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible hedged Items (effective for annual periods beginning on or after 1 July 2009).
- Amendments to IAS 39 and IFRIC 9 - Embedded derivatives (effective for annual periods beginning on or after 1 January 2009).
- Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (effective for annual periods beginning on or after 1 January 2009).
- Revised IFRS 3 Business Combinations (applicable for annual periods beginning on or after 1 July 2009)
- IFRS 4 - Insurance Contracts (effective for annual periods beginning on or after 1 January 2009).
- Amendment to IFRS 7 - Improving disclosures about Financial Instruments (effective for annual periods beginning on or after 1 January 2009).
- IFRS 8 – Operating Segments (effective for annual periods beginning on or after 1 January 2009).
- IFRIC 15- Agreement for the Construction of Real Estate (effective for annual periods beginning on or after 1 October 2009).
- IFRIC 16- Hedge of Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 October 2008).
- IFRIC 17 - Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009).
- IFRIC 18 Transfers of Assets from Customers (to be applied prospectively to transfers of assets from customers received on or after 01 July 2009).
- The International Accounting Standards Board made certain amendments to existing standards as part of its first and second annual improvements projects. The effective dates for these amendments vary by standard and most will be applicable to the Company's 2010 financial statements.

4 Basis of preparation

These accounts have been prepared under the historical cost convention.

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Provision for taxation
b) Accrued liabilities
c) Provision for doubtful debts
d) Residual values and useful lives of property, plant and equipment

5 Significant accounting policies

5.1 Property, plant and equipment

Owned

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

Depreciation on all property, plant and equipment other than computers is charged on the reducing balance method at the rates specified in note 6. Depreciation on computers is charged on straight line method.

Residual values and the useful lives of the assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.

Depreciation on additions to property, plant and equipment is charged from the month in which the asset is acquired or capitalised, while no depreciation is charged for the month in which the asset is disposed off.

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

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

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

5.2 Leases

Finance leases

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

The related rental obligations, net of finance costs, are included in liabilities against assets subject to finance lease as referred to in note 17. The liabilities are classified as current and non-current depending upon the timing of the payment.

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

Assets acquired under a finance lease are depreciated over the estimated useful life of the assets on reducing balance method at the rates mentioned in note 6. Depreciation of leased assets is charged to profit.

Residual values and the useful lives of the assets are reviewed at least at each financial year-end and adjusted if impact of depreciation is significant.

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.

5.3 Staff retirement benefits

Defined contribution plan

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

Defined benefit plan

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

Compensated abscences

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

5.4 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

5.5 Stores and spares

Usable stores and spares are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

5.6 Stock in trade

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

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

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

5.7 Revenue recognition

Sale

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

Toll manufacturing income

Revenue under the toll manufacturing agreement is recorded on accrual basis.

Interest income

Interest income on bank deposits is recognised at effective yield on time proportion basis.

Royalty income

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

Rental income

Rental income is recognised in profit and loss account on staright line basis over the term of lease.

Scrap sales

Scrap sales are recognised on receipt basis.

5.8 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, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

5.9 Taxation

Income tax expense comprises current and deferred tax. Income tax is recognized in profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

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

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

5.10 Borrowings

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

5.11 Provisions

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

5.12 Financial assets and liabilities

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

5.13 Offsetting of financial assets and financial liabilities

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

5.14 Trade and other payables

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

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

5.15 Foreign currencies

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in the income currently

5.16 Dividend

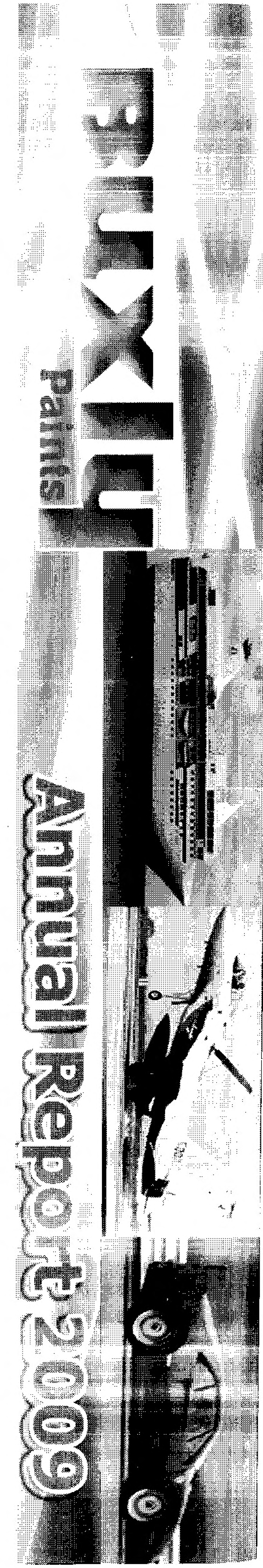
Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved.

5.17 Related party transactions

The Company enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods, except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.

5.18 Impairment

The carrying amount of Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment losses are recognised.



