ANNUAL REPORT
2013 - 2014

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BERGER
Trusted Worldwide

BERGER

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Contents

Company Information

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

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

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

CFO & Company Secretary
Mr. Abdul Wahid Qureshi

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

Auditors
KPMG Taseer Hadi & Co.
Chartered Accountants

Solicitors
Surridge & Beecheno

Company Registrar
THK Associates Private Limited

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

Company Profile

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

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

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

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

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

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

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

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

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

Vision

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

Mission

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

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

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

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

A Commitment to Excellence

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

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

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

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

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

Customer Services

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

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

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

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

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

People

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

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

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

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

Health, Safety & Environment

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

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

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

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

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

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

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

Berger Business Lines

Decorative Paints

Automotive Paints

General Industrial Finishes

Powder Coatings

Protective Coatings

Vehicle Refinishes Business

Road Safety

Government & Marine

Construction Chemicals

Printing Inks

Adhesives

Quality in Diversity

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

Decorative Paints

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

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

Berger's Decorative business has achieved remarkable results in all product segments as it strives to keep in touch with new trends and aligns its product range accordingly. This is complemented by pioneering new marketing initiatives and strong focus on customer care.
Berger's decorative business also offers wide range of colors through its tinting machines. These machines have been set up in different metro cities by name of Color Bank.

Decorative Projects

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

Automotive Paints

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

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

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

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

Automotive Clients

INDUS MOTORS COMPANY (IMC)
ATLAS HONDA MOTORCYCLES (AHL)
NJ AUTO INDUSTRIES
AL GHAZI INDUSTRIES
MASTER MOTOR COMPANY
OMEGA INDUSTRIES (ROAD PRINCE)
HABIB MOTORCYCLES
OMEGA AUTO INDUSTRIES
DYL MOTOR CYCLES
PCICS
AL-HAJJ FAW MOTORS

Powder Coating

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

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

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

- Bercoat – Berger's in-house brand launched in early 2000's. Bercoat has been successfully performing since then in the local market.

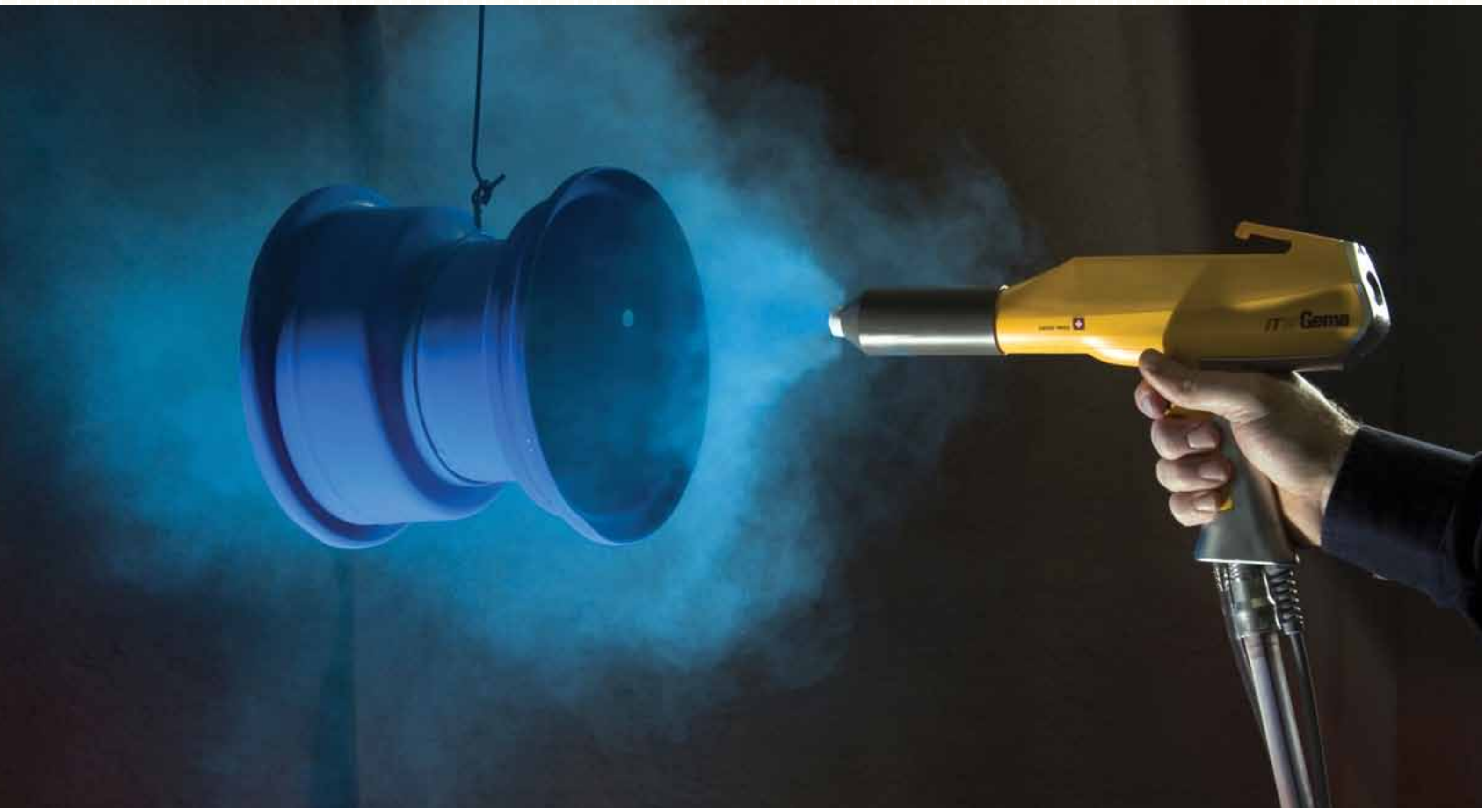
- Oxyplast – an international brand of Powder Coatings from Belgium whose sole franchise rights are with Berger in Pakistan. This franchise was acquired in 2009 and is steadily improving its share in the business.

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

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

Powder Coating Clients

COOL INDUSTRIES (WAVES)
SUI SOUTHERN GAS CO. (SSGC)
PHILIPS PAKISTAN
VARIOLINE INTERCOOL
PAN ISLAMIC INDUSTRIES
DYL MOTORCYCLES
UNIVERSAL CONTAINERS
MARVEL METALS
GFC FANS


Gema

General Industrial Finishes

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

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

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

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

General Industrial Clients

WAHID INDUSTRIES (PAK FAN)
AL BADAR ENGINEERING
SIEMENS PAKISTAN
BALOCHISTAN WHEELS LTD (BWL)
RAFIQUE ENGINEERING INDUSTRIES (ROYAL FAN)
SINGER PAKISTAN
LG PAKISTAN
AGRI AUTOS
GENERAL FAN COMPANY (GFC)
LOADS LIMITED
PHILIPS PAKISTAN
GUJRAT STEEL
SUPER ASIA INDUSTRIES
TRANSFO POWER
MADINA ELECTRONICS (MILLAT FANS)
SUI SOUTHERN GAS CO. (SSGC)

Protective Coatings

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

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

Protective Coating Clients

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

Vehicle Refinishes

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

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

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

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

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

Refinish Training Center

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

Road Safety

The motto of Berger Road Safety business is 'Leading the Way to a Safe Journey'.
Berger pioneered the concept of single source manufacturing and application of road marking products in Pakistan.
Berger Road Safety offers a complete range of road marking products, such as traffic signs, cat studs, delineators, barriers, guardrails etc. that provides high quality application services. The advance Cataphos TP hot-melt Thermoplastic material is manufactured in Pakistan as per BS 3262 specifications. A full range of other road marking products are also manufactured to match various application standards.
Application services are provided through trained personnel. Customers include 108 Engineering, Cantonment Board, Taisei Corporation, FWO Construction, Eden Housing Limited, NLC, CDA and Bahria, etc.

Berger Road Safety Application Projects

FAISALABAD ROADS REHABILITATION PROJECT (FRRP)
LAHORE ROADS REHABILITATION PROJECT (LRRP)
KASHMIR ROAD SIALKOT
FEROZEPUR ROAD LAHORE
TMP-RYK, N-5 SECTION
LHR – SKP- FSD EXPRESSWAY (BOT PROJECT)
LAHORE RING ROAD
FAIZPUR – JARANWALA ROAD
KALMA CHOWK LAHORE
LAHORE KASUR ROAD
MALL ROAD LAHORE
CANAL BANK ROAD LAHORE
BAHRIA TOWN RAWALPINDI
MURREE ROAD
TORKHAM-JALALABAD ROAD AFGHANISTAN
KOHAT TUNNEL
KANDHAR-KABUL HIGHWAY
INTERNAL ROADS OF CDA
BAGH - ARJA ROAD (AJK)
BALAKOT - MAHANDRI ROAD
ATTOCK REFINERY LIMITED INTERNAL ROADS
INDUS HIGHWAY
KARACHI INTERNATIONAL CONTAINER TERMINAL
RASHID MINHAS ROAD FLYOVER
BANARAS FLY OVER
DOW UNIVERSITY OF HEALTH SCINCES, OJHA CAMPUS
AGHA KHAN UNIVERSITY HOSPITAL
MAKRAN COASTAL HIGHWAY AT 25.05KM, GAWADAR
GAWADAR CITY PROJECT
KARACHI CANTONMENT BOARD ROADS
KHUZDAR - SHEHDADKOT ROAD PROJECT
INTERNAL ROADS OF DHA KARACHI.
KARARO - WADH. BALOCHISTAN

Berger Road Safety Clients

NATIONAL HIGHWAY AUTHORITY (NHA)
PROVINCIAL HIGHWAY AUTHORITY (C&W)
ASTALDI ITALY
CAPITAL DEVELOPMENT AUTHORITY (CDA)
CHINA ROADS & BRIDGES CORPORATION
CHINA YUNAN CORPORATION
XIANJIANG BEIXIN ROAD & BRIDGES COMPANY CHINA
CITY DISTRICT GOVERNMENT KARACHI (CDGK)
CITY DISTRICT GOVERNMENT LAHORE (CDGL)
DHA KARACHI/LAHORE
LAHORE DEVELOPMENT AUTHORITY (LDA)
TEPA (LDA)
CIVIL AVIATION AUTHORITY (CAA)
CANTONMENT BOARDS
NATIONAL LOGISTIC CELL (NLC)
FRONTIER WORKS ORGANIZATION (FWO)

Govt. and Marine

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

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

Govt & Marine Clients

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

Construction Chemicals

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

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

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

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

Construction Chemicals Clients

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

Printing Inks

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

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

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

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

Printing Inks Business Clients

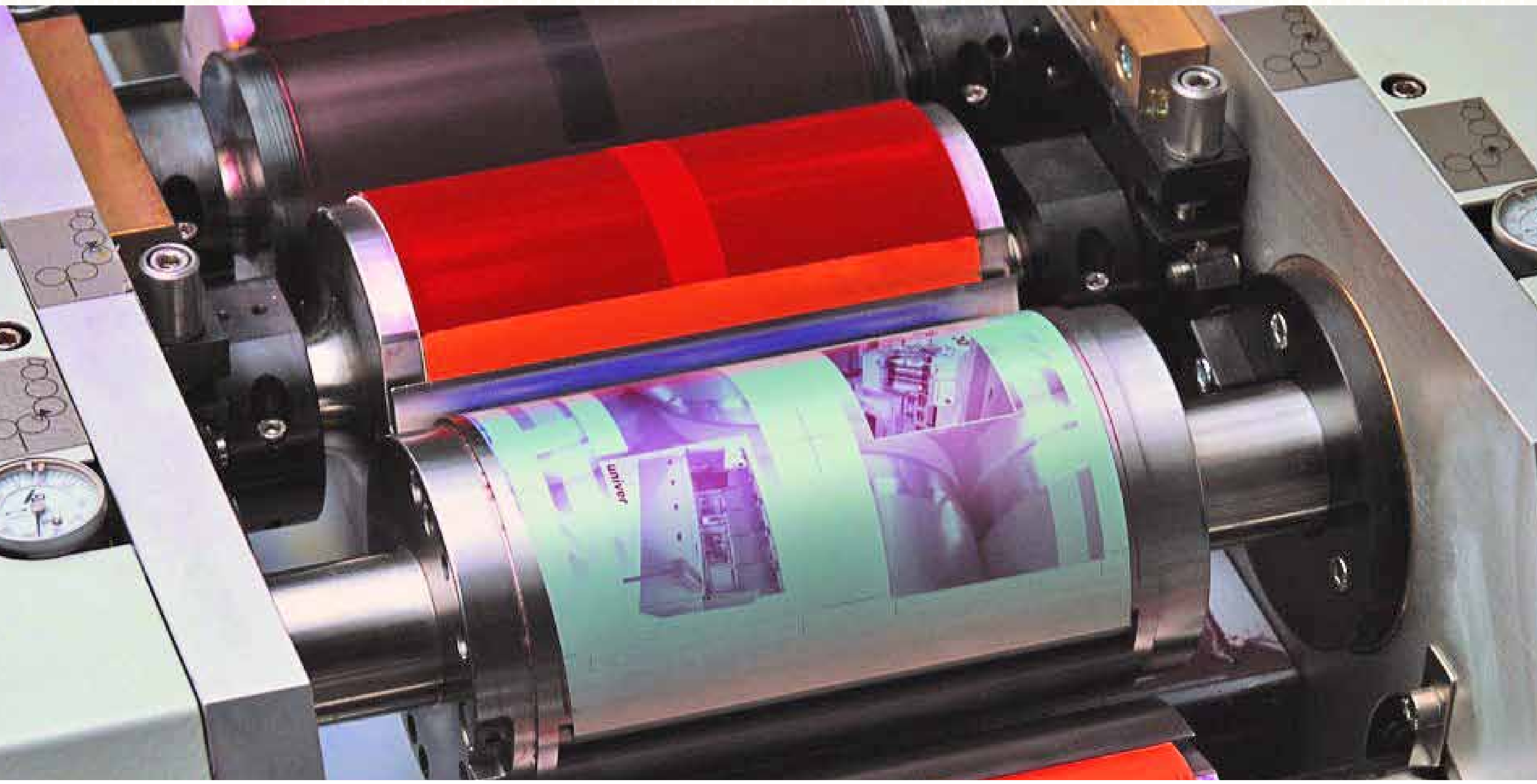
FIRST TREET MANUFACTURING
ROSHAN PACKAGES PVT LIMITED
NOVACYN PACK
AL-QADRI & AWAN
FRONTIER PRINTER
FINE PACKAGES
INDUSTRIAL PACKAGES
AL MADINA PLASTICS
JILLANI INDUSTRIAL CORPORATION
ALHAMD GRAVURE
AL-AZIZ ROTOFLEX

Adhesives

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

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

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



Year of Marketing 2013-2014

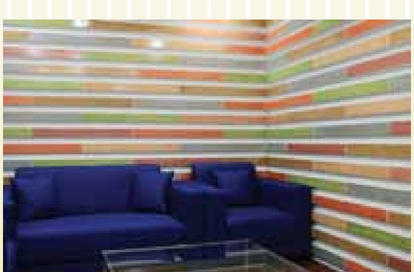
The year 2013-14 was the year of Marketing for Berger Paints Pakistan, in which Berger came on the forefront not only in the outdoor activities but also launched its massive Ad campaign. A very attractive Ad campaign was aired on the most prominent TV and Radio Channels. BTL campaign was designed along the same lines also, which became a huge hit for the company. Moreover, this year was marked by fashion shows, exhibitions, sponsorships and other outdoor activities which created a new buzz in the market. Berger also launched its inspirational color centre by the name of Berger Color Vogue for its customers, providing them all their solutions under one roof.

Berger Color Vogue-Lahore

Berger Paints has been a leader in Innovation and Customer Care in the Paint Industry. To further strengthen its bond with Customers and to facilitate them, Berger has inaugurated color center by the name of Berger Color Vogue in DHA Lahore. It's an inspirational center which opens a new world of imagination for anyone who walks in. It is a world of colors where Berger has brought your dream into reality. Berger has displayed several color schemes and textured panels and has created an inspirational area where you can find your dream room.

Berger Color Vogue provides the following services under one roof:

- Inspirational Area which includes a concept of your dream home
- Paint & Textured Finishes Panel Display
- Excellent Customer Care
- Color Advisory and Color Consultancy



CROMAX LAUNCH

We are now Cromax ….. Get Ready Start

Cromax Launch event was held in Lahore. Event was a huge success as all the prestigious clients and 3S dealers participated along with Axalta Coating Systems Key Account Managers who came all the way from Dubai to this launch event. In the end prizes were distributed amongst the participants through lucky draw.

Cromax Training

Berger Paints Vehicle Refinish department organized the 1st DuPont Products training for Central region customers, at Berger/DuPont Training Centre, Lahore. The objective of this training session was to improve the technical capabilities of paint technicians on the following subjects:

- Health, Safety and Environment
- Introduction to DuPont Product range
- Top Coat application parameters
- OEM Paint Process

Berger Gala 2013

Berger organized Berger Gala for its employees at Lahore Factory. This event was full of several interesting games which employees enjoyed playing. Different departments competed against each other in Tug of War, Badminton, Darts, Balance Race etc were some of the other games that employees played enthusiastically. Moreover, a musical band entertained the guests with their music. Berger employees also displayed their talents of singing and dancing. Gifts were later distributed by the Management to the winners. The event ended with a lavish dinner.

Berger 9th Interdepartmental Cricket Tournament

Berger Paints organizes "Berger Interdepartmental Cricket Tournament" every year in which Berger Employees participate enthusiastically. This year's Berger 9th Interdepartmental Cricket Tournament was held in Lahore. It was a one day event in which all the departments of Berger battled against one another in several matches. Boundary banners were placed all around the ground. Moreover, event was covered by Media.

MIS/Supply chain/Purchase Department won the final after a tough and exciting match and became the champions of the Berger 9th Interdepartmental Cricket Tournament.

Implementation of ERP Oracle EBS R-12

Berger Organized a Function in Lahore Upon completion of Implementation of ERP Oracle EBS R-12. The Purpose of the Function was to recognize the efforts done by Berger MIS team.

Berger Colour Vogue Fashion Show

Berger Paints Pakistan Limited organized the year's exclusive fashion nights, by the name of BERGER COLOR VOGUE and played host to renowned personalities from corporate, showbiz and fashion fraternity. This event was held in Lahore and Islamabad.

Both these events were marked as success since large number of guests arrived at the show including top architects, interior designers, industrialists, bankers, socialites and celebrities. The main highlight of the occasion was the showcasing of latest collection by Pakistan's famous fashion designers and entertaining performances by our leading singers and brilliant performers who enthralled the audience.

BERGER COLOR VOGUE was a much appreciated endeavor by Berger to cherish its long association with its strategic business partners and appreciate them for their commitment in enabling Berger to achieve corporate success. Through this event, Berger was successfully able to bring together some of the most influential and well known personalities of Pakistan for a night that will be remembered for many days to come.

Berger's Sales Conference 2013 - 2014

As per Berger's tradition, Berger arranged its Sales Conference 2013-14 at the beautiful city of Lahore. The objective of this conference was to recognize the achievements of sales persons across all business divisions on national basis.