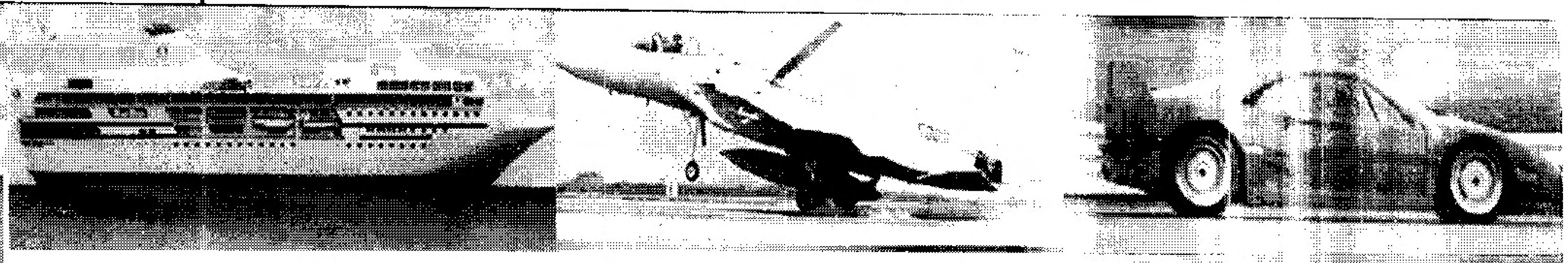
6 PROPERTY, PLANT AND EQUIPMENT

	2009										
	Cost / Revaluation						Accumulated Depreciation				Written down value as on 30 June 2009
	As at 1 July 2008	Additions	(Disposals)	Disposal due to Fire	As at 30 June 2009	Rate %	As at 1 July 2008	For the year / impairment	(disposals) related to Fire	As at 30 June 2009	
	(Rupees in '000)						(Rupees in '000)				
Leasehold land	1,536	-	-	-	1,536	-	39	16	-	55	1,481
Factory and office building on Leasehold land	5,671	-	-	(5,671)	-	10	1,077	345	(1,422)	-	-
*Plant and Machinery	7,416	-	-	(6,321)	1,095	10	1,934	433 800*	(2,072)	1,095	-
Furniture and fixtures	2,280	-	-	(1,820)	460	10	1,287	79	(1,087)	279	181
Vehicles	2,315	-	(1,401)	-	914	20	968	153 (666)	-	455	459
Office equipment	1,027	-	-	(821)	206	10	660	29	(550)	139	67
Factory equipment	1,193	-	-	(1,193)	-	10	677	39	(716)	-	-
Gas, electrical and telephone installation	586	-	-	(586)	-	10	429	12	(441)	-	-
Loose tools	21	-	-	(21)	-	10	21	-	(21)	-	-
Furnace	46	-	-	(46)	-	10	46	-	(46)	-	-
Laboratory equipment	1,839	7	-	(1,846)	-	10	1,307	40	(1,347)	-	-
Computers	2,152	-	-	(1,719)	433	33	1,995	57	(1,637)	415	18
	26,082	**7**	**(1,401)**	**(20,044)**	**4,644**		**10,440**	**1,203 800* (666)**	(9,339)	**2,438**	**2,206**
Leased											
Vehicles	1,388	-	-	(499)	889	20	534	155	(238)	451	438
	1,388	-	-	(499)	889		534	155	(238)	451	438
30 June 2009	**27,470**	7	(1,401)	(20,543)	**5,533**		**10,974**	**1,358 800* (666)**	(9,577)	**2,889**	**2,644**

*Included in plant and machinery was a generator in the possession of a related party having a carrying value of Rs. 0.6 million.

	2008										
	Cost / Revaluation					Accumulated Depreciation				Written down value as on 30 June 2008
	As at 1 July 2007	Additions	(Disposals)	As at 30 June 2008	Rate %	As at 1 July 2007	For the year/ Impairment*	(disposals)	As at 30 June 2008	
	(Rupees in '000)					(Rupees in '000)				
Leasehold land	1,536	-	-	1,536	-	23	16	-	39	1,497
Factory and office building on Leasehold land	5,671	-	-	5,671	10	567	510	-	1,077	4,594
* Plant and Machinery	7,416	-	-	7,416	10	740	668 526*	-	1,934	5,482
Furniture and fixtures	2,264	16	-	2,280	10	1,176	111	-	1,287	993
Vehicles	2,315	-	-	2,315	20	631	337	-	968	1,347
Office equipment	1,027	-	-	1,027	10	619	41	-	660	367
Factory equipment	1,193	-	-	1,193	10	620	57	-	677	516
Gas, electrical and telephone installation	586	-	-	586	10	411	18	-	429	157
Loose tools	21	-	-	21	10	21	-	-	21	-
Furnace	46	-	-	46	10	46	-	-	46	-
Laboratory equipment	1,839	-	-	1,839	10	1,248	59	-	1,307	532
Computers	2,002	150	-	2,152	33	1,805	190	-	1,995	157
	25,916	166	-	26,082		7,907	2,007 526*	-	10,440	15,642
Leased										
Vehicles	1,388	-	-	1,388	20	320	214	-	534	854
	1,388	-	-	1,388		320	214	-	534	854
30 June 2008	27,304	166	-	27,470		8,227	2,221 526	-	10,974	16,496

* Included in plant and machinery was a generator in the possession of a related party having a carrying value of Rs. 0.6 million.



		Note	2009	2008
6.1	Depreciation for the year has been allocated as follows:		(Rupees in '000')	
	Cost of sales	22	**810**	1,222
	Distribution and selling expenses	23	**414**	705
	Administration expenses	24	**134**	294
			1,358	2,221

6.2 Additional depreciation arising due to revaluation of assets amounted to Rs. 0.439 million (2008: Rs. 0.635 million). Cost of revalued property, plant and equipments is as follows:

	Surplus on Revaluation	Original Cost
	(Rupees in '000')	
As at 30 June 2006		
Factory and office building	**3,497**	**1,970**
Plant and machinery	**1,486**	**1,529**
	4,983	**3,499**

6.3 The net book value of items of property plant and equipment, net of reversal of surplus on revaluation, fully destroyed due to fire aggregated Rs.5.543 million, against which company has lodged an insurance claim, amounting to Rs. 13.273 million. Out of these claims an aggregate amount of Rs. 0.319 million relating to claim against leased vehicles has been received from the insurance company subsequent to 30 June 2009. The remaining claims lodged by the Company are under verification and remain to be approved by the insurance company. The Company has not recognised the said insurance claim as receivable as at 30 June 2009.

6.4 Disposal of property plant and equipment

Particulars	Sold to	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain/ (Loss)	Mode of Sale
		------------------------Rupees in '000'------------------------					
Vehicle	Zahid Qadri	1,401	666	735	1,218	483	Negotiation

7	**Long term loans and advances - Considered good**	2009	2008
		(Rupees in '000')	
	Non - executive employee loans	**642**	940
	Provision against doubtful loans	**(465)**	-
		177	940
	Receivable within one year	**(57)**	(280)
		120	660

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

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

	2009	2008
	(Rupees in '000')	
Non - executive employees	**1,146**	1,793

8 Long term deposits

	2009	2008
	(Rupees in '000')	
Lease deposits	**89**	139
Deposits against utilities	**91**	91
	180	230

9 Deferred Taxation

Deferred tax asset available for carry forward is recognised to the extent of the realisation of related tax benefit. The company has not recognised deferred tax assets of Rs 0.821 million in respect of tax losses amounting to Rs. 2,347, as sufficient profits would not be available to set these off in foreseeable future.

	Note	2009	2008
		(Rupees in '000')	
10 Stock-in-trade			
Raw material		**40**	1,005
Packing material		-	220
Work-in-process	10.1	**1,291**	4,968
Finished goods	10.2	**17,692**	13,571
		19,023	19,764
Provision against slow moving stocks:			
- Packing material		-	(110)
- Finished goods		**(3,050)**	(387)
		(3,050)	(497)
		15,973	19,267

10.1 Work in process amounting to Rs. 1.291 million (2008: Rs. 4.968 million) is held by Berger Paints Pakistan Limited, a related party, at 30 June 2009.

10.2 Finished goods stock amounting to Rs. 2.615 million was destroyed due to fire (Note 2) at Karachi region during the month of April 2009. The Company lodged an insurance claim amounting to Rs. 2.615 million which was not recognised as an insurance claim receivable and the loss amounting to Rs. 2.615 million has been charged to profit and loss account (Note 25). The said claim is under verification and is yet to be approved by the insurance company.

		Note	2009	2008
			(Rupees in '000')	
11	**Trade debts - unsecured**			
	Considered good		**49,392**	45,712
	Considered doubtful		**26,754**	20,756
			76,146	66,468
	Provision against debts considered doubtful	11.1	**(26,754)**	(20,756)
			49,392	45,712
11.1	Opening balance		**20,756**	19,688
	Charge for the year		**5,998**	1,068
	Closing balance		**26,754**	20,756
12	**Advances and deposits**			
	Advances - considered good			
	- Employees		**149**	208
	- Others		**-**	10
			149	218
	Deposits			
	Margin against letters of guarantee		**2,119**	2,641
	Earnest money & Tender deposits		**3,015**	3,100
	Central Depository Company of Pakistan Limited		**10**	10
	Suppliers		**36**	51
	Others		**17**	-
			5,197	5,802
			5,346	6,020
13	**Prepayments and other receivables**			
	Prepayments			
	Insurance		**146**	412
	Others		**9**	156
			155	568
	Other receivables			
	Sales tax receivable		**835**	1,153
			990	1,721
14	**Cash and Bank balances**			
	In hand		**51**	53
	At banks			
	- in current accounts		**4,521**	14,534
	- in deposit accounts		**150**	150
			4,722	14,737

15 Issued, subscribed and paid-up capital

Number of Shares 2009	Number of Shares 2008		2009 (Rupees in '000')	2008 (Rupees in '000')
1,257,288	1,257,288	Ordinary shares of Rs.10 each fully paid in cash	**12,573**	12,573
82,712	82,712	Ordinary shares of Rs.10 each fully paid for consideration other than cash	**827**	827
100,000	100,000	Ordinary shares of Rs.10 each issued as fully paid bonus shares	**1,000**	1,000
1,440,000	1,440,000		**14,400**	14,400

Issued, subscribed and paid-up capital at the year end included 1,171,299 (2008: 1,171,299) ordinary shares of Rs. 10 each, held by associated undertakings.