BERGER
Trusted Worldwide

Financial Highlights

	Year Ended June 30,					
	2014	2013	2012	2011	2010	2009
	(Rupees in thousand)					
NET ASSETS						
Fixed Assets	587,703	603,597	639,696	697,641	715,499	1,052,460
Assets under Finance Lease	4,809	7,145	9,121	2,770	-	-
Goodwill	36,750	36,750	40,750	40,750	40,750	40,750
Long Term Investments	12,810	4,086	4,086	5,567	6,962	13,849
Long Term Loans & Deposits	39,927	37,123	34,700	31,861	23,508	29,253
Deferred Taxation	156,457	162,901	176,685	131,685	96,022	80,146
Net Current Assets	119,694	(86,418)	(145,607)	(40,948)	(208,918)	(443,157)
Total	958,150	765,184	759,431	869,326	673,823	773,301
FINANCED BY						
Share Captial	181,864	181,864	181,864	181,864	181,864	81,864
Reserves	385,317	280,734	219,307	219,469	277,593	114,787
Surplus On Revaluation of Fixed Assets	184,878	186,311	187,720	197,997	210,343	526,650
	752,059	648,909	588,891	599,330	669,800	723,301
Long Term and Deferred Liabilities	206,091	116,275	170,540	269,996	4,023	50,000
Total	958,150	765,184	759,431	869,326	673,823	773,301
TURNOVER AND PROFITS						
Turnover	4,500,893	4,167,303	4,052,009	3,571,510	3,359,276	3,580,302
Gross Profit	1,089,122	927,831	798,419	740,270	781,726	834,547
	24.20%	22.26%	19.70%	20.73%	23.27%	23.31%
Profit/(Loss) before tax	148,962	100,283	(7,080)	(70,661)	(128,299)	47,296
Taxation	51,454	41,350	3,359	(191)	(12,078)	20,160
Profit/(Loss) after tax	97,508	58,933	(10,439)	(70,470)	(116,221)	27,136
EARNING AND DIVIDENDS						
Earning/(Loss) per share	5.36	3.24	-0.57	-3.87	-8.91	2.21
Dividend per share-Cash (Rupee)	1	0.50	-	-	-	-
-Bonus	-	-	-	-	-	-

Directors' Report

The Directors of your Company are pleased to present their review along with audited financial statements of the Company for the year ended June 30, 2014.

ECONOMY OF PAKISTAN

During fiscal year 2013-14, the economy of Pakistan has shown some positive signs of improvement. Most of the economic indicators i.e. rate of inflation, per capita income, GDP, capital market growth and Rupee-Dollar parity remain favorable and better than 2012-13. The GDP of the country has managed to grow by 4.14% per annum as compare to the last year growth of 3.70%. This growth even becomes more significant as most of all odds of last year i.e. deteriorated security situation and power shortage etc. were also present in 2013-14. All the sectors of economy namely Agriculture, Industry and Service have contributed in GDP growth by 2.1%, 5.8% and 4.3% respectively.

BUSINESS PERFORMANCE

Despite the challenges faced in the market e.g. stiff market competition due to increase of new entrants (local and foreign) in Paint Industry, aggressive sales promotional activities by the competitors, power shortage, expensive raw material and fragile security situation of the country etc., your Company has managed to achieve a growth of 8% in turnover over the last year. Gross margin has also improved by 2% over the last year. The continued presence of the informal non-tax paying sector continues to be the problem in this Industry.

FINANCIAL PERFORMANCE

The financial performance and position is summarized hereunder:

	2014	2013
	Rupees in thousand	
Operating profit	198,607	178,424
Other operating income	126,106	97,244
	324,713	275,668
Finance Cost	166,086	164,115
Other charges	9,665	11,270
	175,751	175,385
Profit before tax	148,962	100,283
Taxation	51,454	41,350
Profit after taxation	97,508	58,933

FUTURE OUTLOOK

Due to prolonged political instability and floods in most of the areas of Punjab are likely to leave adverse effects on sales of the Company in the first quarter of the year. However, it is hoped that construction of mega projects like Lahore-Karachi Motorway, Gwadar-Khuzdar Economic Corridor and construction of new power projects will also open new business avenues for its Non-Retails segments of the Company.

SAFETY, HEALTH & ENVIORNMENT

Your Company is fully aware of the need for safety in all aspects of its operations. Various significant steps were also taken to adopt safety practices. There was no significant accident/ injury to report during the year.

TRAINING & DEVELOPMENT

Berger Management is keen to take actions aimed at enhancing employees' satisfaction and their skills. In pursuit of this, there is particular focus on Training and Development of the staff at Berger.

Throughout the year, internal trainings and external trainings were regularly conducted. Total seventy nine training sessions were conducted spending more than seven thousand hours on training. To keep its employees abreast of latest developments, Berger also sent some of its employees to foreign countries for technical trainings.

Considering the changing environment, this year newly developed Corporate Vision and Mission was also launched after realigning it with corporate objectives.

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

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

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

AUDIT COMMITTEE
During the year, four meetings of Audit committee were held.

HUMAN RESOURCE COMMITTEE
During the year, one meetings of Human Resource committee was held.

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

HOLDING COMPANY
The holding company of Berger Paints Pakistan Limited is Messers. Slotrapid Limited which is incorporated in the B.V.I.

PROFIT PER SHARE
The Earnings per share for the year is Rs. 5.36 (2013 - Restated: Rs. 3.24)

AUDITORS
The present auditors KPMG Taseer Hadi & Co. Chartered Accountants retired and being eligible, have offered themselves for reappointment with their partner in charge of audit Mr. Bilal Ali.

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

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE
The requirement of the Code of Corporate Governance set out by the Stock Exchanges in their listing regulations, relevant for the year ended 30 June 2014 have been duly complied with. A statement to this effect is attached with the report.

PATTERN OF SHAREHOLDING
The pattern of shareholding as on June 30, 2014 and its disclosure, as required by the Code of Corporate Governance appears on Page 38.

STATEMENT OF CORPORATE FINANCIAL REPORTING FRAMEWORK

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

Accordingly, the Directors are pleased to confirm the following:

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

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

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

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

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

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

vii. There are no significant doubts upon the Company's ability to continue as a going concern.

viii. There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations.

ix. The key operating and financial data of the last six years is annexed.

x. The value of investments of provident, gratuity and pension funds were as at December 31, 2013:

	Rupees in Thousand
Berger Paints Executive Staff Pension Fund	52,620
Berger Paints Gratuity Fund	37,825
Berger Paints Provident Fund	125,671

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

CORPORATE SOCIAL RESPONSIBILITY

The Company believes in its social responsibility and performed the same through environmental protection measures, community investment and welfare schemes, consumer protection measures, industrial relations, occupational safety and health, business ethics and national cause donation.

During the year under report, **The Institute of Chartered Accountants in England and Wales** had granted the company the status of an Authorized Trainer for their future Chartered Accountant members. This is a clear testimony to the quality of Berger's professionalism, and its systems and procedures as such a prestigious institution had found it (Berger) a suitable organization for imparting training to its students. In the next few months, Insha Allah, the company is going to induct some trainees who are desirous of becoming Chartered Accountants and members of the Institute of Chartered Accountants in England and Wales

ON BEHALF OF THE BOARD

Karachi
Date: 23 September 2014

Dr. Mahmood Ahmad
Chief Executive

Pattern of Shareholding

As on 30 June 2014

NO. OF SHAREHOLDERS	From	To	SHARES HELD	PERCENTAGE
324	1	100	9071	0.0499
341	101	500	116723	0.6418
212	501	1000	179727	0.9882
346	1001	5000	839316	4.6151
64	5001	10000	492345	2.7072
25	10001	15000	320553	1.7626
11	15001	20000	199255	1.0956
12	20001	25000	288486	1.5863
8	25001	30000	213278	1.1727
1	35001	40000	40000	0.2199
2	40001	45000	89000	0.4894
2	45001	50000	100000	0.5499
2	60001	65000	129453	0.7118
2	65001	70000	137500	0.7561
3	70001	75000	225000	1.2372
1	75001	80000	77148	0.4242
1	80001	85000	85000	0.4674
1	85001	90000	87000	0.4784
1	120001	125000	122184	0.6718
1	160001	165000	162000	0.8908
1	195001	200000	200000	1.0997
1	200001	205000	203429	1.1186
1	230001	235000	231000	1.2702
1	305001	310000	309495	1.7018
1	325001	330000	325454	1.7895
1	330001	335000	333318	1.8328
1	350001	355000	354290	1.9481
2	440001	445000	888417	4.8851
1	475001	480000	477496	2.6256
1	615001	620000	618426	3.4005
1	865001	870000	865961	4.7616
1	9465001	9470000	9466057	52.0502
1373			18186382	100.0000

Pattern of Shareholding

As on 30 June 2014

Description	Shares Held	Percentage
Directors, CEO and their spouses and minor children	2,021	0.011%
NIT and ICP	619,916	3.409%
Banks, DFI & NBFI	228,585	1.257%
General public (local)	6,732,857	37.021%
General public (foreign)	105,054	0.578%
Others	1,031,892	5.674%
Associated Companies	9,466,057	52.050%
TOTAL	18,186,382	100.000%

Categories of Shareholders Required Under the Code of Corporate Governance as at June 30, 2014

Directors, CEO and their spouses and minor children Holding Percentage	Shares Held	Percentage
Dr. Mahmood Ahmad	2	0.000%
Mr. Maqbool H. H. Rahimtoola	1,572	0.009%
Mr. Hamid Masood Sohail	444	0.002%
Mr. Ilyas Sharif	1	0.000%
Mr. Mohammad Naseem	1	0.000%
Mr. Zafar A. Osmani	1	0.000%
TOTAL	2,021	0.011%
Associated Companies		
Slotrapid Limited	9,466,057	52.050%
NIT and ICP		
National Bank of Pakistan Trustee Dep CDC	619,326	3.405%
Investment Corporation of Pakistan	590	0.003%
	619,916	3.409%
Banks, DFI & NBFI	228,585	1.257%
General public (local)	6,732,857	37.021%
General public (foreign)	105,054	0.578%
Others	1,031,892	5.674%
	8,098,388	44.530%
	18,186,382	100%

Statement of Compliance with the Code of Corporate Governance

For the year ended 30 June 2014

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.35 of listing regulations of Stock Exchange of Karachi and Islamabad for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

   Category Name

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

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

   Executive Director
   Dr. Mahmood Ahmad

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

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

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

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

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

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

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

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.

9. Training for a Director has been arranged by the Company in this year to comply with requirements of the Code.

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

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

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

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

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

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

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

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

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

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

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

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

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

23. We confirm that all other material principles contained in the Code have been complied with except for the requirement of clause v (e) of the code of corporate governance the board had to put in place a mechanism for its own evaluation. This requirement has not been complied with as of 30 June 2014.

ON BEHALF OF THE BOARD

Karachi:
Date: 23 September 2014

Dr. Mahmood Ahmad
Chief Executive

KPMG Taseer Hadi & Co.
Chartered Accountants
53 L Gulberg III
Lahore Pakistan

Telephone + 92 (42) 3585 0471-76
Fax + 92 (42) 3585 0477
Internet www.kpmg.com.pk

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Berger Paints Pakistan Limited ("the Company") for the year ended 30 June 2014 to comply with the Listing Regulation no. 35 of Islamabad and Karachi Stock Exchanges, where the company is listed.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2014.

Further, we highlight below instance of non compliance with the requirement of the Code as reflected in the note 23 where it is stated in Statement of Compliance.

Reference	**Description**
Note 23	As per the requirement of clause v (e) of the Code of Corporate Governance the board had to put in place a mechanism for its own evaluation. This requirement has not been complied with as of 30 June 2014.

KPMG Taseer Hadi & Co.

Lahore
Date: 23 September 2014

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

KPMG Taseer Hadi & Co.
Chartered Accountants
53 L Gulberg III
Lahore Pakistan

Telephone + 92 (42) 3585 0471-76
Fax + 92 (42) 3585 0477
Internet www.kpmg.com.pk

Auditors' Report to the Members

We have audited the annexed balance sheet of Berger Paints Pakistan Limited ("the company") as at 30 June 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

(a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion:

   i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for change in accounting policy as referred to in note 3.16.2 with which we concur;

   ii. the expenditure incurred during the year was for the purpose of the company's business; and

   iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 2014 and of the profit, its comprehensive income, 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.

KPMG Taseer Hadi & Co.

Lahore

Date: 23 September 2014

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

BERGER
Trusted Worldwide

Balance Sheet

As at 30 June 2014

	Note	2014	2013
		(Rupees in thousand)	
Non-current assets			
Property, plant and equipment	5	579,585	595,229
Intangibles	6	49,677	52,263
Investments - related parties	7	12,810	4,086
Long term loans	8	22,731	20,839
Long term deposits	9	17,196	16,284
Deferred taxation	10	156,457	162,901
		838,456	851,602
Current assets			
Stores	11	6,288	6,952
Stock in trade	12	810,836	875,915
Trade debts	13	1,083,418	827,388
Loans and advances	14	63,528	57,023
Trade deposits and short term prepayments	15	10,857	13,724
Other receivables	16	48,734	40,674
Taxation - net		115,023	126,742
Short term investments	17	-	18,883
Cash and bank balances	18	255,010	219,527
		2,393,694	2,186,828
		3,232,150	3,038,430
Share capital and reserves			
Authorised share capital			
25,000,000 ordinary shares of Rs.10 each		250,000	250,000
Share capital	19	181,864	181,864
Reserves	20	385,317	280,734
		567,181	462,598
Surplus on revaluation of fixed assets	21	184,878	186,311
Non-current liabilities			
Long-term financing	22	147,550	50,000
Staff retirement benefits	23	54,535	60,692
Liabilities against assets subject to finance lease	24	4,006	5,583
Current liabilities			
Trade and other payables	25	930,528	952,876
Accrued finance cost	26	40,164	37,481
Current maturity of long-term financing	22	105,600	65,000
Current maturity of liabilities against assets subject to finance lease	24	1,584	2,091
Short term borrowings	27	1,196,124	1,215,798
		2,274,000	2,273,246
		2,480,091	2,389,521
Contingencies and commitments	28		
		3,232,150	3,038,430

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

Chief Financial Officer **Chief Executive** **Director**

Profit and Loss Account

For the year ended 30 June 2014

	Note	2014	2013
		(Rupees in thousand)	
			Restated
Sales - net	29	4,500,893	4,167,303
Cost of sales	30	3,411,771	3,239,472
Gross profit		1,089,122	927,831
Distribution costs	31	708,993	595,568
Administrative expenses	32	181,522	153,839
		890,515	749,407
Operating profit		198,607	178,424
Other income	33	126,106	97,244
		324,713	275,668
Other charges	34	9,665	11,270
Finance cost	35	166,086	164,115
		175,751	175,385
Profit before taxation		148,962	100,283
Taxation	36	51,454	41,350
Profit after taxation		97,508	58,933

		Rupees	
			Restated
Profit/(loss) per share - basic and diluted	37	5.36	3.24

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

Chief Financial Officer **Chief Executive** **Director**

Statement of Comprehensive Income

For the year ended 30 June 2014

	2014	2013
	(Rupees in thousand)	
		Restated
Profit after taxation	97,508	58,933
Other comprehensive income for the year		
Items that will be reclassified to profit and loss		
Fair value gain on 'Available for sale' investments	6,430	-
Items that will never be reclassified to profit and loss		
Remeasurment of defined benefit obligation-note 3.16.2	8,305	1,085
Total comprehensive income for the year	112,243	60,018

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

Chief Financial Officer **Chief Executive** **Director**

Cash Flow Statement

For the year ended 30 June 2014

	Note	2014	2013
		(Rupees in thousand)	
			Restated
Cash flow from operating activities			
Profit before taxation		148,962	100,283
Adjustments for non cash items:			
Depreciation on property, plant and equipment	5.6	63,726	63,109
Amortization on computer software		2,586	-
Loss\(gain)on disposal of fixed assets	33	22	(7,793)
Provision against slow moving stock		3,842	84,328
Provision for doubtful debts	31	36,392	47,007
Provision for doubtful deposits		3,221	-
Provision for doubtful receivables		2,500	-
Gain on transfer of equity investment to available for sale		(2,294)	-
Provision for doubtful advances		1,385	-
Provision for staff retirement benefits		14,958	18,255
Finance cost	35	166,086	164,115
Liabilities no longer payable written back	33	(53,586)	(4,122)
Impairment of goodwill	6.2	-	4,000
		238,838	368,899
Operating profit before working capital changes		387,800	469,182
Working capital changes			
(Increase) / decrease in current assets:			
Stores and spares		664	3,826
Stock-in-trade		61,237	27,638
Trade debts		(292,422)	(180,130)
Loans and advances		(9,726)	(14,259)
Trade deposits and short-term prepayments		1,482	(1,070)
Other receivables		(10,560)	2,226
		(249,325)	(161,769)
(Decrease) / increase in current liabilities:			
Trade and other payables		31,183	(139,445)
Cash generated from operations		169,658	167,968
Finance cost paid		(163,403)	(167,642)
Income taxes - net		(33,291)	(12,402)
Staff retirement benefits paid		(12,811)	(2,161)
Long term loans		(1,892)	(5,402)
Dividend paid		(9,038)	-
Long term deposits		(912)	2,979
		(221,347)	(184,628)
Net cash outflow from operating activities		(51,689)	(16,660)
Cash flow from investing activities			
Capital expenditure		(51,642)	(25,646)
Addition in intangible		-	(1,000)
Sale proceeds on disposal of property, plant and equipment		3,539	9,405
Short term investments		18,883	1,197
Net cash outflow from investing activities		(29,220)	(16,044)
Cash flow from financing activities			
Repayment of long term financing		(65,000)	(105,000)
Proceeds from long term financing		203,150	-
Short term borrowings - net		14,000	84,000
Lease rentals paid		(2,084)	(1,884)
Net cash inflow/(outflow) from financing activities		150,066	(22,884)
Net increase/(decrease) in cash and cash equivalents		69,157	(55,588)
Cash and cash equivalents at the beginning of the year		(852,271)	(796,683)
Cash and cash equivalents at the end of the year	38	(783,114)	(852,271)

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

Chief Financial Officer **Chief Executive** **Director**

Statement of Changes in Equity

For the year ended 30 June 2014

	Issued, subscribed and paid-up share capital	Capital Reserves		Revenue Reserves		Total share capital
		Share premium	Fair value reserve	General reserve	Accumulated loss and reserves	
	(Rupees in thousand)					
Balance as at 01 July 2012	181,864	56,819	-	285,000	(122,512)	401,171
Total comprehensive income for the year ended 30 June 2013						
Profit for the year (restated)	-	-	-	-	58,933	58,933
Other Comprehensive income for the year (restated)						
Remeasurment of defined benefit obligation-note 3.16.2	-	-	-	-	1,085	1,085
	-	-	-	-	1,085	1,085
Total Comprehensive income for the year	-	-	-	-	60,018	60,018
Surplus on revaluation of property, plant and equipment realized through incremental depreciation charged on related assets during the year - net of tax	-	-	-	-	1,409	1,409
Balance as at 30 June 2013 - Restated	181,864	56,819	-	285,000	(61,085)	462,598
Total contributions by and distribution to owners of the Company recognized directly in equity						
Dividend for the year ended 30 June 2013 @ Rs. 0.50 per share.	-	-	-	-	(9,093)	(9,093)
Total comprehensive income for the year ended 30 June 2014						
Profit for the year	-	-	-	-	97,508	97,508
Other Comprehensive income for the year						
Fair value gain on 'Available for sale' investments	-	-	6,430	-	-	6,430
Measurement of defined benefit obligation	-	-	-	-	8,305	8,305
	-	-	6,430	-	8,305	14,735
Total Comprehensive income for the year	-	-	6,430	-	105,813	112,243
Surplus on revaluation of property, plant and equipment realized through incremental depreciation charged on related assets during the year - net of tax	-	-	-	-	1,433	1,433
Balance as at 30 June 2014	181,864	56,819	6,430	285,000	37,068	567,181

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

Chief Financial Officer **Chief Executive** **Director**

Notes to the Financial Statements

For the year ended 30 June 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

Berger Paints Pakistan Limited ("the Company") was incorporated in Pakistan on March 25, 1950 as a private limited company under the Companies Act, 1913 (now Companies Ordinance, 1984) and was subsequently converted into a public limited company. The Company is listed on the Karachi and Islamabad stock exchanges. The company is engaged in the manufacturing of paints, varnishes and other related items. Slotrapid Limited, based in British Virgin Island is the holding company. The registered office of the company is situated at X-3, Manghopir Road, S.I.T.E., Karachi and the principle manufacturing facility of the company is situated at 28 Km Multan Road, Lahore.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2014:

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation is not likely to have an impact on Company's financial statements.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The amendments are not likely to have an impact on Company's financial statements.