16 Surplus on revaluation of property, plant and equipment

	2009 (Rupees in '000')	2008 (Rupees in '000')
Balance as on 1 July	**8,479**	9,640
Surplus eliminated on account of disposal of plant and machinery due to fire	**(4,018)**	-
Related deferred tax liability	**(1,405)**	-
	(5,423)	-
Surplus eliminated on account of impairment of plant and machinery	**(520)**	(342)
Related deferred tax liability	**(280)**	(184)
	(800)	(526)
Transferred to retained earnings in respect of incremental depreciation charged during the year	**(285)**	(413)
Related deferred tax liability	**(154)**	(222)
	(439)	(635)
	1,817	8,479
Less:		
Related deferred tax liability at beginning of the year	**3,656**	4,062
Related deferred tax liability on account of:		
- impairment of property, plant and equipment	**(280)**	(184)
- property, plant and equipment destroyed due to fire	**(1,405)**	-
- incremental depreciation for the year	**(154)**	(222)
	1,817	3,656
Balance as on 30 June	-	4,823

16.1 Description of revaluations

a) Leasehold land, factory and office buildings and plant and machinery were first revalued by Salim Hyder & Co., Valuation Consultants, on 3 May 1976 resulting in an increase over book values of Rs. 0.683 million, Rs. 0.421 million and Rs.0.564 million, respectively, aggregating to Rs. 1.668 million, credited to the surplus on revaluation of property, plant and equipments.

b) A second revaluation of leasehold land, factory and office buildings and plant and machinery was carried out by Iqbal A. Nanjee & Co., Valuation Consultants, on 14 June 1989 resulting in an increase over book values of Rs. 16.432 million, Rs. 1.866 million and Rs.8.749 million, respectively, aggregating to Rs. 27.047 million, credited to the surplus on the revaluation of property, plant and equipments. Thereafter, surplus of Rs. 0.089 million was realised and transferred to general reserves as a result of disposal of plant and machinery during the year ended 30 June 1995.

c) During the years ended 30 June 1996 and 30 June 2000, further surplus, amounting to Rs. 3.566 million and Rs. 0.721 million was realised and transferred to the general reserve as a result of disposal of leasehold land and machinery, respectively.

d) A third revaluation of plant and machinery was carried out by Iqbal A. Nanjee & Co., Valuation Consultants, on 3 July 2000, resulting in an increase of Rs. 3.370 million over the book value, credited to surplus on revaluation of property, plant and equipments.

e) On 18 July 2000 and 31 July 2001, the Company sold and leased back plant and machinery, having a net book value of Rs 5.000 million after revaluation. In respect of these assets, Rs. 6.826 million of surplus on revaluation existed in the books which has been transferred to the general reserve.

f) During the year ended 30 June 2003, a sum of Rs. 1.113 million was transferred to 'Deferred Taxation' as a result of the first time application of S.R.O. 45(1)/2003, dated 13 January 2003, issued by the Securities and Exchange Commission of Pakistan.

g) Further, an aggregate sum of Rs. 5.955 million (2008: Rs. 5.496 million), net of deferred tax, has been realised and transferred to equity on account of incremental depreciation, whereas a sum of Rs. 11.476 million, net of deferred tax, has been realised on the disposal of leasehold land, building and plant and machinery, since the last revaluation of property, plant and equipments.

h) Factory, office buildings and plant & machinery were revalued on 30 June 2006 by Iqbal A. Nanjee & Co., Valuation and Engineering Consultants. The revaluation resulted in a surplus of Rs.4.983 million. The fair value of property, plant and equipment is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

17 Liabilities against assets subject to finance lease

	2009			2008		
	Not later than one year	Later than one year but not later than five years	Total	Not later than one year	Later than one year but not later than five years	Total
	(Rupees in '000)					
Minimum lease payments	**214**	**196**	**410**	401	459	860
Finance cost	**(26)**	**(4)**	**(30)**	(63)	(30)	(93)
Principal	**188**	**192**	**380**	338	429	767

The Company has entered into an agreement with Faysal Bank Limited (2008: Faysal Bank Limited and Orix Leasing Company) for the lease of cars. Lease rentals include financial charges at 12.04% to 16% (2008: 12.04% to 16%) per annum which has been used as a discounting factor and are payable on monthly basis. The Company has an option to purchase the assets upon completion of lease period, by adjusting the security deposit..

18 Short term running finance - secured

This represents short term running finance facility of Rs. 45 million (2008: 45 million) obtained from Habib Metropolitan Bank to finance the working capital requirements. The facility carries mark up at the rate of 2.5 percent above three months average KIBOR (2008: 3 percent above three months KIBOR), payable quarterly with the floor of 12.5% (2008: 12.5%)

This facility is secured against registered first ranking (pari passu) hypothecation charge over stocks and receivables of the Company, amounting to Rs. 70 million (2008: Rs 70 million) and expires on 31 March 2010.

19 Trade and other payables

	Note	2009	2008
		(Rupees in '000')	
Creditors	19.1	**32,473**	42,578
Accrued liabilities			
Accrued expenses		**1,734**	2,192
Salaries payable		**105**	180
		1,839	2,372
Unclaimed Dividend		**379**	253
		34,691	45,203
Other liabilities			
Advances from customers		**3,268**	1,468
Unfunded gratuity scheme	19.2	**62**	73
Workers' welfare fund		-	288
Workers' profit participation fund	19.3	**51**	367
Insurance claim payable		-	400
Employees' Provident Fund		**45**	72
Sales tax		-	*421
Deposit from contractors		-	25
Commission payable		**1,117**	1,373
Others	19.4	**44**	190
		4,587	4,677
		39,278	49,880

* This represented sales tax in respect of toll manufacturing income

19.1 Included herein is a sum of Rs. 29.876 (2008: Rs. 39.232) million due to Berger Paints Pakistan Limited, a related party.

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

19.3 Workers' profit participation fund

	2009 (Rupees in '000')	2008 (Rupees in '000')
Balance as at 1 July	**367**	-
Interest on funds utilised in the Company's business	**45**	-
	412	-
Allocation for the year	-	367
Payments made during the year	**(361)**	-
Balance as at 30 June	**51**	367

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

20 Contingencies and commitment

Contingencies

	Note	2009	2008
Letter of Guarantees	20.1	**5,661**	4,338

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

20.2 Insurance claim

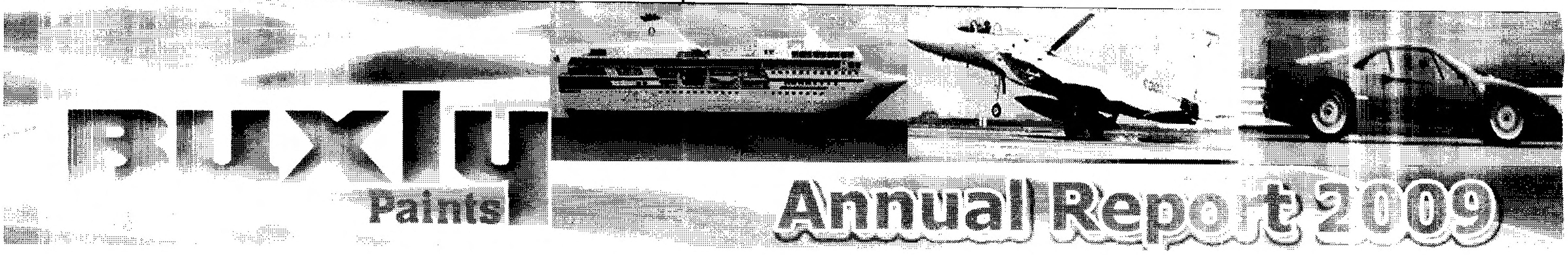
On 08 April 2009 a fire broke out at factory premises of the company located in the Karachi region resulting in the destruction of its manufacturing facility and certain other assets i.e. property plant and equipment, building, furniture and fixtures, office equipment, computers, electric installation etc (Note 6) and stock in trade (Note 10).The company has lodged insurance claim amounting to Rs. 15.89 million in respect of the loss on aforememtioned items.However assessment and verification of these claims has not been completed upto the issuance of these financial statements, but the company expects a favourable outcome and furthur expects that it will be able to recover its loss from insurance company.

21 Sales - net

	2009 (Rupees in '000')	2008 (Rupees in '000')
Gross sales	**112,562**	164,089
Sales tax and special Excise Duty	**(15,355)**	(22,292)
	97,207	141,797
Commission and Discount	**(421)**	(4,016)
	96,786	137,781

22		Note	2009	2008
			(Rupees in '000')	
	Cost of sales			
	Opening Stock			
	Raw material		**1,005**	5,644
	Packing material		**220**	362
			1,225	6,006
	Add: Purchases			
	Raw material		**56,579**	91,030
	Packing material		**4,245**	6,607
			60,824	97,637
			62,049	103,643
	Less: Closing stock			
	Raw material		**40**	1,005
	Packing material		**-**	220
			40	1,225
	Raw and packing material consumed		**62,009**	102,418
	Manufacturing expenses			
	Salaries, wages and other benefits	22.1	**2,649**	2,006
	Telephone, fax and postage		**11**	72
	Rent, rates and taxes		**180**	193
	Fuel and power		**1,781**	895
	Vehicle running expenses		**16**	-
	Repairs and maintenance		**331**	79
	Insurance		**202**	18
	Depreciation	6.1	**810**	1,222
	Consumable stores		**-**	368
	Printing and stationery		**19**	29
	Toll manufacturing		**2,216**	1,435
	Fees and subscription		**-**	19
	Fire fighting expenses		**525**	-
	Sundry expenses		**22**	20
			8,762	6,356
	Work in process			
	Opening stock		**4,968**	1,378
	Closing stock		**(1,291)**	(4,968)
	Cost of goods manufactured		**74,448**	105,184
	Finished goods			
	Opening stock		**13,571**	20,317
	Less: Destroyed by fire		**(2,615)**	-
			10,956	20,317
	Closing stock		**(17,692)**	(13,571)
			67,712	111,930