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria.

- Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements.

- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016.

- IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/ or unconsolidated structured entities, into one place.

- IFRS 13 'Fair Value Measurement' effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

- IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

- IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

- IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

- Amendments to IAS 16'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention except for the measurement of certain items of property, plant and equipment as referred to in note 21 at revalued amounts and recognition of certain employee retirement benefits as referred to in note 3.16 at present value.

3.2 Property, plant and equipment

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

Surplus on revaluation is credited to the surplus on revaluation of fixed assets account except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss, if any, in which case surplus is recognized in profit or loss account. A revaluation deficit is recognized in profit or loss, except for a deficit directly offsetting a previous surplus on the same asset, in which case the deficit is taken to surplus on revaluation of fixed assets account. The surplus on revaluation of fixed assets to the extent of the annual incremental depreciation based on the revalued carrying amount of the assets and the depreciation based on the assets' original cost is transferred annually to retained earnings net of related tax. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the assets and the net amount is restated to the revalued amount of the assets. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to retained earnings.

Depreciation is charged to income applying the straight line method whereby the cost less residual value of an asset is written off over its estimated useful life. Residual values are reviewed at each balance sheet date and adjusted if the impact on depreciation is significant.

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

Depreciation on additions is charged from the month in which the asset is put to use while depreciation on assets disposed of is charged up to the month preceding the disposal at the rates stated in note 5.1 to these financial statements.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on disposal of property, plant and equipment are included in income/expense currently.

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

Capital work in progress is stated at cost less impairment in value, if any. It consists of all expenditure and advances connected with specific assets incurred and made during installation and construction period. These are transferred to specific assets as and when assets are available for use.

3.3 Intangibles

- Computer Software

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

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

- **Business combinations**

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

The Company assesses at each balance sheet date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income statement. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

3.4 Investments

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

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

During the year, the Company reassessed its relationship with its associated undertaking and as a result, it no longer accounts for its investment in Buxly Paints Limited at cost as this Company does not fall within the scope of IAS 28 'Investment in Associates'. Consequently, in line with the Company's accounting policy, this investment has now been designated as available for sale and measured at fair value from the date Company ceased to have significant influence as per the requirements of IAS 28.

Investments in equity instruments of subsidiaries and associates

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

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

Available for sale

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

Investments classified as available for sale are initially measured at cost, being the fair value of consideration given. As subsequent reporting dates, these investments are re measured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments for which quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Unrealized gains and losses arising from the changes in the fair value are included in fair value reserves in the period in which they arise.

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

At each reporting date, the Company reviews the carrying amounts of its investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account. Where an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised recoverable amount but limited to the initial cost of the investment. The recoverable amount is the higher of an asset's fair value less cost to sell or value in use.

3.5 Long term deposits

Long term deposits are stated at cost.

3.6 Stores

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

3.7 Stocks in trade

Stocks of raw materials are valued at moving average cost. Finished goods are valued at the lower of average manufacturing cost and Net Realizable Value (NRV). Semi-processed goods are valued at moving average cost.

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

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

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

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

3.8 Trade debts and other receivables

Trade debts and other receivables are stated at original invoice amount less an allowance for uncollectible amounts. Provision for doubtful receivables is based on review of outstanding amounts at year end and management's assessment of customers' credit worthiness. Balances considered bad and irrecoverable are written off as and when identified.

3.9 Cash and cash equivalents

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

3.10 Borrowings cost

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

3.11 Leases

Finance leases

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

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

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

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

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

Operating lease

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

3.12 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

3.13 Provisions

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

3.14 Contingent assets

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. Contingent assets are not recognized until their realization become virtually certain.

3.15 Contingent liabilities

A contingent liability is disclosed when:

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

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

3.16 Staff retirement benefits

3.16.1 Defined benefit plan

The company operates the following defined benefit schemes:

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

Actuarial valuation are carried out using the 'Projected Unit Credit Method'. Contributions to the schemes are based on these valuations and actuarial gains and losses are recognized as income or expense in the same accounting period.

3.16.2 Under revised IAS 19, the Company determines the net interest expense/ (income) for the year on the net defined benefit liability/ (asset) by applying the discount rate used to measure the defined benefit obligation at the beginning of the year to the net defined benefit liability /(asset) at the beginning of the annual year, taking into account any changes in the net defined benefit liability /(asset) during the period as a result of contributions and benefit payments. All the changes in the present value of defined benefit obligation are now recognized in statement of comprehensive income and the past service costs are recognized in profit and loss account, immediately in the period they occur. Previously the Company had the policy of charging actuarial gains and losses in the profit and loss account.

The change in accounting policy has been applied retrospectively and the comparative information has been restated in accordance with the treatment specified in IAS 8 "Accounting Polices, Changes in Accounting Estimates and Errors".

The effect of restatement is as follows:

	For the year ended 30 June 2013		
	Previously reported	**Actuarial gains through other comprehensive income**	**Restated**
	- - - - - (Rupees in thousand) - - - - -		
Profit and loss account			
Cost of sales	3,238,930	542	3,239,472
Distribution expenses	595,123	445	595,568
Administrative expenses	153,741	98	153,839
Statement of comprehensive income			
Restatement of defined benefit liability	-	1,085	1,085

There is no impact on the accumulated profit/(loss) of the company.

3.16.3 Defined contribution plan

Provident fund

The Company also operates a recognized provident fund scheme for its employees. Equal monthly contributions are made, both by the company and the employees, to the fund at the rate of 10 percent of basic salary for executive and non-executive staff. During the year Rs. 10.57 million (2013: Rs. 8.61 million) were charged to expense.

Employee compensated absences

The Company also provides for compensated absences for all eligible employees in accordance with the rules of the company. The company accounts for these benefits in the period in which the absences are earned.

The Company uses the actuarial valuations carried out using the projected unit credit method for valuation of its accumulated compensating absences. The following significant assumptions have been used:

Discount rate	12% per annum
Expected rate of salary increase in future years	11% per annum

3.17 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, and under the final tax regime.

Deferred

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

3.18 Foreign currency transactions and translation

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

3.19 Revenue recognition

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

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

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

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

- Other revenues are recorded on accrual basis.

3.20 Financial instruments

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

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

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

3.21 Off setting of financial assets and liabilities

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

3.22 Dividends and appropriations to general reserve

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

3.23 Impairment

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

3.24 Segment reporting

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

	Note
- Residual values and useful lives of depreciable assets	3.2
- Provision for taxation	3.17
- Provision for deferred taxation	3.17
- Stock in trade to their net realizable value	3.7
- Provision for doubtful debts	3.8
- Staff retirement benefits	3.16

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

	Note	2014	2013
		(Rupees in thousand)	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	576,109	593,828
Capital work in progress	5.3	3,476	1,401
		579,585	595,229

5.1 Property, plant and equipment

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

* Motor vehicles includes Rs. 3.60 million asset on musharka arrangements.

	Annual rate of depreciation	Cost as at 01 July 2012	Additions/ (Deletions)	Cost as at 30 June 2013	Accumulated Depreciation as at 01 July 2012	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at 30 June 2013	Net book value as at 30 June 2013
	%	(------------------------Rupees	in	thousand	---------------------)			
Owned								
Freehold land	-	196,862	-	196,862	-	-	-	196,862
Leasehold land	2.06	67,000	-	67,000	2,745	1,365	4,110	62,890
Building on freehold land	5	174,418	8,071	182,489	16,806	8,548	25,354	157,135
Building on leasehold land	5	9,673	-	9,673	854	504	1,358	8,315
Plant and machinery	8-35	246,046	7,876	253,922	98,469	38,625	137,094	116,828
Laboratory equipments	10	14,126	2,819	16,945	7,526	1,352	8,878	8,067
Electric fittings	10	27,647	2,392	29,974	10,240	2,758	12,987	16,987
			(65)			(11)		
Computer and related accessories	25	14,297	1,143	15,440	9,099	2,278	11,377	4,063
Office machines	10	3,560	1,494	5,054	1,609	353	1,962	3,092
Furniture and fixtures	10	15,714	1,404	17,118	6,448	1,665	8,113	9,005
Motor vehicles	20	33,383	3,368	29,763	28,070	3,684	26,324	3,439
			(6,988)			(5,430)		
2014		802,726	28,567	824,240	181,866	61,132	237,557	586,683
			(7,053)			(5,441)		
Leased								
Motor vehicles	20	8,657	-	8,657	1,948	1,731	3,679	4,978
Plant and machinery	10	1,164	-	1,164	19	117	136	1,028
Electric fittings	10	1,290	-	1,290	22	129	151	1,139
2014		11,111	-	11,111	1,989	1,977	3,966	7,145
		813,837	28,567	835,351	183,855	63,109	241,523	593,828
			(7,053)			(5,441)		

The cost of the assets as at 30 June, 2014 include fully depreciated assets amounting to Rs. 54.38 million (2013: Rs. 41.63 million) but are still in use of the company.

5.2 **Details of operating fixed assets disposed off**

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
		(-------------- Rupees	in	thousand	------------)	
Motor vehicles						
Toyota Corolla	Argosy Enterprises	969	969	-	919	Tender
Suzuki Mehran	Muhammad Ayub	357	357	-	371	Tender
Honda Life	Argosy Enterprises	649	43	607	659	Tender
Suzuki Mehran	Ashraf Ali Khan	227	8	219	405	Tender
Suzuki Mehran	Ata Ur Rehman	362	362	-	90	Employee
Suzuki Mehran	Atif Maqsood	257	13	244	141	Employee
Honda Civic	Wahid Qureshi	1,052	70	982	533	Employee
Honda Civic	Abdul Aziz Khan	1,052	123	929	178	Employee
Suzuki Mehran	Adeel Tahir	239	4	235	60	Employee
Suzuki Cultus	Shahid Saleem	390	45	344	166	Employee
Computer Equipments						
Others		0.02	0.02	-	17	
	2014	5,554	1,994	3,560	3,539	
	2013	7,053	5,441	1,612	9,405	

		2014	2013
		(Rupees in thousand)	
5.3	**Capital work in progress includes following**		
	Building	1,672	-
	Plant and machinery	1,261	1,401
	Electric installation	503	-
	Building on leasehold land	40	-
		3,476	1,401

5.4 The Company basis its valuation of operating assets susceptible to impairment based on valuations being performed by independent valuators at regular intervals as detailed in note 21.

5.5 Had these revaluations not been carried out, the net book value of freehold land and leasehold land, buildings on free hold and leasehold land and plant and machinery would have been as follows:

		Note	2014	2013
			(Rupees in thousand)	
	Freehold land		70,856	70,856
	Leasehold land		1,124	1,148
	Buildings on freehold land		156,577	162,833
	Buildings on leasehold land		8,008	8,385
	Plant and machinery		84,397	112,497
			320,962	355,719
5.6	**Depreciation charge for the year has been allocated as follows:**			
	Cost of sales	30.1	51,779	51,163
	Distribution costs	31	6,350	5,604
	Administrative expenses	32	5,597	6,342
			63,726	63,109
6.	**INTANGIBLES**			
	Computer software	6.1	12,927	15,513
	Goodwill	6.2	36,750	36,750
			49,677	52,263

6.1 Computer software

This represents expenditure incurred on acquiring and implementing Enterprise Resource Planning (ERP) software. Previously this ERP software was shown as in-progress but with effect from 1 January 2014 it has been capitalized.

	Note	2014	2013
		(Rupees in thousand)	
Balance as at 01 July		15,513	14,513
Addition during the year		-	1,000
		15,513	15,513
Less: Amortization during the year	6.1.1	2,586	-
Balance as at 30 June		12,927	15,513

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

6.2 Goodwill

	Note	2014	2013
		(Rupees in thousand)	
Packaging Ink Business		12,750	16,750
Less: Impairment charged		-	(4,000)
	6.2.1	12,750	12,750
Powder Coating Business	6.2.2	24,000	24,000
		36,750	36,750

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

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

7. INVESTMENTS - RELATED PARTIES

	Note	2014	2013
		(Rupees in thousand)	
In equity instruments of subsidiaries/ associates- at cost	7.1	2,550	4,086
Available for sale	7.2	10,260	-
		12,810	4,086

7.1 In equity instruments of subsidiaries/associates - at cost

No. of shares - ordinary 2014	No. of shares - ordinary 2013	Name of the company	Country of incorporation	Latest available audited financial statements for the year ended	Percentage holding	Face value per share	2014	2013
							(Rupees in thousand)	
(i) Subsidiary companies - unlisted								
765,000	765,000	Berger DPI (Private) Limited	Pakistan	June 30, 2013	51	10	2,550	2,550
676,020	676,020	Berdex Construction Chemicals (Private) Limited	Pakistan	June 30, 2013	51.96	10	5,510	5,510
		Less: Provision for impairment					(5,510)	(5,510)
							-	-
							2,550	2,550
(ii) Associate - listed								
-	273,600	Buxly Paints Limited	Pakistan	June 30, 2013	19	10	-	10,397
		Less: Provision for impairment					-	(8,861)
							-	1,536
							2,550	4,086

	Note	2014	2013
		(Rupees in thousand)	
7.2 Available for sale			
Available for sale - at cost	7.2.1	3,830	-
Add: Cumulative fair value gain	7.2.2	6,430	-
		10,260	-
7.2.1 Available for sale -at cost			
Buxly Paints Limited 273,600 fully paid ordinary shares of Rs. 10 each (Market value- Rs. 10.26 million)		3,830	-
		3,830	-
7.2.2 Cumulative fair value gain			
As at 1 July		-	-
Fair value gain during the year		6,430	-
As at 30 June		6,430	-

Investment in Buxly Paints Limited has been re-classified as available for sale investment and measured at fair value as referred to in note 3.4

	Note	2014	2013
		(Rupees in thousand)	

8. LONG TERM LOANS

	Note	2014	2013
Considered good- secured			
Due from employees	8.1	34,097	32,867
Less: Current portion shown under current assets	14	(11,366)	(12,028)
		22,731	20,839

8.1 These represent interest free loans provided to the employees of the company in accordance with the terms of their employment, under a scheme for the purchase of motor vehicles, motor cycles and CNG kits. These loans are secured by way of retention of title documents of the respective assets in the name of the company except for those vehicles which have been refinanced under Ijarah financing. The outstanding amount at the end of the year is recoverable over a period of five to eight years. These loans have not been discounted to their present value as the financial impact thereof is not material.

8.2 Maximum aggregate balance due from employees at the end of any month during the year was Rs. 36.25 million (2013: Rs. 33.15 million)

9. LONG TERM DEPOSITS

	2014	2013
	(Rupees in thousand)	
Considered good	17,196	16,284
Considered doubtful	4,588	4,841
	21,784	21,125
Less: Provision for doubtful deposits	(4,588)	(4,841)
	17,196	16,284

10. DEFERRED TAXATION

	2014	2013
Deferred tax asset comprises of temporary differences relating to:		
Accelerated tax depreciation	(68,700)	(75,918)
Provision for doubtful debts, receivables and deposits	59,591	43,351
Provision for slow moving stock in trade	6,579	33,645
Unused tax losses and minimum tax	158,987	161,823
	156,457	162,901

Deferred tax asset on tax losses available for carry forward are recognized to the extent it is probable that future taxable profits would be available against which these unused tax losses would be utilized. Deferred tax recognized on minimum tax paid under section 113 of the Income Tax Ordinance, 2001 would expire in tax year 2015 uptill 2019.

11. STORES

	2014	2013
	(Rupees in thousand)	
In hand	6,288	6,952

Stores and spares include items that are of capital nature but are not distinguishable.

12. STOCK IN TRADE

	Note	2014	2013
		(Rupees in thousand)	
Raw and packing materials			
- in hand		465,783	485,317
- in transit		44,057	84,911
		509,840	570,228
Semi processed goods		57,281	113,020
Finished goods	12.1	346,512	291,622
		913,633	974,870
Provision for slow moving and obsolete stocks			
- Raw material		(84,000)	(84,000)
- Finished goods		(18,797)	(14,955)
		(102,797)	(98,955)
		810,836	875,915

12.1 The amount charged to profit and loss account on account of write down of finished goods to net realizable value amounted to Rs. 1.94 million (2013: Rs. 4.78 million). Included in finished goods stock are color bank machines costing Rs. 10.09 million (2013: Rs. 10.09 million).

13. TRADE DEBTS

	Note	2014	2013
		(Rupees in thousand)	
Unsecured			
Considered good			
- from related parties	13.1	51,694	53,082
- others		1,031,724	774,306
		1,083,418	827,388
Considered doubtful – others		158,565	122,661
		1,241,983	950,049
Less: Provision for doubtful debts	13.3	(158,565)	(122,661)
		1,083,418	827,388

	Note	2014	2013
		(Rupees in thousand)	
13.1 Trade debts include the following amounts due from the following related parties:			
Dadex Eternit Limited - related party		-	62
Berger DPI (Private) Limited - subsidiary		-	185
Buxly Paints Pakistan Limited - related party		32,405	38,898
Berger Road Safety (Private) Limited - subsidiary of Berger DPI (Private) Limited		19,289	13,937
		51,694	53,082
13.2 Aging of related party balances			
One to three months		51,694	52,897
Three to six months		-	185
		51,694	53,082
13.3 The movement in provision for doubtful debts for the year is as follows:			
Balance as at 01 July		122,661	75,654
Provision for the year - net of recoveries	31	36,392	47,007
Bad debts written off		(488)	-
Balance as at 30 June		158,565	122,661

14. LOANS AND ADVANCES

	Note	2014	2013
Current portion of long-term loans - considered good			
Due from employees	8	11,366	12,028
Advances - unsecured, considered good			
Employees		909	2,027
Suppliers		51,253	42,968
		52,162	44,995
		63,528	57,023

15. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	2014	2013
Trade deposits - considered good	4,967	5,800
Trade deposits - considered doubtful	9,221	6,000
	14,188	11,800
Less: provision for doubtful deposits	(9,221)	(6,000)
	4,967	5,800
Short term prepayments	5,890	7,924
	10,857	13,724

	Note	2014	2013
		(Rupees in thousand)	
16. OTHER RECEIVABLES			
Receivable from related parties	16.1	21,251	10,758
Receivable against color bank machines		10,231	10,231
Export rebate		17,642	14,809
Accrued income		793	1,429
Advance against expenses		969	2,604
Others		348	843
		51,234	40,674
Less: Provision for doubtful receivables		(2,500)	-
		48,734	40,674

16.1 This includes amount due from the following:

	2014	2013
Berger DPI (Private) Limited - a subsidiary	261	237
Buxly Paints Limited - related party	16,195	6,565
Berger Road Safety (Private) Limited - subsidiary of Berger DPI (Private) Limited	4,795	3,956
	21,251	10,758

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

	Note	2014	2013
		(Rupees in thousand)	
17. SHORT TERM INVESTMENTS	17.1	-	18,883

17.1 This represents term deposit receipts (TDR) under lien with commercial banks against letter of guarantee, maturing up to one year and carrying mark-up rates ranging from 6.5 to 8.5 percent per annum (2013: 5 to 11 percent). During the year TDRs were matured and were given as cash margins against guarantees as explained in note 18.1.