22.1 Included herein is a sum of Rs.0.025 million (2008: Rs. 0.051 million) in respect of staff retirement benefits.



23	Distribution and selling expenses	Note	2009	2008
			(Rupees in '000')	
	Salaries and other benefits	23.1	**5,982**	7,390
	Insurance		**227**	175
	Rent, rates and taxes		**435**	275
	Carriage outward		**449**	2,219
	Sample and packing		**393**	129
	Advertising and promotional expenses		**1,408**	399
	Vehicle running expenses		**586**	258
	Travelling and conveyance		**143**	974
	Printing and stationery		**44**	140
	Postage, telephone and fax		**9**	268
	Electricity and gas		**302**	190
	Repairs and maintenance		-	8
	Depreciation	6.1	**414**	705
	Entertainment and welfare		**8**	93
	Fees and subscription		-	62
	Sundry expenses		**17**	7
			10,417	13,292

23.1 Included herein is a sum of Rs. 0.162 million (2008: Rs. 0.210 million) in respect of staff retirement benefits.

24	Adminstrative expenses	Note	2009	2008
			(Rupees in '000')	
	Salaries and other benefits	24.1	**4,472**	4,806
	Directors' fee		**62**	69
	Electricity, gas and water		**301**	208
	Insurance		**97**	125
	Printing and stationery		**247**	230
	Postage, telephone and fax		**310**	252
	Travelling and conveyance		**58**	270
	Auditor's remuneration	24.2	**340**	304
	Fees and subscription		**124**	342
	Legal and Professional fees		**238**	441
	Vehicle running expenses		**66**	232
	Repairs and maintenance		**185**	50
	Depreciation	6.1	**134**	294
	Provision against debts considered doubtful		**5,998**	1,068
	Provision against loans and Advances		**465**	-
	in respect of resigned employees Provision / (Reversal) against slow moving stocks		**2,553**	(3)
	Entertainment and welfare		**135**	93
	Security expenses		**340**	290
	Sundry expenses		**42**	18
			16,167	9,089

24.1 Included herein is Rs. 0.021 million (2008: Rs. 0.213 million) in respect of staff retirement benefits.

		Note	2009	2008
			(Rupees in '000')	
24.2	**Auditors' remuneration**			
	Statutory audit		**200**	200
	Half yearly review		**70**	50
	Others		**70**	54
			340	304
25	**Other expenses**			
	Sales tax written-off		-	200
	Loss on property, plant and equipment destroyed due to fire		**5,543**	-
	Loss on stock in trade destroyed due to fire		**2,615**	-
			8,158	200
26	**Other operating income**			
	Non financial asset			
	Gain on Sale of property plant and equipment		**483**	-
	Sale of scrap		-	217
	Rental income	26.1	**360**	480
	Royalty income	26.2	**1,453**	1,837
	Toll manufacturing income	26.3	**3,668**	2,630
	Miscellaneous income		-	1,079
			5,964	6,243

26.1 This represent income from letting of warehouse to Berger Paints Pakistan Limited, a related party.

26.2 During 2007 the Company has entered into a royalty agreement with Berger Paints Pakistan Limited, a related party, at a rate of 1 percent of net sales for the use of the Company's brand name.

26.3 This represent toll manufacturing income in respect of goods manufactured for Berger Paints Pakistan Limited, a related party.

		2009	2008
		(Rupees in '000')	
27	**Finance cost**		
	Finance cost on leases	**70**	108
	Markup on:		
	Short term running finance - secured	**6,542**	1,852
	- Workers' profit participation fund	**45**	367
	- Workers' welfare Fund	-	170
	Bank charges	**495**	337
		7,152	2,834
28	**Taxation**		
	Prior years	**296**	342
	Deferred	**2,193**	483
		2,489	825

28.1 Current status of tax assessments

The income tax assessments of the Company have been finalised upto and including the tax year 2008 (income year ended 30 June 2008). The return for tax years 2003 to 2008 have been filed under the Universal Self Assessment Scheme which provides that return filed is deemed to be an assessment order. However, these returns (i.e. return for tax years 2004 to 2008) may be selected for detail audit within five years and the Commissioner of Income Tax may amend the assessment in case of objection raised in audit.

29 Earnings per share

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

	2009	2008
	(Rupees in '000')	
(Loss) / profit for the year-after taxation	**(9,345)**	5,854
	(Number of shares in '000')	
Weighted average number of shares outstanding during the year	**1,440**	1,440
	Rupees	
(Loss) / Earning per share	**(6.49)**	4.07

	Note	2009	2008
		(Rupees in '000')	
30 Cash (used in) from operations			
(Loss) / Profit before taxation		**(6,856)**	6,679
Depreciation		**1,358**	2,221
Gain on sale of property, plant and equipments		**(482)**	-
Amortisation of consumable stores		-	368
Financial charges		**7,152**	2,834
Provision for leave encashment		**1,025**	498
Provision for doubtful debts		**5,998**	1,068
Provision against doubtful loans and advances		**465**	-
Provision / (reversal) in respect of stock in trade		**2,553**	(3)
Loss on assets destroyed due to fire		**5,543**	-
Working capital changes	30.1	**(17,970)**	(32,700)
		(1,214)	(19,035)

30.1 Working capital changes

	2009	2008
(Increase) / decrease in current assets		
Stock-in-trade	**741**	7,934
Trade debtors	**(9,678)**	11,130
Advances and deposits	**674**	(1,844)
Prepayments and other receivables	**731**	(1,210)
Increase / (decrease) in current liabilities		
Creditors and accrued liabilities	**(10,438)**	(48,710)
Cash used in operations	**(17,970)**	(32,700)

31 **Cash and cash equivalents**

	Note	2009	2008
		(Rupees in '000')	
Cash and cash equivalents comprise of:			
Cash and bank balances	14	**4,722**	14,737
Short term running finance	18	**(32,775)**	(29,814)
		(28,053)	(15,077)

32 **Financial instruments**

The company has exposure to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

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

32.1 **Credit risk**

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted and arise principally from long term deposits, trade receivables and security deposits. Out of the total financial assets of Rs.68.073 million (2008: Rs.73.938 million), the financial assets which are subject to credit risk amounted to Rs.60.635 million (2008: Rs.68.741 million).

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

All investing transactions are settled / paid for upon delivery. The Company's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

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

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

	2009	2008
	(Rupees in '000')	
Long term loans and advances	**177**	940
Long term security deposits	**180**	230
Trade debts	**49,392**	45,712
Advances and Deposits	**5,329**	5,969
Sales tax recoverable	**835**	1,153
Tax refund due from Government	**7,438**	5,197
Cash and bank balances	**4,722**	14,737
	68,073	73,938

	2009	2008
	(Rupees in '000')	
The aging of trade receivables at the reporting date is:		
Past due 0 - 30 days	**2,667**	12,640
Past due 31 - 60 days	**7,891**	7,657
Past due 61 - 365 days	**13,469**	10,274
Past due 366 & above	**52,119**	20,066
	76,146	50,637
The aging of impairment loss against tarde receivable:		
Past due 61 - 365 days	**5,998**	1,068
Past due 366 & above	**20,756**	19,688
	26,754	20,756
The movement in provision for impairment of receivables is as follows:		
Opening balance	**20,756**	19,688
Provision for the year	**5,998**	1,068
Closing balance	**26,754**	20,756

32.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has obtained running finance facilities from commercial bank to meet any deficit, if required to meet the short term liquidity commitments.

32.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

32.3.1 Currency risk

Currency risk is the risk on import of raw materials and stores and spares and export of goods mainly denominated in foreign currency and on foreign currency bank accounts. As company donot have foreign debtors or foreign bank accounts, imports or exports therefore there is no exposure of the company to foreign currency risk.

32.3.2 Interest rate risk

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

Financial assets	2009	2008	2009	2008
	Effective rate (in percentage)		Carrying amount (Rupees)	
Variable rate instruments:				
Bank balances - saving	2 to 3	2 to 3	**150**	150
Financial liabilities				
Fixed rate instruments:				
Liabilities against assets subject to finance lease	**12.04 to 16**	12.04 to 16	**380**	767
Variable rate instruments:				
Short term borrowings	**15.26 to 18.5**	12.56 to 16.79	**32,775**	29,814

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 1% in interest rates at the reporting date would have decreased / (increased) loss for the year by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2008.

	Profit and loss 100 bps	
	Increase	Decrease
	Rupees	
As At 30 June 2009	**(360)**	**360**
As at 30 June 2008	(204)	204

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

32.3.3 Other price risk

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

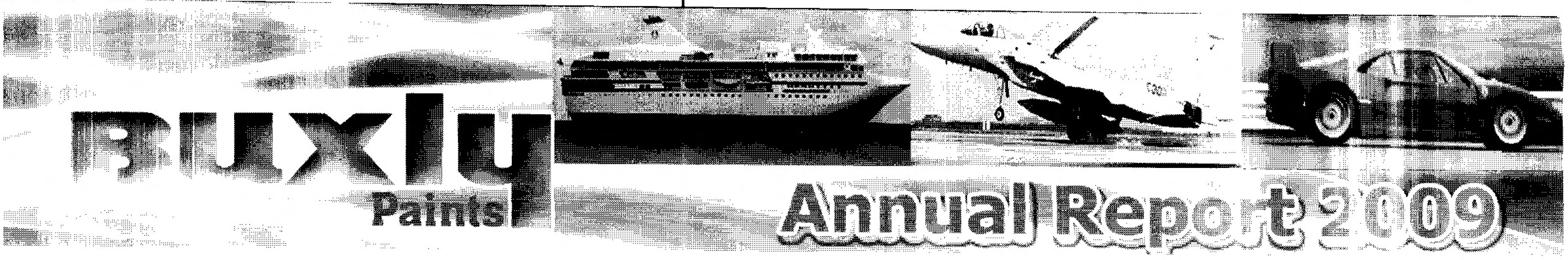
32.4 Fair value of financial instruments

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

33 Capital management

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

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



		2009		2008	
		Chief Executive	Executive	Chief Executive	Executive
		-------------(Rupees)-------------			
34	**Remuneration of Chief Executive and Executives**				
	Managerial remuneration	**1,218**	**1,852**	1,935	1,395
	House rent allowance	**548**	**750**	871	560
	Utilities	**98**	**173**	194	129
	Conveyance	**49**	**54**	-	45
	Medical expenses	**19**	**-**	86	-
	Leave passage	**383**	**-**	242	-
	Retirement benefits	**13**	**99**	161	69
		2,328	**2,928**	3,489	2,198
	Number of persons	**2**	**3**	1	3

The Chief Executive Officer and certain executives are provided free use of the cmpany's car in accordance with the entitlement.