	Note	2014	2013
		(Rupees in thousand)	
18. CASH AND BANK BALANCES			
With banks:			
In current accounts		194,823	112,673
In deposit accounts	18.1	59,603	26,134
Cheques in hand	18.2	-	80,000
Cash in hand		584	720
		255,010	219,527

18.1 This balance is under lien with commercial banks against letter of guarantee, carrying mark-up rates ranging from 6.5 to 8.5 percent per annum (2013: 5 to 11 percent per annum). Included in these are cash margins given as guarantee amounting to Rs. 50.64 million (2013: Nil).

18.2 These include cheques received from a distributor at year end.

19. SHARE CAPITAL

2014	2013		2014	2013
(Number of shares)			(Rupees in thousand)	
		Authorised share capital		
25,000,000	25,000,000	Ordinary shares of Rs 10 each	250,000	250,000
		Issued, subscribed and paid-up share capital		
12,135,798	12,135,798	Ordinary shares of Rs 10 each fully paid up in cash	121,358	121,358
6,050,611	6,050,611	Ordinary share of Rs 10 each issued as bonus shares	60,506	60,506
18,186,409	18,186,409		181,864	1 81,864

19.1 Slotrapid Limited B.V.I. (the holding company) and their nominees hold 9,466,057 (2013: 9,466,057) ordinary shares of Rs. 10 each representing 52.05 percent (2013: 52.05 percent) of the ordinary paid up capital of the company.

20. RESERVES

	2014	2013
	(Rupees in thousand)	
Capital reserve		
Share premium reserve	56,819	56,819
Fair value reserve	6,430	-
	63,249	56,819
Revenue reserve		
General reserve	285,000	285,000
Accumulated Profit/ (Loss)	37,068	(61,085)
	322,068	223,915
	385,317	280,734

	Note	2014	2013
		(Rupees in thousand)	
21. SURPLUS ON REVALUATION OF FIXED ASSET			
Net surplus as at 01 July		186,311	187,720
Transfer to unappropriated profit as a result of incremental depreciation charged during the current year-net of deferred tax		(1,433)	(1,409)
Net surplus as at 30 June		184,878	186,311

During the year ended 30 June 1988, Iqbal A. Nanjee and Co. Valuation Consultants, carried out revaluations of leasehold land, building on leasehold land and plant and machinery as of 31 March 1988, which resulted in an aggregate surplus on revaluation of Rs. 45.64 million thereon over cost. A similar exercise was subsequently carried out during the year ended 30 June 2004 by the same valuation consultants to revalue freehold and leasehold land, buildings on freehold land and leasehold land and plant and machinery as of 01 July 2003, which resulted in yet another surplus on revaluation of Rs. 182.37 million thereon over their net book value. Revaluation carried out on 30 June 2009 resulted in a surplus of Rs. 374.81 million on freehold land and leasehold land and a deficit of Rs. 25.19 million on buildings on freehold and leasehold land.

During the year ended 30 June 2010, the company revalued all its freehold and leasehold land, buildings on freehold land and leasehold land and plant and machinery. This revaluation resulted in a surplus of Rs. 74.64 million on freehold land, buildings on freehold land and plant and machinery and a deficit of Rs. 109.57 million on leasehold land, buildings on leasehold land over their respective net book values. The company's leasehold land and building in Karachi were revalued by Anjum Asim Associates and Co., Valuation Consultants while land and buildings at Lahore plant, Kot Lakhpat building and Islamabad warehouse were revalued by Harvester Enterprises and Co., Valuation Consultants. Plant and machinery were revalued by Iqbal A. Nanjee and Co. Valuation Consultants.

	Note	2014	2013
		(Rupees in thousand)	
22. LONG TERM FINANCING			
Secured			
- JS Bank Limited I	22.1	-	40,000
- JS Bank Limited II	22.2	200,000	-
- Habib Bank Limited	22.3	50,000	75,000
- First Habib Modarba	22.4	3,150	-
		253,150	115,000
Less: Current maturity shown under current liabilities		(105,600)	(65,000)
		147,550	50,000

22.1 This loan has been fully settled during the year. The facility was secured against an equitable mortgage of Rs. 267 million on land and building of Lahore factory of the company. Mark-up was payable quarterly and charged at the rate of three month's KIBOR plus 2.5 % per annum. The above facility carried mark-up ranging between 11.39% and 12.03% (2013: 11.94% and 14.45%) per annum.

22.2 This represents a long term loan of Rs. 200 million. The facility is secured against an equitable mortgage of Rs. 267 million on land and building of Lahore factory of the company. Mark-up is payable quarterly and charged at the rate of three month's KIBOR plus 2.75 % per annum. The balance is repayable in 10 equal quarterly installments of Rs. 20 million each starting from July 2014. The above facility carries mark-up ranging between 12.11% and 12.94% per annum.

22.3 This represents a long term loan of Rs. 125 million. This facility is secured against hypothecation charge over plant and machinery of the company. Mark-up is payable quarterly and charged at the rate of one month's KIBOR plus 2 % per annum. The balance is repayable in 8 equal quarterly installments of Rs. 6.25 million each. The above facility carries mark-up ranging between 11.01% and 12.17% (2013: 11.33% and 13.95%) per annum.

22.4 This represents diminishing musharika facility for purchase of vehicle. The term of the agreement is 5 years. The balance is repayable in 17 equal quarterly installments of Rs. 0.15 million each and carries mark-up at the rate of six month KIBOR plus 2% per annum. Under the agreement, the Company holds asset with joint ownership with the modarba.

23. STAFF RETIREMENT BENEFITS

	Note	2014	2013
		(Rupees in thousand)	
Defined benefit plan			
Staff Pension	23.2	12,890	13,724
Staff Gratuity	23.2	32,394	37,863
		45,284	51,587
Other long term employee benefits			
Accumulating compensated absences	23.11	9,251	9,105
		54,535	60,692

Defined benefit plan

As mentioned in note 3.16 the company operates an approved funded gratuity and pension schemes for all its permanent employees. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation was carried out at 30 June 2014. Projected Unit Credit method based on the following assumptions was used for these valuations:

	2014	2013
Valuation discount rate	12%	10%
Expected rate of increase in salary level	11%	9%
Rate of return on plan assets	12%	13%

23.1 The disclosures made in notes 23.2 to 23.6 and 23.8 to 23.10 are based on the information included in the actuarial valuation as of 30 June 2014.

	2014 Pension	2014 Gratuity	2013 Pension	2013 Gratuity
	(Rupees in thousand)			
23.2 Balance sheet reconciliation				
Present value of defined benefit obligation	53,439	33,997	48,585	37,904
Fair value of plan assets	(40,549)	(1,603)	(34,861)	(41)
	12,890	32,394	13,724	37,863
23.3 Movement in the fair value of plan assets is as follows:				
Fair value as at 01 July	34,861	41	32,945	36
Expected return on plan assets	3,486	4	4,283	5
Actuarial losses	(1,533)	839	(1,063)	(8)
Company's contribution	5,500	8,500	-	2,300
Employee contribution	-	-	-	-
Benefits paid	(1,765)	(7,781)	(1,304)	(2,292)
Amount transferred from/(to) company during the year	-	-	-	-
Fair value as at 30 June	40,549	1,603	34,861	41
23.4 Movement in defined benefit obligation is as follows:				
Obligation as at 01 July	48,585	37,904	41,501	30,557
Employee contribution not paid	1,044	-	-	-
Service cost	4,032	5,768	4,890	5,926
Interest cost	4,858	3,790	5,395	3,972
Benefits paid	(1,766)	(7,780)	(1,304)	(2,292)
Actuarial (gains)/loss	(3,314)	(5,685)	(1,897)	(259)
Obligation as at 30 June	53,439	33,997	48,585	37,904
23.5 Charge for the year				
Current service cost	4,032	5,768	4,890	5,926
Interest cost	4,858	3,790	5,395	3,972
Expected return on plan assets	(3,486)	(4)	(4,283)	(5)
Recognition of actuarial (gains) / losses	-	-	(834)	(251)
Employee contribution	-	-	(927)	-
Expense	5,404	9,554	4,241	9,642
Actual return on plan assets	1,953	843	3,220	(3)

	2014		2013	
	Pension	Gratuity	Pension	Gratuity
		(Rupees in thousand)		
23.6 Movement in net liability in the balance sheet is as follows:				
Net liability as at 01 July	13,724	37,863	8,556	30,521
Charge for the year	5,404	9,554	4,241	9,642
Amount chargeable to Other Comprehensive Income during the year	(1,782)	(6,523)	-	-
Company's contribution	(5,500)	(8,500)	-	(2,300)
Employees' contribution deducted not paid	1,044	-	927	-
Amount transferred (from)/to company	-	-	-	-
Net liability as at 30 June	12,890	32,394	13,724	37,863
23.7 The charge for the year has been allocated as follows:				
Cost of sales	2,702	4,777	2,120	4,821
Distribution costs	2,216	3,917	1,739	3,953
Administrative expenses	486	860	382	868
	5,404	9,554	4,241	9,642

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

	2014	2013	2011	2010	2009
			(Rupees in thousand)		
As at 30 June					
Present value of defined benefit obligation	87,436	86,489	72,058	64,448	57,457
Fair value of plan assets	(42,152)	(34,902)	(32,981)	(24,376)	32,077
Deficit	45,284	51,587	39,077	40,072	89,534
Experience adjustment:					
(Gain)/loss on obligations	(5,685)	(2,156)	(6,773)	(3,602)	(1,828)
(Gain)/loss on plan assets	(839)	(1,071)	(2,026)	(1,075)	(5,270)

	2014		2013	
	Pension	Gratuity	Pension	Gratuity
		(Rupees in thousand)		
23.9 Plan assets comprise the following:				
Defence Saving Certificates	8,875	-	8,550	-
Term deposits	3,731	-	10,011	-
Cash at bank	306	1,602	374	41
Term Finance Certificate	15,119	-	3,878	-
Cash management Optimizer	12,519	-	12,048	-
	40,550	1,602	34,861	41

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

23.11 Movement in accumulated compensated absences

	2014	2013
	(Rupees in thousand)	
Balance as at 01 July	9,105	8,788
Provision during the year	5,988	6,864
Payments made during the year	(5,842)	(6,547)
Balance as at 30 June	9,251	9,105

24. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The minimum lease payments have been discounted at an implicit interest rate of 11.08 % to 12.90% to arrive at their present value. At the end of the lease term, the assets shall be transferred in the name of the lessee. The amount of the future payments and the period in which they will become due are:

	2014			2013
	Minimum lease payments	Future finance cost	Present value of lease liability	Present value of lease liability
	(------Rupeesin thousand------)			
Not later than one year	2,792	1,208	1,584	2,091
Later than one year but not later than five years	4,188	182	4,006	5,583
	6,980	1,390	5,590	7,674

25. TRADE AND OTHER PAYABLES

	Note	2014	2013
		(Rupees in thousand)	
Trade payables		514,269	391,760
Bills payable		218,636	342,327
Accrued expenses		16,120	20,977
Unclaimed dividend		2,360	2,305
Provision for infrastructure cess	25.1	30,332	24,048
Advances from customers		33,439	11,912
Workers' Profits Participation Fund	25.2	12,958	8,972
Workers' Welfare Fund		14,192	12,256
Sales tax, special excise duty and withholding tax		38,862	44,921
Royalty payable to related parties	25.3	4,590	57,583
Royalty and technical fee payable		12,122	17,799
Others		32,648	18,016
		930,528	952,876

25.1 Provision for infrastructure cess

	Note	2014	2013
		(Rupees in thousand)	
Balance as at 01 July		24,048	19,334
Provision for the year		6,284	4,714
Payments during the period		-	-
Balance as at 30 June		30,332	24,048

This represents infrastructure cess imposed under the provisions of the Sindh Finance (second amendment) Ordinance, 2001 to meet the cost of additional burden placed on the province's infrastructure by heavy import and export consignments. The company's purchases include heavy imports, which fall under the said provisions, consequently a duty at the rate of 0.85 percent (2010: 0.8 to 0.85 percent) on the cost and freight value of imports is levied. The company, in alliance with other companies, filed an appeal before the High Court of Sindh challenging the competence of provincial government to impose such cess under the constitution. The Court thereafter, issued an interim order on 31 May 2011 and directed the plaintiffs to discharge and return any bank guarantees/ security furnished for consignments cleared upto 27 December 2006 and 50 % of the guarantee amount after 27 December 2006 and the balance amount shall be kept alive till the disposal of penalties. Pending a final decision, no adjustment has been made in respect of this amount.

25.2 Workers' Profits Participation Fund

	Note	2014	2013
		(Rupees in thousand)	
Balance as at 01 July		8,972	3,278
Allocation for the year	34	7,707	5,268
Interest on funds utilized in the company's business	35	975	426
		17,654	8,972
Payments during the period		(4,696)	-
Balance as at 30 June		12,958	8,972

25.3 This includes amount due to the following:

	Note	2014	2013
Slotrapid Limited B.V.I. - parent company	25.3.1	-	54,023
Buxly Paints Limited - related party		4,590	3,560
		4,590	57,583

25.3.1 This represents reversal of royalty payable to the parent company for the year 2012, 2013 and 2014 pursuant to the wavier of same by the parent company.

	Note	2014	2013
		(Rupees in thousand)	
26. ACCRUED FINANCE COST			
Mark-up accrued on secured			
Long term financing		5,768	2,580
Short term financing		2,311	5,942
Short term running finances		32,085	28,959
		40,164	37,481
27. SHORT TERM BORROWINGS			
Short term financing	27.1	158,000	144,000
Short term running finances	27.2	1,038,124	1,071,798
		1,196,124	1,215,798

27.1 Short term financing - secured

The facilities for short term financing (Morabaha) have been arranged from commercial banks amounting to Rs. 158 million. The facility from First National Bank Modaraba of Rs. 58 million (2013: Rs. 60 million) is secured against first pari passu charge of Rs. 80 million on all the present and future current assets of the Company, ranking charge of Rs. 80 million on movable fixed assets with 25% margin and post dated cheques of each morabaha. This facility carries mark-up ranging between 11.38% and 12.45% (2013: 11.69% and 14.31%) per annum, payable quarterly.

The facility from Al Baraka Bank of Rs. 100 million (2013: Rs. 84 million), is secured against first exclusive mortgage charge of 4.04 kanal industrial property (including land and building) of the company situated at 36 Industrial estate Kot Lakhpat, Lahore with 30% margin. First exclusive equitable mortgage charge of 333.33 sq yards sector 1-10/3 industrial area Islamabad with 30% margin, title to import documents and 10 % L/C cash margin. This facility carries mark-up ranging between 12.18% and 13.18% (2013: 12.43% and 13.45%) per annum, payable quarterly.

27.2 Short term running finances - secured

The company has arranged facilities for short term running finance from various banks on mark-up basis to the extent of Rs. 953 million (2013: Rs. 967 million). These arrangements are secured against first joint hypothecation charge over the company's stocks and receivables and carries mark-up ranging between 10.58% and 12.87% (2013: 11.19% and 14.70%) per annum, payable quarterly.

27.3 Unavailed credit facilities

The facilities for opening of letters of credits and guarantees as at 30 June 2014 amounted to Rs.2,609 million (2013: Rs. 985 million) of which the remaining unutilized amount as of that date was Rs.822 million (2013: Rs. 514 million).

28. CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

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

- The company has challenged an order from Environmental Protection Agency, Punjab (EPA) and case is pending before Environmental Protection Tribunal, Punjab. The company has also been granted stay order by the Lahore High Court against any adverse action from EPA. Based on legal opinion, management is confident that the matter will be decided in favour of the company.

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

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

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

28.2 Commitments

- Outstanding letters of credit as at 30 June 2014 amounted to Rs. 377.79 million (2013: Rs. 167.57 million).
- Outstanding letters of guarantees as at 30 June 2014 amounted to Rs. 48.62 million (2013: Rs. 38.40 million).
- The amount of future Ijarah rentals for Ijarah financing and the period in which these payments will become due are as follows:

	Note	2014	2013
		(Rupees in thousand)	
Not later than one year		10,973	11,244
Later than one year and not later than five years		19,873	16,976
		30,846	28,220

29. SALES - NET

	Note	2014	2013
- Local		5,640,764	4,891,063
- Exports		189,006	213,922
		5,829,770	5,104,985
Less: Discounts		(452,024)	(260,815)
Sales tax		(876,853)	(676,867)
		4,500,893	4,167,303

30. COST OF SALES

	Note	2014	2013
Finished goods as at 01 July		291,622	313,379
Cost of goods manufactured	30.1	3,462,819	3,217,387
Provision against slowing moving finished goods		3,842	328
Less: Finished goods as at 30 June		(346,512)	(291,622)
Cost of sales		3,411,771	3,239,472

		Note	2014	2013
			(Rupees in thousand)	
30.1	**Cost of goods manufactured**			Restated
	Raw and packing materials consumed including provision for slow moving of Rs. nil (2013: Rs. 84 million)		3,098,554	2,922,817
	Stores consumed		4,534	6,394
	Salaries, wages and other benefits	30.1.1	69,449	61,307
	Travelling and conveyance		7,528	7,691
	Fuel, water and power		78,696	71,350
	Legal and professional fee		4,221	3,111
	Rent, rates and taxes		225	389
	Insurance		3,906	7,423
	Repairs and maintenance		19,702	18,152
	Contracted services		55,169	48,734
	Depreciation	5.6	51,779	51,163
	Ijarah lease rentals		3,296	1,785
	Printing and stationery		932	1,082
	Communication		631	511
	Other expenses		8,458	8,791
			3,407,080	3,210,700
	Opening stock of semi-processed goods		113,020	119,707
	Closing stock of semi-processed goods		(57,281)	(113,020)
	Cost of goods manufactured		3,462,819	3,217,387

30.1.1 Salaries, wages and benefits include Rs. 9.79 million (2013: Rs. 12.43 million) in respect of employee retirement benefits.

		Note	2014	2013
			(Rupees in thousand)	
31.	**DISTRIBUTION COSTS**			
	Salaries, wages and other benefits	31.1	160,642	133,057
	Travelling and conveyance		56,936	38,871
	Rent, rates and taxes		21,090	11,773
	Insurance		12,636	5,501
	Fuel, water and power		3,494	2,346
	Advertising and sales promotion		268,442	193,177
	Technical services and royalty fee		6,923	37,910
	Freight and handling		88,244	85,786
	Repairs and maintenance		877	671
	Contracted services		20,301	12,595
	Depreciation	5.6	6,350	5,604
	Ijarah lease rentals		7,329	7,491
	Provision for			
	- doubtful debts - net of recoveries	13.3	36,392	47,007
	- doubtful receivables	16	2,500	-
	- doubtful deposit		3,221	1,289
	Bad debts directly written off		-	1,633
	Printing and stationery		2,284	2,062
	Legal and professional		3,436	1,402
	Communication		4,936	4,934
	Other expenses		2,960	2,459
			708,993	595,568

31.1 Salaries, wages and benefits include Rs. 11.37 million (2013: Rs. 12.89 million) in respect of employee retirement benefits.

	Note	2014	2013
		(Rupees in thousand)	
			Restated
32. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	32.1	88,697	68,710
Directors' fee		2,150	1,750
Travelling and conveyance		12,177	12,931
Rent, rates and taxes		4,689	4,515
Insurance		7,522	4,362
Auditors' remuneration	32.2	1,636	1,465
Fuel, water and power		3,828	3,350
Repairs and maintenance		3,988	2,561
Contracted services		17,346	17,594
Depreciation	5.6	5,597	6,342
Amortization of computer software	6.1	2,586	-
Provision for doubtful advances		1,385	-
Ijarah lease rentals		1,221	2,340
Printing and stationery		2,814	2,362
Legal and professional		8,463	7,653
Communication		4,300	2,686
Others		13,123	15,218
		181,522	153,839

32.1 Salaries, wages and benefits include Rs. 8.89 million (2013: Rs. 4.061 million) in respect of employee retirement benefits.

	2014	2013
	(Rupees in thousand)	
32.2 Auditors' remuneration		
Audit fee	1,100	1,000
Consolidation and half yearly review	396	325
Out of pocket expenses	140	140
	1,636	1,465

33. OTHER INCOME

	Note	2014	2013
		(Rupees in thousand)	
Income from financial assets			
Mark-up on term deposit receipts		3,958	3,278
		3,958	3,278
Income form non financial assets			
Sale of scrap		6,067	6,947
Gain on disposal of property plant and equipment		-	7,793
Rental income and other services charged to related parties		5,684	3,800
Toll manufacturing income		8,138	6,258
Export rebate		3,815	4,525
Liabilities no longer payable written back		53,586	4,122
Insurance claim		8,497	11,088
Late payment charges from a related party		-	710
Exchange gain		32,329	18,890
Gain on transfer of equity investment to available for sale		2,294	-
Others		1,738	29,833
		122,148	93,966
		126,106	97,244

34. OTHER CHARGES

	Note	2014	2013
Impairment of goodwill		-	4,000
Loss on disposal of property plant and equipment		22	-
Workers' Welfare Fund		1,936	2,002
Workers' Profit Participation fund	25.2	7,707	5,268
		9,665	11,270

35. FINANCE COST

	Note	2014	2013
Mark up on:			
Long term financing		25,123	22,033
Short term financing		14,759	16,275
Short term running finances		118,154	119,793
Finance cost on leases		954	1,492
Interest on workers profit participation fund	25.2	975	426
Bank charges		6,121	4,096
		166,086	164,115

		2014	2013
		(Rupees in thousand)	
36.	**TAXATION**		
	Current		
	- For the year	45,009	27,566
	Deferred		
	- Current year	6,445	13,784
		51,454	41,350

Given that the company has carry forward tax losses, the current tax provision represents tax under 'Final tax regime' and minimum tax on turnover under section 113 of the Income Tax Ordinance, 2001. Minimum tax is available for set off for five years against normal tax liabilities arising in future years.

Tax under' Final Tax Regime' (FTR) represents tax on exports and finished goods imported for onward sale. FTR is treated as a full and final discharge and not to be set off against normal tax liabilities arising in future years. Current tax includes tax under FTR amounting to Rs. 4.79 million (2013: Rs. 8.26 million).

Since the Company is liable to pay minimum tax, therefore no numerical tax reconciliation is given.

		2014	2013
		(Rupees in thousand)	
			Restated
37.	**EARNINGS PER SHARE - BASIC AND DILUTED**		
	Profit after taxation	97,508	58,933
		Number of shares	
	Weighted average number of shares outstanding during the year	18,186,409	18,186,409
		(Rupees)	
			Restated
	Profit per share	5.36	3.24

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

		Note	2014	2013
			(Rupees in thousand)	
38.	**CASH AND CASH EQUIVALENTS**			
	Cash and bank balances	18	255,010	219,527
	Short-term running finance	27.2	(1,038,124)	(1,071,798)
			(783,114)	(852,271)

39. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2014			2013		
	Chief Executive	Executives	Non-Executive Directors	Chief Executive	Executives	Non-Executive Directors
	(------------- Rupees in thousand ------------)					
Managerial remuneration (including bonus)	-	49,370	-	120	41,173	-
Retirement benefits	-	24,712	-	-	21,644	-
Housing rent	-	22,217	-	-	18,070	-
Utilities	-	4,937	-	-	3,812	-
Medical expenses	-	1,652	-	492	1,763	-
	-	102,888	-	612	86,462	-
Number of persons	1	36	6	1	38	6

39.1 In addition to above, six (2013: Six) non-executive directors were paid fee aggregating Rs. 2.15 million (2013: Rs. 1.75 million).

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

40. NUMBER OF EMPLOYEES

The Company has employed following number of persons:

	2014	2013
	(Number of persons)	
- As at 30 June	477	462
- Average number of employees	464	459

41. PROVIDENT FUND RELATED DISCLOSURE

The Company has set up provident fund for its permanent employees. The total charge against provident fund for the year was Rs. 10.57 million (2013: Rs. 8.61 million).

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

	2013	2012
	(Rupees in thousand)	
Size of the fund	147,107	133,220
Cost of investment made	85,500	85,500
Fair value of investments	125,671	115,252
Percentage of investments made	85%	87%

The breakup of investments is as follows:

	2013	2012
	(Rupees in thousand)	
Held to maturity		
Defence Saving Certificates	78,208	70,900
Certificates of Deposits	39,562	37,026
	117,770	107,926
Available for sale		
Atlas Income Fund	4,074	3,783
MCB Asset Management	3,827	3,543
	7,901	7,326
	125,671	115,252

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

42. TRANSACTIONS WITH RELATED PARTIES

The related parties of the company comprise parent company, subsidiaries, associated undertakings, employees' gratuity fund, employees' pension fund, directors and key management personnel. The company in the normal course of business carries out transactions with various related parties at arms's length price. Amounts due from and to related parties, remuneration of directors and key management personnel are disclosed in the relevant notes.

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

Relation with undertaking	Nature of transaction	2014	2013
		(Rupees in thousand)	
Holding company			
- Slotrapid Limited B.V.I.	Royalty expense	-	28,602
	Reversal of royalty payable	81,722	-
Subsidiary			
- Berger DPI (Private) Limited	Sales	-	160
	Rental income and other services charged	-	95
- Berdex Construction Chemicals (Private) Limited	Sales	-	-
	Commission expense	-	1,766
- Berger Road Safety (Private) Limited	Sales	70,315	53,813
	Rental income and other services charged	2,076	3,678

Relation with undertaking	Nature of transaction	2014	2013
		(Rupees in thousand)	
Related parties			
- Buxly Paints Limited	Sales	111,766	107,114
	Rental income and other services charged	3,608	3,851
	Toll manufacturing income	8,138	6,258
	Royalty expense	1,030	789
	Rental expense	1,200	800
- Dadex Eternit Limited	Sales	32	344
	Purchases	-	-
Remuneration of key management personnel		Note 39	

The related party status of outstanding balances as at 30 June 2014 are included in trade debts (note 13.1), other receivables (note 16.1) and trade and other payables (note 25.3) respectively.

43. FINANCIAL RISK MANAGEMENT

43.1 Financial risk factors

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

Risk management is carried out by the Board of Directors on specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within such parameters.

(a) Market risk

(i) Foreign exchange risk

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

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

	2014	2013
	(In thousand)	
Trade and other payables - Euro	(0.01)	-
Net exposure - Euro	(0.01)	-
Trade and other payables - USD	(1,850)	(2,304)
Net exposure - USD	(1,850)	(2,304)
Trade and other payables - JPY	(31,514)	(22,905)
Net exposure - JPY	(31,514)	(22,905)

The following significant exchange rates were applied during the year:

	2014	2013
	(In rupees)	
Rupees per Euro		
Average rate	136.33	125.38
Reporting date rate	134.50	130.18
Rupees per USD		
Average rate	101.93	96.86
Reporting date rate	99.25	99.66
Rupees per JPY		
Average rate	1.04	1.11
Reporting date rate	0.97	1.01

If the functional currency, at reporting date, had fluctuated by 5% against the Euro, USD and JPY with all other variables held constant, the impact on profit after taxation for the year would have been Rs. 10.72 million (2013: Rs. 12.63 million) lower/higher, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Foreign exchange risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers.

The Company is not exposed to equity price risk since the investment held by the company in subsidiaries are unquoted, are not subject to fluctuations in market prices and are in level 3 category (valuation technique non-market observable).

The Company's investments in equity of other entities are publicly traded on the Karachi Stock Exchange and fall in level 1 category i.e. quoted market price. The summary below explains the impact of increase in market price. The analysis is based on the assumption that the market price had increased/decreased by 10% with all other variables held constant:

	Impact on other components of equity	
	2014	2013
	(Rupees in thousand)	
Karachi Stock Exchange	1.03	-

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

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

	2014	2013
	(Rupees in thousand)	
Financial assets		
Fixed rate instruments		
Bank balances - deposit accounts	59,603	26,134
Short term investments	-	18,883
Total exposure	59,603	45,017
Financial liabilities		
Floating rate instruments		
Long-term financing	253,150	115,000
Short-term financing	158,000	144,000
Short-term running finance	1,038,124	1,071,798
	1,449,274	1,330,798

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates on long term financing, at the year end rate, fluctuate by 1% higher / lower with all the other variables held constant, profit after taxation for the year would have been Rs. 0.25 million (2013: Rs. 0.22 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Credit risk of the company arises from deposits with banks, trade debts, investments, loans and advances and other receivables.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2014	2013
	(Rupees in thousand)	
Long term loans	34,097	32,867
Long term deposits	21,784	21,125
Trade debts	1,241,983	950,049
Loans and advances	52,162	44,995
Trade deposits	14,188	5,800
Other receivables	31,092	25,865
Short term investments	-	18,883
Bank balances	254,426	218,807
	1,649,732	1,318,391

Credit risk of the company arises from deposits with banks and financial institutions and credit exposure to customers. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual credit limits are set based on the credit control procedures implemented by the management.

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

	2014	2013
	(Rupees in thousand)	
The age of financial assets		
Not past due	398,528	368,342
Past due but not Impaired:		
Not more than three months	1,017,260	626,765
More than three months and not more than six months	53,628	193,741
More than six months and not more than one year	22,530	6,882
Past due and Impaired:		
More than one year	157,786	122,661
	1,649,732	1,318,391

(ii) Credit quality of major financial assets

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

Banks	Rating Short term	Rating Long term	Rating Agency	2014	2013
				(Rupees in thousand)	
HSBC Bank Oman	F1	A+	Fitch	466	458
Faysal Bank Limited	A1+	AA	PACRA & JCR	-	10,416
Bank Al Habib Limited	A1+	AA+	PACRA	1,960	21,103
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	10,044	43,063
United Bank Limited	A-1+	AA+	JCR-VIS	81	24,431
Habib Bank Limited	A-1+	AAA	JCR-VIS	13,784	29,735
MCB Bank Limited	A1+	AAA	PACRA	97	7,970
JS Bank Limited	A1	A+	PACRA	32,836	18,302
Al-Barka Bank Limited	A-1	A	JCR-VIS	38	28
				59,306	155,506

(c) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities.

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

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term financing	253,150	105,600	147,550	-
Liabilities against assets subject to finance lease	5,590	1,584	4,006	
Trade and other payables	930,528	930,528	-	-
Accrued finance cost	40,164	40,164	-	-
Short term borrowings	1,196,124	1,196,124	-	-
	2,425,556	2,274,000	151,556	-

The following are the contractual maturities of financial liabilities as at 30 June 2013:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term financing	115,000	65,000	50,000	-
Liabilities against assets subject to finance lease	7,674	2,091	5,583	
Trade and other payables	952,876	952,876	-	-
Accrued finance cost	37,481	37,481	-	-
Short term borrowings	1,215,798	1,215,798	-	-
	2,328,829	2,273,246	55,583	-

43.2 Fair values of financial assets and liabilities

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

43.3 Financial instruments by category

	Loans and receivables	
	2014	2013
	(Rupees in thousand)	
Financial assets as per balance sheet		
Long term loans	34,097	32,867
Long term deposits	21,784	21,125
Investments - available for sale	10,260	-
Trade debts	1,241,983	950,049
Loans and advances	52,162	44,995
Trade deposits	14,188	5,800
Other receivables	31,092	25,865
Short term investments	-	18,883
Cash and bank balances	255,010	219,527
	1,660,576	1,319,111

	Investments in subsidiaries and associate - at cost	
	2014	2013
	(Rupees in thousand)	
Financial assets as per balance sheet		
Long term investments (subsidiaries and an associate)	2,550	4,086

	Other financial liabilities 2014	2013
	(Rupees in thousand)	
Financial liabilities as per balance sheet		
Long term financing	253,150	115,000
Liabilities against assets subject to finance lease	5,590	7,674
Trade and other payables	930,528	952,876
Accrued finance cost	40,164	37,481
Short term borrowings	1,196,124	1,215,798
	2,425,556	2,328,829

43.4 Capital risk management

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

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

The gearing ratios is as follows:

	2014	2013
	(Rupees in thousand)	
Total debt	1,449,274	1,330,798
Total equity	567,181	462,598
Total debt and equity	2,016,455	1,793,396
Gearing ratio	72:28	74:26

44. PRODUCTION CAPACITY

	2014	2013
	(Liters in thousand)	
Actual production	28,783	27,896

The capacity of the plant is indeterminable because it is a multi product plant involving varying processes of manufacturing. Actual production includes resin production of 6.64 million liters (2013: 5.88 million liters) which is used in the manufacture of the final product.

45. OPERATING SEGMENTS

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

45.2 Revenue from sale of paints and allied represents 100% (2013: 100%) of the total revenue of the Company.

45.3 96.76% (2013: 95.81%) sales of the Company relates to customers in Pakistan.

45.4 All non-current assets of the Company as at 30 June 2014 are located in Pakistan.

46. EVENT AFTER BALANCE SHEET DATE

The Board of Directors has proposed a final divided of Re. 1 per share (2013: Re. 0.50 per share) amounting to Rs. 18.19 million (2013: Rs. 9.09 million) for the year ended 30 June 2014 in their meeting held on 23 September 2014 for approval of the members at the Annual General Meeting to be held on 27 October 2014. These Financial statements do not reflect theses appropriations.

47. CORRESPONDING FIGURES

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

48. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 23 September 2014 by the Board of Directors of the company.

49. GENERAL

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

Chief Financial Officer **Chief Executive** **Director**

Notice of Annual General Meeting

Notice is hereby given that **the 64th Annual General Meeting of Berger Paints Pakistan Limited** will be held **on October 27, 2014 at 12:00 (noon)** at the **Overseas Investor Chamber of Commerce & Industries, Karachi.** To transact the following business:

ORDINARY BUSINESS

1. To confirm minutes of Annual General Meeting held on October 29, 2013.

2. To receive and adopt the Audited Accounts along with the Consolidated Financial Statements of the Company for the year ended June 30, 2014 together with the Auditors Reports and Directors Report thereon.

3. To appoint Auditors and fix their remuneration for the year ending June 30, 2014. Board has recommended reappointing KPMG –Taseer Hadi & Co Chartered Accountants who being eligible offer themselves for re-appointment.

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

5. Subject to the approval of shareholders to elect 7 directors of the company, for a term of three years, in accordance with section 178 of the Companies Ordinance 1984. The names of the retiring directors are as follows;

    1. Mr. Maqbool H. H. Rahimtoola
    2. Dr. Mahmood Ahmad
    3. Mr. Hamid Masood Sohail
    4. Mr. Muhammad Naseem
    5. Mr. Ilyas Sharif
    6. Mr. Shahzad M. Hussain
    7. Mr. Zafar A. Osmani

SPECIAL BUSINESS

1. To consider and, if thought fit, to pass the following resolution as special resolution with or without modification;

    "Resolved that
    To approve the change of registered office of the Company from X-3, Manghopir Road, S.I.T.E, Karachi, to 36-Industrial Estate Kot-Lakhpat, Lahore.

    Memorandum of Association

    To approve the change of registered office of the Company from X-3, Manghopir Road, S.I.T.E, Karachi to 36-Industrial Estate Kot-Lakhpat, Lahore.

    Articles of Association

    To approve the change of registered office of the Company from X-3, Manghopir Road, S.I.T.E, Karachi to 36-Industrial Estate Kot-Lakhpat, Lahore.

    - that the Chief Executive or Company Secretary be, and is hereby authorized to give effect to this resolution and to do or cause to do all acts, deeds and things that may be necessary or required in connection with the above resolution."

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

BY ORDER OF THE BOARD

Abdul Wahid Qureshi
Company Secretary

Karachi: September 24, 2014
Registered Office:
X-3, Manghopir Road, S.I.T.E, Karachi.

NOTES:

1) The Share Transfer Books will remain closed from October 21, 2014 to October 27, 2014 both days inclusive and no transfer will be accepted during this period.

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

3) CDC Account Holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

   a) **For Attending the Meeting:**
      i. In case of individuals, the account holder or sub-account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/ her identity by showing his/ her computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
      ii. In case of Corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

   b) **For Appointing proxies:**
      i. In case of individuals, the account holder or sub account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the Regulations shall submit the proxy form per the above requirement.
      ii. The proxy form shall be witnessed by two persons whose name, addresses and CNIC numbers shall be mentioned.
      iii. Attested copies of the CNIC or the passport of the beneficial owners and proxy shall be furnished with the proxy form.
      iv. The proxy shall produce his/ her original CNIC or original passport at the time of the meeting.
      v. In case of corporate entity, the Board of Directors; resolution/ power of attorney with specimen signatures shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

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

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

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

7) Form of Proxy enclosed herewith.

Berger Paints Pakistan Limited
Consolidated Financial Statements
for the year ended 30 June 2014

Directors' Report

The directors of the Holding Company present their report together with the audited consolidated financial statements for the year ended 30 June 2014.

	Rupees in thousand
Profit before taxation	145,728
Taxation	51,230
Profit after taxation	94,498
Minority interest	(77)
Net profit for the year attributable to the holding company	94,575

FINANCIAL STATMENTS

The audited accounts of the Holding Company for the year ended 30 June 2014 are annexed.

HOLDING COMPANY

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

PROFIT PER SHARE

The profit per share for the year is Rs.5.20 [2013 - Restated: Rs.3.39].

AUDITORS

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

CORORATE GOVERNANCE

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

OTHER INFORMATION

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

ON BEHALF OF THE BOARD

Karachi
Date: 23 September 2014

Dr. Mahmood Ahmad
Chief Executive

KPMG Taseer Hadi & Co.
Chartered Accountants
53 L Gulberg III
Lahore Pakistan

Telephone + 92 (42) 3585 0471-76
Fax + 92 (42) 3585 0477
Internet www.kpmg.com.pk

Auditors' Report to the Members

We have audited the annexed consolidated financial statements of Berger Paints Pakistan Limited (the holding company) and its subsidiary companies, Berger DPI (Private) Limited and Berdex Construction Chemicals (Private) Limited, comprising consolidated balance sheet as at 30 June 2014 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of Berger Paints Pakistan Limited. The financial statements of the subsidiary companies, Berger DPI (Private) Limited and Berdex Construction Chemicals (Private) Limited, were audited by another firm of chartered accountants, whose audit report has been furnished to us and our opinion in so far as it relates to the amounts included for such company, is based solely on the report of other auditor. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion the consolidated financial statements present fairly the consolidated financial position of Berger Paints Pakistan Limited and its subsidiary companies as at 30 June 2014 and the consolidated results of their operations for the year then ended.