		2009	2008
		(In Letres)	
35	**Plant capacity and production**		
	Buxly's own production	**59,680**	168,880
	Produced by a related party for Buxly under toll manufacturing agreement	**633,219**	410,000
	Produced by Buxly for a related party under toll manufacturing agreement	**1,048,083**	751,602
		1,740,982	1,330,482

The capacity of the Company's plant is indeterminable as it is a multi product plant involving varying processes of manufacturing.

36 Accounting estimates and judgements

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

36.1 Income taxes

In making the estimates for income taxes currently payable by the Company the management considers the current income tax law and the decision of appellate authorities on certain issues in the past.

36.2 Stock in trade and stores and spares

The Company reviews the net realisable value of stock in trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock in trade and stores and spares with a corresponding affect on the amortisation charge and impairment. Net realisable value is determined with respect to estimated selling price less estimated expenditures to make the sales.

36.3 Property, plant and equipment

The estimates for revalued amounts, if any, of different classes of property, plant and equipment, are based on valuation performed by external professional valuers and recommendation of technical teams of the Company. Further, the Company reviews the value of the assets for possible impairment on each reporting date basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

36.4 Trade debts

The Company reviews it's debtors portfolio regularly to assess amount of any provision required against such trade debts.

37 Non-adjusting event after balance sheet date

On 05 July 2009 a fire broke out at company's Islamabad site.This has resulted into the destruction of the finished goods stock of the company amounting to Rs.4.706 million lying at the site.The company has lodged insurance claim against the loss incurred due to the fire, however the financial statements for the year ended 30 June 2009 don't include the effect of the aforementioned incident, rathar it will be accounted for in the financial statements for the year ending 30 June 2010.The said insurance claim was received from the insurance company on 30 November 2009.

38 Related party relationship and transactions

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

	2009	2008
	(Rupees in '000')	
Sales during the year	**11**	4,860
Purchase during the year	**60,824**	92,315
Rental income earned during the year	**360**	480
Toll manufacturing income earned	**3,668**	2,630
Toll manufacturing expenses incurred	**2,216**	1,435
Due to Berger Paints Pakistan Limited	**29,876**	39,232
Royalty income from Berger Paints Pakistan Limited - (under royalty agreement)	**1,453**	1,837
Expenses reimbursement	-	9,610
Paid to Director for consultancy	-	198

39 Date of authorisation for issue

These financial statements were authorised for issue in the board of directors meeting held on January 25, 2010.

40 General

Figures have been rounded off to the nearest thousand of rupees

There has been no reclassification excepts the amounts due to and due from Berger Paints Pakistan Limited, an associated undertaking, have been netted off from corresponding year figure for better presentation.

Chief Executive | **Director**

PATTERN OF SHAREHOLDINGS AS AT 30 JUNE 2009

NUMBER OF SHAREHOLDERS	SHARE HOLDINGS			NO. OF SHARES HELD
285	1	-	100	17,930
161	101	-	500	38,767
29	501	-	1,000	24,426
16	1,001	-	5,000	38,778
5	5,001	-	10,000	43,700
1	10,001	-	15,000	11,500
1	40,001	-	45,000	44,100
1	45,001	-	50,000	49,500
1	175,001	-	180,000	175,218
1	180,001	-	185,000	180,491
1	270,001	-	275,000	273,600
1	540,001	-	545,000	541,990
503				1,440,000

CATEGORIES OF SHAREHOLDERS	NO. OF SHAREHOLDERS	SHARES HELD	PERCENTAGE
1. Individuals	489	263,481	18.30%
2. Joint Stock Companies	5	276,220	19.18%
3. Modaraba Companies	1	500	0.03%
4. Financial Institutions	3	355,809	24.71%
5. Directors	4	2,000	0.14%
6. Foreign Investors Slotrapid Limited, BVI	1	541,990	37.64%
Total	503	1,440,000	**100.00%**

INVESTMENT COMPANIES :	
1. Investment Corporation of Pakistan	100
MODARABA :	
1. First UDL Modaraba	500
SHAREHOLDERS HOLDING 10 % OR MORE VOTING INTEREST:	
1. National Bank of Pakistan	355,709
2. Berger Paints Pakistan Limited	273,600
3. Slotrapid Limited, BVI	541,990
DIRECTORS AND THEIR SPOUSES :	
1. Mr. H.P Kotwal	500
2. Mr. Sheikh Ajaz Majid	500
3. Mr. Bashir Ahmed	500
4. Mr. Salman Tarik Kureshi	500
	2,000

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