KPMG Taseer Hadi & Co.

Lahore

Date: 23 September 2014

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

Consolidated Balance Sheet

As at 30 June 2014

	Note	2014	2013
		(Rupees in thousand)	
Non-current assets			
Property, plant and equipment	5	584,572	595,982
Intangibles	6	49,677	52,263
Investments - related party	7	10,260	2,311
Long term loans	8	22,731	20,839
Long term deposits	9	18,821	17,599
Deferred taxation	10	156,199	162,830
		842,260	851,824
Current assets			
Stores	11	6,288	6,952
Stock in trade	12	810,836	875,915
Trade debts	13	1,107,263	859,880
Loans and advances	14	64,595	57,693
Trade deposits and short term prepayments	15	10,857	14,224
Other receivables	16	46,184	41,169
Taxation - net		122,885	131,454
Short term investments	17	-	18,883
Cash and bank balances	18	261,464	222,943
		2,430,372	2,229,113
		3,272,632	3,080,937
Share capital and reserves			
Authorised share capital			
25,000,000 ordinary shares of Rs.10 each		250,000	250,000
Share capital	19	181,864	181,864
Reserves	20	398,827	297,177
		580,691	479,041
Non-controlling intrest		17,474	17,551
Advance against issue of share capital of subsidary company		41	41
Surplus on revaluation of fixed assets	21	184,878	186,311
Non-current liabilities			
Long-term financing	22	147,550	50,000
Staff retirement benefits	23	54,535	60,692
Liabilities against assets subject to finance lease	24	6,409	5,583
Current liabilities			
Trade and other payables	25	937,024	961,348
Accrued finance cost	26	40,164	37,481
Current maturity of long-term financing	22	105,600	65,000
Current maturity of liabilities against assets subject to finance lease	24	2,142	2,091
Short term borrowings	27	1,196,124	1,215,798
		2,281,054	2,281,718
		2,489,548	2,397,993
Contingencies and commitments	28		
		3,272,632	3,080,937

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

Chief Financial Officer **Chief Executive** **Director**

Consolidated Profit and Loss Account

For the year ended 30 June 2014

	Note	2014	2013
		(Rupees in thousand)	
			Restated
Sales - net	29	4,554,526	4,210,557
Cost of sales	30	3,446,959	3,262,062
Gross profit		1,107,567	948,495
Distribution costs	31	723,930	603,090
Administrative expenses	32	185,419	154,719
		909,349	757,809
Operating profit		198,218	190,686
Other income	33	123,368	92,938
		321,586	283,624
Other charges	34	9,640	11,457
Finance cost	35	166,218	164,143
		175,858	175,600
Share of loss of associate - net of tax		-	(241)
Profit before taxation		145,728	107,783
Taxation	36	51,230	43,455
Profit after taxation		94,498	64,328
Attributable to:			
Equity holders of the parent		94,575	61,567
Non-controlling interest		(77)	2,761
		Rupees	
			Restated
Earning per share - basic and diluted	37	5.20	3.39

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

Chief Financial Officer **Chief Executive** **Director**

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2014

	2014	2013
	(Rupees in thousand)	
		Restated
Profit after taxation	94,498	64,328
Other comprehensive income for the year		
Items that will be reclassified to profit and loss		
Fair value gain on 'Available for sale' investments	6,430	-
Items that will never be reclassified to profit and loss		
Remeasurment of defined benefit obligation-note 3.16.2	8,305	1,085
Total comprehensive income for the year	109,233	65,413
Attributable to :		
Equity holder of the parent	109,310	62,652
Non-controlling intrest	(77)	2,761

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

Chief Financial Officer **Chief Executive** **Director**

Consolidated Cash Flow Statement

For the year ended 30 June 2014

	Note	2014	2013
		(Rupees in thousand)	
			Restated
Cash flow from operating activities			
Profit before taxation		145,728	107,783
Adjustments for non cash items:			
Depreciation on property, plant and equipment	5.6	64,336	63,709
Amortization on computer software		2,586	-
Loss on disposal of fixed assets	34	22	(7,793)
Provision against slow moving stock		3,842	84,328
Provision for doubtful debts	31	41,525	47,007
Provision for doubtful deposits		3,221	-
Provision for doubtful receivables		2,500	-
Bad debts directly written off		663	
Share of loss of associate		-	241
Gain on transfer of equity investment to available for sale		(1,519)	-
Provision for doubtful advances		1,385	-
Provision for staff retirement benefits		14,958	17,170
Finance cost	35	166,218	164,143
Liabilities no longer payable written back	33	(53,586)	(5,217)
Impairment of goodwill	6.2	-	4,000
		246,151	367,588
Operating profit before working capital changes		391,879	475,371
Working capital changes			
(Increase) / decrease in current assets:			
Stores and spares		664	3,826
Stock-in-trade		61,237	27,638
Trade debts		(289,571)	(194,039)
Loans and advances		(10,123)	(14,331)
Trade deposits and short-term prepayments		1,982	(881)
Other receivables		(7,515)	868
		(243,326)	(176,919)
(Decrease) / increase in current liabilities:			
Trade and other payables		29,207	(134,133)
Cash generated from operations		177,760	164,319
Finance cost paid		(163,535)	(167,670)
Income taxes - net		(36,030)	(8,489)
Staff retirement benefits paid		(12,811)	(3,258)
Long term loans		(1,892)	(5,402)
Dividend paid		(9,038)	-
Long term deposits		(1,222)	2,979
		(224,528)	(181,840)
Net cash outflow from operating activities		(46,768)	(17,521)
Cash flow from investing activities			
Capital expenditure		(56,486)	(25,721)
Addition in intangible assets		-	(1,000)
Sale proceeds on disposal of property, plant and equipment		3,539	9,642
Short term investments		18,883	1,197
Net cash outflow from investing activities		(34,064)	(15,882)
Cash flow from financing activities			
Repayment of long term financing		(65,000)	(105,000)
Proceeds from long term financing		203,150	-
Short term borrowings - net		14,000	84,000
Lease rentals paid		877	(1,884)
Net cash inflow/(outflow) from financing activities		153,027	(22,884)
Net increase/(decrease) in cash and cash equivalents		72,195	(56,287)
Cash and cash equivalents at the beginning of the year		(848,855)	(792,568)
Cash and cash equivalents at the end of the year	38	(776,660)	(848,855)

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

Chief Financial Officer **Chief Executive** **Director**

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

		Capital Reserves		Revenue Reserves				
	Issued, subscribed and paid-up share capital	Share premium	Fair value reserve	General reserve	Accumulated (loss)/profit	Total equity attributable to shareholders of parent company	Non-controlling interest	Total share capital and reserves
	---------------------- (Rupees in thousand) ----------------------							
Balance as at 01 July 2012	181,864	56,819	-	285,000	(108,703)	414,980	14,790	429,770
Total comprehensive income for the year ended 30 June 2013								
Profit for the year (restated)	-	-	-	-	61,567	61,567	2,761	64,328
Other Comprehensive income for the year (restated)								
Remeasurment of defined benefit obligation-note 3.16.2	-	-	-	-	1,085	1,085		1,085
	-	-	-	-	1,085	1,085	-	1,085
Total comprehensive income for the year	-	-	-	-	62,652	62,652	2,761	65,413
Surplus on revaluation of property, plant and equipment realized through incremental depreciation charged on related assets during the year - net of tax	-	-	-	-	1,409	1,409	-	1,409
Balance as at 30 June 2013 - Restated	181,864	56,819	-	285,000	(44,642)	479,041	17,551	496,592
Total contributions by and distribution to owners of the Company recognized directly in equity								
Dividend for the year ended 30 June 2013 @ Rs. 0.50 per share.	-	-	-	-	(9,093)	(9,093)	-	(9,093)
Total comprehensive income for the year ended 30 June 2014								
Profit for the year	-	-	-	-	94,575	94,575	(77)	94,498
Other Comprehensive income for the year								
Fair value gain on 'Available for sale' investments	-	-	6,430	-	-	6,430	-	6,430
Measurement of defined benefit obligation	-	-	-	-	8,305	8,305	-	8,305
	-	-	6,430	-	8,305	14,735	-	14,735
Total comprehensive income for the year	-	-	6,430	-	102,880	109,310	(77)	109,233
Surplus on revaluation of property, plant and equipment realized through incremental depreciation charged on related assets during the year - net of tax	-	-	-	-	1,433	1,433	-	1,433
Balance as at 30 June 2014	181,864	56,819	6,430	285,000	50,578	580,691	17,474	598,165

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

The group comprises of :

Parent company

- Berger Paints Pakistan Limited

Subsidiary companies

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

Berger Paints Pakistan Limited (the Parent Company) was incorporated in Pakistan on March 25, 1950 as a private limited company under the Companies Act, 1913 (now Companies Ordinance, 1984) and was subsequently converted into a public limited company. The company is listed on the Karachi and Islamabad stock exchanges. The company and its subsidiary companies collectively referred to as the group are principally engaged in the manufacturing and selling of paints, varnishes and other related items, executing contracts for application of road marking paints and merchandising construction chemicals. The registered office of the group is situated at X-3, Manghopir Road, S.I.T.E., Karachi and the principle manufacturing facility of the group is situated at 28 Km Multan Road, Lahore.

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

Berdex Construction Chemicals (Private) Limited is under the process of members' voluntary winding up under the provisions of Companies Ordinance, 1984. Therefore, its financial statements have not been prepared on a going concern basis and the historical cost convention has been adjusted for realization of assets and liquidation of liabilities that might be necessary. The carrying value of its assets and liabilities as at 30 June, 2014 approximate their realizable value.

1.1 Basis of consolidation

These consolidated financial statements comprise the financial statements of the parent company and its subsidiary companies as at 30 June 2014.

(a) Subsidiaries

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

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

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

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

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

(b) Non-controlling interest

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

(c) Associates

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

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

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2014:

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria.

- Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements.

- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016.

- IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place.

- IFRS 13 'Fair Value Measurement' effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

- IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

- IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

- IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

- Amendments to IAS 16'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

  These amendments are not considered to have material impact on Group's consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except for the measurement of certain items of property, plant and equipment as referred to in note 21 at revalued amounts and recognition of certain employee retirement benefits as referred to in note 3.16 at present value.

3.2 Property, plant and equipment

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

Surplus on revaluation is credited to the surplus on revaluation of fixed assets account except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss, if any, in which case surplus is recognized in profit or loss account. A revaluation deficit is recognized in profit or loss, except for a deficit directly offsetting a previous surplus on the same asset, in which case the deficit is taken to surplus on revaluation of fixed assets account. The surplus on revaluation of fixed assets to the extent of the annual incremental depreciation based on the revalued carrying amount of the assets and the depreciation based on the assets' original cost is transferred annually to retained earnings net of related tax. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the assets and the net amount is restated to the revalued amount of the assets. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to retained earnings.

Depreciation on additions is charged from the month in which the asset is put to use while depreciation on assets disposed of is charged up to the month preceding the disposal at the rates stated in note 5.1 to these financial statements.

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on disposal of property, plant and equipment are included in income / expense currently.

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

Capital work in progress is stated at cost less impairment in value, if any. It consists of all expenditure and advances connected with specific assets incurred and made during installation and construction period. These are transferred to specific assets as and when assets are available for use.

3.3 Intangible assets

- Computer Software

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

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

- Business combinations

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

The group assesses at each balance sheet date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income statement. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

3.4 Investments

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

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

Investments in equity instruments of associates

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

During the year, the Group reassessed its relationship with its associated undertaking and as a result, it no longer accounts for its investment in Buxly Paints Limited at cost as this Company does not fall within the scope of IAS 28 'Investment in Associates'. Consequently, in line with the Group's accounting policy, this investment has now been designated as available for sale and measured at fair value from the date Group ceased to have significant influence as per the requirements of IAS 28.

Available for sale

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

Investments classified as available for sale are initially measured at cost, being the fair value of consideration given. As subsequent reporting dates, these investments are re measured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments for which quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Unrealized gains and losses arising from the changes in the fair value are included in fair value reserves in the period in which they arise.

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

At each reporting date, the Group reviews the carrying amounts of its investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account. Where an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised recoverable amount but limited to the initial cost of the investment. The recoverable amount is the higher of an asset's fair value less cost to sell or value in use.

3.5 Long term deposits

Long term deposits are stated at cost.

3.6 Stores

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

3.7 Stocks in trade

Stocks of raw materials are valued at moving average cost. Finished goods are valued at the lower of moving average cost and Net Realizable Value (NRV). Semi-processed goods are valued at moving average cost.

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

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

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

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

3.8 Trade debts and other receivables

Trade debts and other receivables are stated at original invoice amount less an allowance for uncollectible amounts. Provision for doubtful receivables is based on review of outstanding amounts at year end and management's assessment of customers' credit worthiness. Balances considered bad and irrecoverable are written off as and when identified.

3.9 Cash and cash equivalents

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

3.10 Borrowings cost

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

3.11 Leases

Finance leases

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

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

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

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

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

Operating lease

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

3.12 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the group.

3.13 Provisions

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

3.14 Contingent assets

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group. Contingent assets are not recognized until their realization become virtually certain.

3.15 Contingent liabilities

A contingent liability is disclosed when:

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

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

3.16 Staff retirement benefits

3.16.1 Defined benefit plan

The group operates the following defined benefit schemes:

a) An approved and funded pension scheme for all executives; and

b) An approved and funded gratuity scheme for all its permanent employees.

Actuarial valuation are carried out using the Project Unit Credit Method. Contributions to the schemes are based on these valuations and actuarial gains and losses are recognized as income or expense in the same accounting period.

3.16.2 Under revised IAS 19, the group determines the net interest expense/ (income) for the year on the net defined benefit liability/ (asset) by applying the discount rate used to measure the defined benefit obligation at the beginning of the year to the net defined benefit liability /(asset) at the beginning of the annual year, taking into account any changes in the net defined benefit liability /(asset) during the period as a result of contributions and benefit payments. All the changes in the present value of defined benefit obligation are now recognized in statement of comprehensive income and the past service costs are recognized in profit and loss account, immediately in the period they occur. Previously the group had the policy of charging actuarial gains and losses in the profit and loss account.

The effect of restatement is as follows:

	For the year ended 30 June 2013		
	Previously reported	**Actuarial gains through other comprehensive income**	**Restated**
	- - - - (Rupees in thousand) - - - -		
Profit and loss account			
Cost of sales	3,261,520	542	3,262,062
Distribution expenses	602,645	445	603,090
Administrative expenses	154,621	98	154,719
Statement of comprehensive income			
Restatement of defined benefit liability	-	1,085	1,085

There is no impact on the accumulated profit/(loss) of the Group.

3.16.3 Defined contribution plan

Provident fund

The group also operates a recognized provident fund scheme for its employees. Equal monthly contributions are made, both by the group and the employees, to the fund at the rate of 10 percent of basic salary for executive and non-executive staff. During the year Rs. 10.57 million (2013: Rs. 8.61 million) were charged to expense.

Employee compensated absences

The group also provides for compensated absences for all eligible employees in accordance with the rules of the group. The Group accounts for these benefits in the period in which the absences are earned.

The group uses the actuarial valuations carried out using the projected unit credit method for valuation of its accumulated compensating absences. The following significant assumptions have been used:

Discount rate	12% per annum
Expected rate of salary increase in future years	11% per annum

3.17 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, and under the final tax regime.

Deferred

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

3.18 Foreign currency transactions and translation

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

3.19 Revenue recognition

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

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

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

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

- Other revenues are recorded on accrual basis.

3.20 Financial instruments

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

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

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

3.21 Off setting of financial assets and liabilities

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

3.22 Dividends and appropriations to general reserve

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

3.23 Impairment

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

3.24 Segment reporting

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

		Note
-	Residual values and useful lives of depreciable assets	3.2
-	Provision for taxation	3.17
-	Provision for deferred taxation	3.17
-	Net realizable value of stock in trade to their net realizable value	3.7
-	Provision for doubtful debts	3.8
-	Staff retirement benefits	3.16

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

	Note	2014	2013
		(Rupees in thousand)	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	581,096	594,581
Capital work in progress	5.3	3,476	1,401
		584,572	595,982

5.1 Property, plant and equipment

	Annual rate of depreciation	Cost as at 01 July 2013	Additions/ (Deletions)	Cost as at 30 June 2014	Accumulated Depreciation as at 01 July 2013	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at 30 June 2014	Book value as at 30 June 2014
	%	(------------------------R u p e e s		i n	t h o u s a n d	--------------------)		
Owned								
Freehold land	-	196,862	-	196,862	-	-	-	196,862
Leasehold land	2.06	67,000	-	67,000	4,110	1,365	5,475	61,525
Building on freehold land	5	182,489	2,739	185,228	25,354	8,873	34,227	151,001
Building on leasehold land	5	9,673	134	9,807	1,358	508	1,866	7,941
Plant and machinery	8-35	263,824	12,058	275,882	146,298	39,250	185,548	90,334
Laboratory equipments	10	16,945	2,471	19,416	8,878	1,580	10,458	8,958
Electric fittings	10	29,974	8,330	38,304	12,987	3,176	16,163	22,141
Computer and related accessories	25	15,593	2,185	17,778	11,478	2,193	13,671	4,107
Office machines	10	5,063	375	5,438	1,967	425	2,392	3,046
Furniture and fixtures	10	17,118	5,022	22,140	8,113	1,782	9,895	12,245
*Motor vehicles	20	33,577	17,817	45,840	30,138	2,687	30,831	15,009
			(5,554)			(1,994)		
2014		838,118	51,131	883,695	250,681	61,839	310,526	573,169
			(5,554)			(1,994)		
Leased								
Motor vehicles	20	8,657	3,280	11,937	3,680	2,252	5,932	6,005
Electric fittings	10	1,290	-	1,290	151	116	267	1,023
Office machines	10	1,164	-	1,164	136	129	265	899
2014		11,111	3,280	14,391	3,967	2,497	6,464	7,927
		849,229	54,411	898,086	254,648	64,336	316,990	581,096
			(5,554)			(1,994)		

* Motor vehicles includes Rs. 3.60 million asset on musharka arrangements.

	Annual rate of depreciation	Cost as at 01 July 2012	Additions/ (Deletions)	Cost as at 30 June 2013	Accumulated Depreciation as at 01 July 2012	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at 30 June 2013	Net book value as at 30 June 2013
	%	(------------------------Rupees	in	thousand	-------------------			)
Owned								
Freehold land	-	196,862	-	196,862	-	-	-	196,862
Leasehold land	2.06	67,000	-	67,000	2,745	1,365	4,110	62,890
Building on freehold land	5	174,418	8,071	182,489	16,806	8,548	25,354	157,135
Building on leasehold land	5	9,673	-	9,673	854	504	1,358	8,315
Plant and machinery	8-35	255,991	7,893	263,824	107,250	39,076	146,298	117,526
			(60)			(28)		
Laboratory equipments	10	14,549	2,819	16,945	7,746	1,367	8,878	8,067
			(423)			(235)		
Electric fittings	10	27,647	2,392	29,974	10,240	2,758	12,987	16,987
			(65)			(11)		
Computer and related accessories	25	14,401	1,202	15,593	9,203	2,285	11,478	4,115
			(10)			(10)		
Office machines	10	3,569	1,494	5,063	1,613	354	1,967	3,096
Furniture and fixtures	10	15,751	1,404	17,118	6,467	1,666	8,113	9,005
			(37)			(20)		
Motor vehicles	20	37,197	3,368	33,577	31,759	3,809	30,138	3,439
			(6,988)			(5,430)		
2013		**817,058**	**28,643**	**838,118**	**194,683**	**61,732**	**250,681**	**587,437**
			(7,583)			**(5,734)**		
Leased								
Motor vehicles	20	8,657	-	8,657	1,949	1,731	3,680	4,977
Electric fittings	10	1,290	-	1,290	22	129	151	1,139
Office machines	10	1,164	-	1,164	19	117	136	1,028
2013		**11,111**	**-**	**11,111**	**1,990**	**1,977**	**3,967**	**7,144**
		828,169	28,643	849,229	196,673	63,709	254,648	594,581
			(7,583)			(5,734)		

The cost of the assets as at 30 June, 2014 include fully depreciated assets amounting to Rs. 54.38 million (2013: Rs. 41.63 million) but are still in use of the company.

5.2 Details of operating fixed assets disposed off

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
		(-------------- Rupees	in	thousand	------------)	
Motor vehicles						
Toyota Corolla	Argosy Enterprises	969	969	-	919	Tender
Suzuki Mehran	Muhammad Ayub	357	357	-	371	Tender
Honda Life	Argosy Enterprises	649	43	607	659	Tender
Suzuki Mehran	Ashraf Ali Khan	227	8	219	405	Tender
Suzuki Mehran	Ata Ur Rehman	362	362	-	90	Employee
Suzuki Mehran	Atif Maqsood	257	13	244	141	Employee
Honda Civic	Wahid Qureshi	1,052	70	982	533	Employee
Honda Civic	Abdul Aziz Khan	1,052	123	929	178	Employee
Suzuki Mehran	Adeel Tahir	239	4	235	60	Employee
Suzuki Cultus	Shahid Saleem	390	45	344	166	Employee
Computer Equipments						
Others		0.02	0.02	-	17	
	2014	5,554	1,994	3,560	3,539	
	2013	7,583	5,734	1,849	9,642	

5.3 **Capital work in progress includes following**

	2014	2013
	(Rupees in thousand)	
Building	1,672	-
Plant and machinery	1,261	1,401
Electric installation	503	-
Building on leasehold land	40	-
	3,476	1,401

5.4 The group basis its valuation of operating assets susceptible to impairment based on valuations being performed by independent valuators at regular intervals as detailed in note 21.

5.5 Had these revaluations not been carried out, the net book value of freehold land and leasehold land, buildings on free hold and leasehold land and plant and machinery would have been as follows:

	Note	2014	2013
		(Rupees in thousand)	
Freehold land		70,856	70,856
Leasehold land		1,124	950
Buildings on freehold land		156,577	162,485
Buildings on leasehold land		8,008	9,367
Plant and machinery		84,397	130,989
		320,962	374,647

5.6 Depreciation charge for the year has been allocated as follows:

	Note	2014	2013
Cost of sales	30.1	52,101	51,661
Distribution costs	31	6,350	5,604
Administrative expenses	32	5,885	6,444
		64,336	63,709

6. INTANGIBLES

	Note	2014	2013
Computer software	6.1	12,927	15,513
Goodwill	6.2	36,750	36,750
		49,677	52,263

6.1 Computer software

This represents expenditure incurred on acquiring and implementing Enterprise Resource Planning (ERP) software. Previously this ERP software was shown as in- progress but with effect from 1 January 2014 it has been capitalized.

	Note	2014	2013
		(Rupees in thousand)	
Balance as at 01 July		15,513	14,513
Addition during the year		-	1,000
		15,513	15,513
Less: Amortization during the year	6.1.1	2,586	-
Balance as at 30 June		12,927	15,513

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

6.2 Goodwill

	Note	2014	2013
		(Rupees in thousand)	
Packaging Ink Business		12,750	16,750
Less: Impairment charged		-	(4,000)
	6.2.1	12,750	12,750
Powder Coating Business	6.2.2	24,000	24,000
		36,750	36,750

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

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

7. INVESTMENTS - RELATED PARTIES

	Note	2014	2013
		(Rupees in thousand)	
In equity instruments associate	7.1	-	2,311
Available for sale	7.2	10,260	-
		10,260	2,311

7.1 In equity instruments of associate

Name of the company	Country of incorporation	Latest available audited financial statements for the year ended	Percentage holding	Face value per share	2014	2013
					(Rupees in thousand)	
Buxly Paints Limited	Pakistan	June 30, 2013	19	10	-	2,552
Less: share of loss of associate 273,600 fully paid ordinary shares of Rs. 10 each (2013: 273,600)					-	(241)
					-	2,311
					-	2,311

Group's share of loss from associate of Rs. 0.24 million was based on unaudited financial statements of the associated company for the year ended 30 June 2013.

	Note	2014	2013
		(Rupees in thousand)	
7.2 Available for sale			
Available for sale - at cost	7.2.1	3,830	-
Add: Cumulative fair value gain	7.2.2	6,430	-
		10,260	-

7.2.1 Available for sale -at cost

	2014	2013
Buxly Paints Limited 273,600 fully paid ordinary shares of Rs. 10 each (Market value - Rs. 10.26 million)	3,830	-
	3,830	-

7.2.2 Cumulative fair value gain

	2014	2013
As at 1 July	-	-
Fair value gain during the year	6,430	-
As at 30 June	6,430	-

Investment in Buxly Paints Limited has been re-classified as available for sale investment and measured at fair value as referred to in note 3.4

8. LONG TERM LOANS

	Note	2014	2013
		(Rupees in thousand)	
Considered good- secured			
Due from employees	8.1	34,097	32,867
Less: Current portion shown under current assets	14	(11,366)	(12,028)
		22,731	20,839

8.1 These represent interest free loans provided to the employees of the group in accordance with the terms of their employment, under a scheme for the purchase of motor vehicles, motor cycles and CNG kits. These loans are secured by way of retention of title documents of the respective assets in the name of the group except for those vehicles which have been refinanced under Ijarah financing. The outstanding amount at the end of the year is recoverable over a period of five to eight years. These loans have not been discounted to their present value as the financial impact thereof is not material.

8.2 Maximum aggregate balance due from employees at the end of any month during the year was Rs. 36.25 million (2013: Rs. 33.15 million)

9. LONG TERM DEPOSITS

	2014	2013
	(Rupees in thousand)	
Considered good	18,821	17,599
Considered doubtful	4,588	4,841
	23,409	22,440
Less: Provision for doubtful deposits	(4,588)	(4,841)
	18,821	17,599

10. DEFERRED TAXATION

	2014	2013
Deferred tax asset comprises of temporary differences relating to:		
Accelerated tax depreciation	(68,958)	(75,989)
Provision for doubtful debts, receivables and deposits	59,591	43,351
Provision for slow moving stock in trade	6,579	33,645
Unused tax losses and minimum tax	158,987	161,823
	156,199	162,830

Deferred tax asset on tax losses available for carry forward are recognized to the extent it is probable that future taxable profits would be available against which these unused tax losses would be utilized. Deferred tax recognized on minimum tax paid under section 113 of the Income Tax Ordinance, 2001 would expire in tax year 2015 uptill 2019.

	2014	2013
	(Rupees in thousand)	

11. STORES

	2014	2013
In hand	6,288	6,952

Stores and spares include items that are of capital nature but are not distinguishable.

12. STOCK IN TRADE

	Note	2014 (Rupees in thousand)	2013
Raw and packing materials			
- in hand		465,783	485,317
- in transit		44,057	84,911
		509,840	570,228
Semi processed goods		57,281	113,020
Finished goods	12.1	346,512	291,622
		913,633	974,870
Provision for slow moving and obsolete stocks			
- Raw material		(84,000)	(84,000)
- Finished goods		(18,797)	(14,955)
		(102,797)	(98,955)
		810,836	875,915

12.1 The amount charged to profit and loss account on account of write down of finished goods to net realizable value amounted to Rs. 1.94 million (2013: Rs. 4.78 million). Included in finished goods stock are color bank machines costing Rs. 10.09 million (2013: Rs. 10.09 million).

13. TRADE DEBTS

	Note	2014 (Rupees in thousand)	2013
Unsecured			
Considered good			
- from related parties	13.1	32,405	38,960
- others		1,074,858	820,920
		1,107,263	859,880
Considered doubtful – others		178,655	139,112
		1,285,918	998,992
Less: Provision for doubtful debts	13.3	(178,655)	(139,112)
		1,107,263	859,880

		Note	2014	2013
			(Rupees in thousand)	
13.1	**Trade debts include the following amounts due from the following related parties:**			
	Dadex Eternit Limited - related party		-	62
	Buxly Paints Pakistan Limited - related party		32,405	38,898
			32,405	38,960
13.2	**Aging of related party balances**			
	One to three months		32,405	38,960
			32,405	38,960
13.3	**The movement in provision for doubtful debts for the year is as follows:**			
	Balance as at 01 July		139,112	92,105
	Provision for the year - net of recoveries	31	41,525	22,286
	Provision Buxly and Berdex		-	24,721
	Provision written back		(1,494)	-
	Bad debts written off		(488)	-
	Balance as at 30 June		178,655	139,112

14. LOANS AND ADVANCES

	Note	2014	2013
Current portion of long-term loans - considered good			
Due from employees	8	11,366	12,028
Advances - unsecured, considered good			
Employees		909	2,077
Suppliers		52,320	43,588
		53,229	45,665
		64,595	57,693

15. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	2014	2013
Trade deposits - considered good	4,967	6,300
Trade deposits - considered doubtful	9,221	6,000
	14,188	12,300
Less: provision for doubtful deposits	(9,221)	(6,000)
	4,967	6,300
Short term prepayments	5,890	7,924
	10,857	14,224

16. OTHER RECEIVABLES

	Note	2014 (Rupees in thousand)	2013 (Rupees in thousand)
Receivable from related party	16.1	16,195	6,565
Receivable against color bank machines		10,231	10,231
Export rebate		17,642	14,809
Margin against letters of guarantee		-	2,182
Accrued income		793	1,429
Retention money		5,102	2,102
Advance against expenses		969	2,604
Others		752	1,247
		51,684	41,169
Less: Provision for doubtful receivables		(5,500)	-
		46,184	41,169

16.1 This includes amount due from the following:

	2014	2013
Buxly Paints Limited - related party	16,195	6,565
	16,195	6,565

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

	Note	2014 (Rupees in thousand)	2013 (Rupees in thousand)
17. SHORT TERM INVESTMENTS	17.1	-	18,883

17.1 This represents term deposit receipts (TDR) under lien with commercial banks against letter of guarantee, maturing up to one year and carrying mark-up rates ranging from 6.5 to 8.5 percent per annum (2013: 5 to 11 percent). During the year TDRs were matured and were given as cash margins against guarantees as explained in note 18.1

18. CASH AND BANK BALANCES

	Note	2014 (Rupees in thousand)	2013 (Rupees in thousand)
With banks:			
In current accounts		195,318	116,034
In deposit accounts	18.1	64,831	25,458
Cheques in hand	18.2	-	80,000
Cash in hand		1,315	1,451
		261,464	222,943

18.1 This balance is under lien with commercial banks against letter of guarantee, carrying mark-up rates ranging from 6.5 to 8.5 percent per annum (2013: 5 to 11 percent per annum). Included in these are cash margins given as guarantee amounting to Rs. 50.64 million (2013: Nil).

18.2 These include cheques received from a distributor at year end.

19. SHARE CAPITAL

2014	2013		2014	2013
(Number of shares)			(Rupees in thousand)	
		Authorised share capital		
25,000,000	25,000,000	Ordinary shares of Rs 10 each	250,000	250,000
		Issued, subscribed and paid-up share capital		
12,135,798	12,135,798	Ordinary shares of Rs 10 each fully paid up in cash	121,358	121,358
6,050,611	6,050,611	Ordinary share of Rs 10 each issued as bonus shares	60,506	60,506
18,186,409	18,186,409		181,864	181,864

19.1 Slotrapid Limited B.V.I. (the holding company) and their nominees hold 9,466,057 (2013: 9,466,057) ordinary shares of Rs. 10 each representing 52.05 percent (2013: 52.05 percent) of the ordinary paid up capital of the company.

20. RESERVES

	2014	2013
	(Rupees in thousand)	
Capital reserve		
Share premium reserve	56,819	56,819
Fair value reserve	6,430	-
	63,249	56,819
Revenue reserve		
General reserve	285,000	285,000
Accumulated Profit/ (Loss)	50,578	(44,642)
	335,578	240,358
	398,827	297,177

21. SURPLUS ON REVALUATION OF FIXED ASSET

	2014	2013
	(Rupees in thousand)	
Net surplus as at 01 July	186,311	187,720
Transfer to unappropriated profit as a result of incremental depreciation charged during the current year-net of deferred tax	(1,433)	(1,409)
Net surplus as at 30 June	184,878	186,311

During the year ended 30 June 1988, Iqbal A. Nanjee and Co. Valuation Consultants, carried out revaluations of leasehold land, building on leasehold land and plant and machinery as of 31 March 1988, which resulted in an aggregate surplus on revaluation of Rs. 45.64 million thereon over cost. A similar exercise was subsequently carried out during the year ended 30 June 2004 by the same valuation consultants to revalue freehold and leasehold land, buildings on freehold land and leasehold land and plant and machinery as of 01 July 2003, which resulted in yet another surplus on revaluation of Rs. 182.37 million thereon over their net book value. Revaluation carried out on 30 June 2009 resulted in a surplus of Rs. 374.81 million on freehold land and leasehold land and a deficit of Rs. 25.19 million on buildings on freehold and leasehold land.

During the year ended 30 June 2010, the parent company revalued all its freehold and leasehold land, buildings on freehold land and leasehold land and plant and machinery. This revaluation resulted in a surplus of Rs. 74.64 million on freehold land, buildings on freehold land and plant and machinery and a deficit of Rs. 109.57 million on leasehold land, buildings on leasehold land over their respective net book values. The parent company's leasehold land and building in Karachi were revalued by Anjum Asim Associates and Co., Valuation Consultants while land and buildings at Lahore plant, Kot Lakhpat building and Islamabad warehouse were revalued by Harvester Enterprises and Co., Valuation Consultants. Plant and machinery were revalued by Iqbal A. Nanjee and Co. Valuation Consultants.

22. LONG TERM FINANCING

	Note	2014	2013
		(Rupees in thousand)	
Secured			
- JS Bank Limited I	22.1	-	40,000
- JS Bank Limited II	22.2	200,000	-
- Habib Bank Limited	22.3	50,000	75,000
- First Habib Modarba	22.4	3,150	-
		253,150	115,000
Less: Current maturity shown under current liabilities		(105,600)	(65,000)
		147,550	50,000

22.1 This loan has been fully settled during the year. The facility was secured against an equitable mortgage of Rs. 267 million on land and building of Lahore factory of the group. Mark-up was payable quarterly and charged at the rate of three month's KIBOR plus 2.5 % per annum. The above facility carried mark-up ranging between 11.39% and 12.03% (2013: 11.94% and 14.45%) per annum.

22.2 This represents a long term loan of Rs. 200 million. The facility is secured against an equitable mortgage of Rs. 267 million on land and building of Lahore factory of the group. Mark-up is payable quarterly and charged at the rate of three month's KIBOR plus 2.75 % per annum. The balance is repayable in 10 equal quarterly installments of Rs. 20 million each starting from July 2014. The above facility carries mark-up ranging between 12.11% and 12.94% per annum.

22.3 This represents a long term loan of Rs. 125 million. This facility is secured against hypothecation charge over plant and machinery of the group. Mark-up is payable quarterly and charged at the rate of one month's KIBOR plus 2.0% per annum. The balance is repayable in 8 equal quarterly installments of Rs. 6.25 million each. The above facility carries mark-up ranging between 11.01% and 12.17% (2013: 11.33% and 13.95%) per annum.

22.4 This represents diminishing musharika facility for purchase of vehicle. The term of the agreement is 5 years. The balance is repayable in 17 equal quarterly installments of Rs. 0.15 million each and carries mark-up at the rate of six month KIBOR plus 2% per annum. Under the agreement, the group holds asset with joint ownership with the modarba.

23. STAFF RETIREMENT BENEFITS

	Note	2014	2013
		(Rupees in thousand)	
Defined benefit plan			
Staff Pension	23.2	12,890	13,724
Staff Gratuity	23.2	32,394	37,863
		45,284	51,587
Other long term employee benefits			
Accumulating compensated absences	23.11	9,251	9,105
		54,535	60,692

Defined benefit plan

As mentioned in note 3.16 the group operates an approved funded gratuity and pension schemes for all its permanent employees. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation was carried out at 30 June 2014. Projected Unit Credit method based on the following assumptions was used for these valuations:

	2014	2013
Valuation discount rate	12%	10%
Expected rate of increase in salary level	11%	9%
Rate of return on plan assets	12%	13%

23.1 The disclosures made in notes 23.2 to 23.6 and 23.8 to 23.10 are based on the information included in the actuarial valuation as of 30 June 2014.

	2014		2013	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in thousand)			
23.2 Balance sheet reconciliation				
Present value of defined benefit obligation	53,439	33,997	48,585	37,904
Fair value of plan assets	(40,549)	(1,603)	(34,861)	(41)
	12,890	32,394	13,724	37,863
23.3 Movement in the fair value of plan assets is as follows:				
Fair value as at 01 July	34,861	41	32,945	36
Expected return on plan assets	3,486	4	4,283	5
Actuarial losses	(1,533)	839	(1,063)	(8)
Company's contribution	5,500	8,500	-	2,300
Employee contribution	-	-	-	-
Benefits paid	(1,765)	(7,781)	(1,304)	(2,292)
Amount transferred from/(to) group during the year	-	-	-	-
Fair value as at 30 June	40,549	1,603	34,861	41
23.4 Movement in defined benefit obligation is as follows:				
Obligation as at 01 July	48,585	37,904	41,501	30,557
Employee contribution not paid	1,044	-	-	-
Service cost	4,032	5,768	4,890	5,926
Interest cost	4,858	3,790	5,395	3,972
Benefits paid	(1,766)	(7,780)	(1,304)	(2,292)
Actuarial gains	(3,314)	(5,685)	(1,897)	(259)
Obligation as at 30 June	53,439	33,997	48,585	37,904
23.5 Charge for the year				
Current service cost	4,032	5,768	4,890	5,926
Interest cost	4,858	3,790	5,395	3,972
Expected return on plan assets	(3,486)	(4)	(4,283)	(5)
Recognition of actuarial gains	-	-	(834)	(251)
Employee contribution	-	-	(927)	-
Expense	5,404	9,554	4,241	9,642
Actual return on plan assets	1,953	843	3,220	(3)

	2014		2013	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in thousand)			
23.6 Movement in net liability in the balance sheet is as follows:				
Net liability as at 01 July	13,724	37,863	8,556	30,521
Charge for the year	5,404	9,554	4,241	9,642
Amount chargeable to Other Comprehensive Income during the year	(1,782)	(6,523)	-	-
Company's contribution	(5,500)	(8,500)	-	(2,300)
Employees' contribution deducted not paid	1,044	-	927	-
Amount transferred (from)/to group	-	-	-	-
Net liability as at 30 June	12,890	32,394	13,724	37,863
23.7 The charge for the year has been allocated as follows:				
Cost of sales	2,702	4,777	2,120	4,821
Distribution costs	2,216	3,917	1,739	3,953
Administrative expenses	486	860	382	868
	5,404	9,554	4,241	9,642

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

	2014	2013	2011	2010	2009
	(Rupees in thousand)				
As at 30 June					
Present value of defined benefit obligation	87,436	86,489	72,058	64,448	57,457
Fair value of plan assets	(42,152)	(34,902)	(32,981)	(24,376)	32,077
Deficit	45,284	51,587	39,077	40,072	89,534
Experience adjustment:					
(Gain)/loss on obligations	(5,685)	(2,156)	(6,773)	(3,602)	(1,828)
(Gain)/loss on plan assets	(839)	(1,071)	(2,026)	(1,075)	(5,270)

	2014		2013	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in thousand)			
23.9 Plan assets comprise the following:				
Defence Saving Certificates	8,875	-	8,550	-
Term deposits	3,731	-	10,011	-
Cash at bank	306	1,602	374	41
Term Finance Certificate	15,119	-	3,878	-
Cash management Optimizer	12,519	-	12,048	-
	40,550	1,602	34,861	41

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

	2014	2013
	(Rupees in thousand)	
23.11 Movement in accumulated compensated absences		
Balance as at 01 July	9,105	8,788
Provision during the year	5,988	6,864
Payments made during the year	(5,842)	(6,547)
Balance as at 30 June	9,251	9,105

24. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The minimum lease payments have been discounted at an implicit interest rate of 11.08 % to 12.90% to arrive at their present value. At the end of the lease term, the assets shall be transferred in the name of the lessee. The amount of the future payments and the period in which they will become due are:

	2014			2013
	Minimum lease payments	Future finance cost	Present value of lease liability	Present value of lease liability
	(------Rupeesin thousand------)			
Not later than one year	3,630	1,488	2,142	2,091
Later than one year but not later than five years	7,037	628	6,409	5,583
	10,667	2,116	8,551	7,674

25. TRADE AND OTHER PAYABLES

	Note	2014	2013
		(Rupees in thousand)	
Trade payables		515,344	393,437
Bills payable		218,636	342,327
Accrued expenses		16,375	21,151
Unclaimed dividend		3,891	3,836
Provision for infrastructure cess	25.1	30,332	24,048
Advances from customers		36,527	16,372
Workers' Profits Participation Fund	25.2	13,242	9,238
Workers' Welfare Fund		14,353	12,442
Sales tax, special excise duty and withholding tax		38,862	44,921
Royalty payable to related parties	25.3	4,590	57,583
Royalty and technical fee payable		12,122	17,799
Others		32,750	18,194
		937,024	961,348

25.1 Provision for infrastructure cess

		2014	2013
Balance as at 01 July		24,048	19,334
Provision for the year		6,284	4,714
Payments during the period		-	-
Balance as at 30 June		30,332	24,048

25.2 Workers' Profits Participation Fund

		2014	2013
Balance as at 01 July		9,238	3,544
Allocation for the year	34	7,707	5,268
Interest on funds utilized in the group's business	35	993	426
		17,938	9,238
Payments during the period		(4,696)	-
Balance as at 30 June		13,242	9,238

25.3 This includes amount due to the following:

		2014	2013
Slotrapid Limited B.V.I. - parent company	25.3.1	-	54,023
Buxly Paints Limited - related party		4,590	3,560
		4,590	57,583

25.3.1 This represents reversal of royalty payable to the parent company for the year 2012, 2013 and 2014 pursuant to the wavier of same by the parent company.

	Note	2014	2013
		(Rupees in thousand)	
26. ACCRUED FINANCE COST			
Mark-up accrued on secured			
Long term financing		5,768	2,580
Short term financing		2,311	5,942
Short term running finances		32,085	28,959
		40,164	37,481
27. SHORT TERM BORROWINGS			
Short term financing	27.1	158,000	144,000
Short term running finances	27.2	1,038,124	1,071,798
		1,196,124	1,215,798

27.1 Short term financing - secured

The facilities for short term financing (Morabaha) have been arranged from commercial banks amounting to Rs. 158 million. The facility from First National Bank Modaraba of Rs. 58 million (2013: Rs. 60 million) is secured against first pari passu charge of Rs. 80 million on all the present and future current assets of the parent company, ranking charge of Rs. 80 million on movable fixed assets with 25% margin and post dated cheques of each morabaha. This facility carries mark-up ranging between 11.38% and 12.45% (2013: 11.69% and 14.31%) per annum, payable quarterly.

The facility from Al Baraka Bank of Rs. 100 million (2013: Rs. 84 million), is secured against first exclusive mortgage charge of 4.04 kanal industrial property (including land and building) of the parent company situated at 36 Industrial estate Kot Lakhpat, Lahore with 30% margin. First exclusive equitable mortgage charge of 333.33 sq yards sector 1-10/3 industrial area Islamabad with 30% margin, title to import documents and 10 % L/C cash margin. This facility carries mark-up ranging between 12.18% and 13.18% (2013: 12.43% and 13.45%) per annum, payable quarterly.

27.2 Short term running finances - secured

The parent company has arranged facilities for short term running finance from various banks on mark-up basis to the extent of Rs. 953 million (2013: Rs. 967 million). These arrangements are secured against first joint hypothecation charge over the group's stocks and receivables and carries mark-up ranging between 10.58% and 12.87% (2013: 11.19% and 14.70%) per annum, payable quarterly.

27.3 Unavailed credit facilities

The facilities for opening of letters of credits and guarantees as at 30 June 2014 amounted to Rs.2,609 million (2013: Rs. 985 million) of which the remaining unutilized amount as of that date was Rs.822 million (2013: Rs. 514 million).

28. CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

Berger Paints Pakistan Limited

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

- The Company has challenged an order from Environmental Protection Agency, Punjab (EPA) and case is pending before Environmental Protection Tribunal, Punjab. The Company has also been granted stay order by the Lahore High Court against any adverse action from EPA. Based on legal opinion, management is confident that the matter will be decided in favour of the Company.

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

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

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

28.2 Commitments

Berger Paints Pakistan Limited

- Outstanding letters of credit as at 30 June 2014 amounted to Rs. 377.79 million (2013: Rs. 167.57 million).

- Outstanding letters of guarantees as at 30 June 2014 amounted to Rs. 48.62 million (2013: Rs. 38.40 million).

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

	Note	2014	2013
		(Rupees in thousand)	
Not later than one year		10,973	11,244
Later than one year and not later than five years		19,873	16,976
		30,846	28,220

29. SALES - NET

	Note	2014	2013
Local		5,694,397	4,933,662
Exports		189,006	213,922
Sales from service contracts		-	655
		5,883,403	5,148,239
Less: Discounts		(452,024)	(260,815)
Sales tax		(876,853)	(676,867)
		4,554,526	4,210,557

30. COST OF SALES

	Note	2014	2013
Finished goods as at 01 July		291,622	313,379
Cost of goods manufactured	30.1	3,494,368	3,238,145
Provision against slowing moving finished goods		3,842	328
Application cost		3,639	1,832
Less: Finished goods as at 30 June		(346,512)	(291,622)
Cost of sales		3,446,959	3,262,062

		Note	2014	2013
			(Rupees in thousand)	
30.1	**Cost of goods manufactured**			Restated
	Raw and packing materials consumed including provision for slow moving of Rs. nil (2013: Rs. 84 million)		3,121,698	2,937,084
	Stores consumed		4,534	6,586
	Salaries, wages and other benefits	30.1.1	71,972	63,087
	Travelling and conveyance		7,528	7,691
	Fuel, water and power		81,575	73,895
	Legal and professional fee		4,221	3,111
	Rent, rates and taxes		1,211	1,033
	Insurance		3,906	7,423
	Repairs and maintenance		20,468	18,601
	Contracted services		55,169	48,734
	Depreciation	5.6	52,101	51,661
	Ijarah lease rentals		3,296	1,785
	Printing and stationery		942	1,082
	Communication		631	511
	Other expenses		9,377	9,174
			3,438,629	3,231,458
	Opening stock of semi-processed goods		113,020	119,707
	Closing stock of semi-processed goods		(57,281)	(113,020)
	Cost of goods manufactured		3,494,368	3,238,145

30.1.1 Salaries, wages and benefits include Rs. 9.79 million (2013: Rs. 12.43 million) in respect of employee retirement benefits.

		Note	2014	2013
			(Rupees in thousand)	
31.	**DISTRIBUTION COSTS**			
	Salaries, wages and other benefits	31.1	163,004	135,822
	Travelling and conveyance		57,518	39,395
	Rent, rates and taxes		21,145	10,012
	Insurance		12,636	5,501
	Fuel, water and power		3,494	2,634
	Advertising and sales promotion		269,352	193,986
	Technical services and royalty fee		6,923	37,910
	Freight and handling		88,301	85,786
	Repairs and maintenance		877	670
	Contracted services		20,301	12,595
	Depreciation	5.6	6,350	5,604
	Ijarah lease rentals		7,329	7,491
	Provision for			
	- doubtful debts - net of recoveries	13.3	41,525	47,007
	- doubtful receivables	16	2,500	-
	- doubtful deposit		3,221	1,289
	Bad debts directly written off		663	1,693
	Printing and stationery		2,321	2,062
	Legal and professional		3,436	1,402
	Communication		4,940	4,942
	Other expenses		5,899	7,289
	Commission		2,195	-
			723,930	603,090

31.1 Salaries, wages and benefits include Rs. 11.37 million (2013: Rs. 12.89 million) in respect of employee retirement benefits.

32. ADMINISTRATIVE EXPENSES

	Note	2014	2013
		(Rupees in thousand)	
			Restated
Salaries, wages and other benefits	32.1	90,422	68,710
Directors' fee		2,150	1,750
Travelling and conveyance		12,193	12,953
Rent, rates and taxes		4,709	4,676
Insurance		7,522	4,362
Auditors' remuneration	32.2	1,876	1,625
Fuel, water and power		3,828	3,350
Repairs and maintenance		3,991	2,567
Contracted services		17,346	17,594
Depreciation	5.6	5,885	6,444
Amortization of computer software	6.1	2,586	-
Provision for doubtful advances		1,385	-
Ijarah lease rentals		1,221	2,340
Printing and stationery		2,815	2,366
Legal and professional		8,732	7,878
Communication		4,300	2,686
Others		14,458	15,418
		185,419	154,719

32.1 Salaries, wages and benefits include Rs. 8.89 million (2013: Rs. 4.061 million) in respect of employee retirement benefits.

32.2 Auditors' remuneration

	2014	2013
	(Rupees in thousand)	
Audit fee	1,100	1,000
Component auditor	240	150
Consolidation and half yearly review	396	325
Out of pocket expenses	140	150
	1,876	1,625

	Note	2014	2013
		(Rupees in thousand)	

33. OTHER INCOME

Income from financial assets			
Return on bank deposits		4,071	3,371
		4,071	3,371
Income from non financial assets			
Sale of scrap		6,067	6,947
Gain on disposal of property, plant and equipment		-	7,793
Rental income and other services charged to related parties		3,608	3,213
Toll manufacturing income		8,138	6,258
Export rebate		3,815	4,525
Liabilities no longer payable written back		53,586	5,217
Insurance claim		8,497	11,088
Late payment charges from a related party		-	710
Exchange gain		32,329	18,890
Gain on transfer of equity investment to available for sale		1,519	-
Others		1,738	24,926
		119,297	89,567
		123,368	92,938

34. OTHER CHARGES

Impairment of goodwill		-	4,000
Loss on disposal of property, plant and equipment		22	-
Workers' Welfare Fund		1,911	2,189
Workers' Profit Participation Fund	25.2	7,707	5,268
		9,640	11,457

35. FINANCE COST

Mark up on:			
Long term financing		25,123	22,033
Short term financing		14,759	16,275
Short term running finances		118,154	119,793
Finance cost on leases		1,035	1,492
Interest on workers profit participation fund	25.2	993	426
Bank charges		6,154	4,124
		166,218	164,143

	2014	2013
	(Rupees in thousand)	

36. TAXATION

	2014	2013
Current		
- For the year	44,599	30,758
- For prior years	-	(1,092)
Deferred		
- Current year	6,631	13,789
	51,230	43,455

Given that the group has carry forward tax losses, the current tax provision represents tax under 'Final tax regime' and minimum tax on turnover under section 113 of the Income Tax Ordinance, 2001. Minimum tax is available for set off for five years against normal tax liabilities arising in future years.

Tax under' Final Tax Regime' (FTR) represents tax on exports and finished goods imported for onward sale. FTR is treated as a full and final discharge and not to be set off against normal tax liabilities arising in future years. Current tax includes tax under FTR amounting to Rs. 4.79 million (2013: Rs. 8.26 million).

Since the group is liable to pay minimum tax, therefore no numerical tax reconciliation is given.

37. EARNINGS PER SHARE - BASIC AND DILUTED

	2014	2013
	(Rupees in thousand)	Restated
Profit after taxation	94,575	61,567
	Number of shares	
Weighted average number of shares outstanding during the year	18,186,409	18,186,409
	(Rupees)	Restated
Profit per share	5.20	3.39

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

38. CASH AND CASH EQUIVALENTS

	Note	2014	2013
		(Rupees in thousand)	
Cash and bank balances	18	261,464	222,943
Short-term running finance	27.2	(1,038,124)	(1,071,798)
		(776,660)	(848,855)

39. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2014			2013		
	Chief Executive	Executives	Non-Executive Directors	Chief Executive	Executives	Non-Executive Directors
	(------------- Rupees in thousand			--------------)		
Managerial remuneration (including bonus)	-	49,370	-	120	41,173	-
Retirement benefits	-	24,712	-	-	21,644	-
Housing rent	-	22,217	-	-	18,070	-
Utilities	-	4,937	-	-	3,812	-
Medical expenses	-	1,652	-	492	1,763	-
	-	102,888	-	612	86,462	-
Number of persons	1	36	6	1	38	6

39.1 In addition to above, six (2013: Six) non-executive directors were paid fee aggregating Rs. 2.15 million (2013: Rs. 1.75 million).

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

40. NUMBER OF EMPLOYEES

The group has employed following number of persons:

	2014	2013
	(Number of persons)	
- As at 30 June	477	471
- Average number of employees	464	469

41. PROVIDENT FUND RELATED DISCLOSURE

The group has set up provident fund for its permanent employees. The total charge against provident fund for the year was Rs. 10.57 million (2013: Rs. 8.61 million).

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

	2014	2013
	(Rupees in thousand)	
Size of the fund	147,107	133,220
Cost of investment made	85,500	85,500
Fair value of investments	125,671	115,252
Percentage of investments made	85%	87%

The breakup of investments is as follows:

	2014	2013
	(Rupees in thousand)	
Held to maturity		
Defence Saving Certificates	78,208	70,900
Certificates of Deposits	39,562	37,026
	117,770	107,926
Available for sale		
Atlas Income Fund	4,074	3,783
MCB Asset Management	3,827	3,543
	7,901	7,326
	125,671	115,252

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

42. TRANSACTIONS WITH RELATED PARTIES

The related parties of the group comprise holding company, associated undertakings, employees' gratuity fund, employees' pension fund, directors and key management personnel. The group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties, remuneration of directors and key management personnel are disclosed in the relevant notes.

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

Relation with undertaking	Nature of transaction	2014	2013
		(Rupees in thousand)	
Holding company			
- Slotrapid Limited B.V.I.	Royalty expense	-	28,602
	Reversal of royalty payable	81,722	-
Related parties			
- Buxly Paints Limited	Sales	111,766	107,114
	Rental income and other services charged	3,608	3,851
	Toll manufacturing income	8,138	6,258
	Royalty expense	1,030	789
	Rental expense	1,200	800
- Dadex Eternit Limited	Sales	32	344
	Purchases	-	-
Remuneration of key management personnel		Note 39	

The related party status of outstanding balances as at 30 June 2014 are included in trade debts (note 13.1), other receivables (note 16.1) and trade and other payables (note 25.3) respectively.

43. FINANCIAL RISK MANAGEMENT

43.1 Financial risk factors

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

Risk management is carried out by the Board of Directors on specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within such parameters.

(a) Market risk

(i) Foreign exchange risk

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

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

	2014	2013
	(In thousand)	
Trade and other payables - Euro	(0.01)	-
Net exposure - Euro	(0.01)	-
Trade and other payables - USD	(1,850)	(2,304)
Net exposure - USD	(1,850)	(2,304)
Trade and other payables - JPY	(31,514)	(22,905)
Net exposure - JPY	(31,514)	(22,905)

The following significant exchange rates were applied during the year:

	2014	2013
	(In rupees)	
Rupees per Euro		
Average rate	136.33	125.38
Reporting date rate	134.50	130.18
Rupees per USD		
Average rate	101.93	96.86
Reporting date rate	99.25	99.66
Rupees per JPY		
Average rate	1.04	1.11
Reporting date rate	0.97	1.01

If the functional currency, at reporting date, had fluctuated by 5% against the Euro, USD and JPY with all other variables held constant, the impact on profit after taxation for the year would have been Rs. 10.72 million (2013: Rs. 12.63 million) lower/higher, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Foreign exchange risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The group is not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers.

The group's investments in equity of other entities are publicly traded on the Karachi Stock Exchange and fall in level 1 category i.e. quoted market price. The summary below explains the impact of increase in market price. The analysis is based on the assumption that the market price had increased/decreased by 10% with all other variables held constant:

	Impact on other components of equity	
	2014	2013
	(Rupees in thousand)	
Karachi Stock Exchange	1.03	-

(iii) **Interest rate risk**

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

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

	2014	2013
	(Rupees in thousand)	
Financial assets		
Fixed rate instruments		
Bank balances - deposit accounts	64,831	25,458
Short term investments	-	18,883
Total exposure	64,831	44,341
Financial liabilities		
Floating rate instruments		
Long-term financing	253,150	115,000
Short-term financing	158,000	144,000
Short-term running finance	1,038,124	1,071,798
	1,449,274	1,330,798

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates on long term financing, at the year end rate, fluctuate by 1% higher / lower with all the other variables held constant, profit after taxation for the year would have been Rs. 0.25 million (2013: Rs. 0.22 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings.

(b) **Credit risk**

Credit risk represents the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Credit risk of the group arises from deposits with banks, trade debts, investments, loans and advances and other receivables.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2014	2013
	(Rupees in thousand)	
Long term loans	34,097	32,867
Long term deposits	23,409	22,440
Trade debts	1,285,918	998,992
Loans and advances	53,229	45,665
Trade deposits	14,188	6,300
Other receivables	28,542	26,360
Short term investments	-	18,883
Bank balances	260,149	221,492
	1,699,532	1,372,999

Credit risk of the group arises from deposits with banks and financial institutions and credit exposure to customers. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual credit limits are set based on the credit control procedures implemented by the management.

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

	2014	2013
	(Rupees in thousand)	
The age of financial assets		
Not past due	404,393	374,007
Past due but not Impaired:		
Not more than three months	1,017,260	637,665
More than three months and not more than six months	53,628	215,333
More than six months and not more than one year	22,530	6,882
Past due and Impaired:		
More than one year	201,721	139,112
	1,699,532	1,372,999

(ii) **Credit quality of major financial assets**

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

Banks	Rating Short term	Rating Long term	Rating Agency	2014	2013
				(Rupees in thousand)	
HSBC Bank Oman	F1	A+	Fitch	466	458
Faysal Bank Limited	A1+	AA	PACRA & JCR	-	10,416
Bank Al Habib Limited	A1+	AA+	PACRA	2,093	21,103
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	15,397	44,569
United Bank Limited	A-1+	AA+	JCR-VIS	81	24,431
Habib Bank Limited	A-1+	AAA	JCR-VIS	13,991	29,735
MCB Bank Limited	A1+	AAA	PACRA	97	7,970
JS Bank Limited	A1	A+	PACRA	32,836	18,302
Al-Barka Bank Limited	A-1	A	JCR-VIS	38	28
Askari Bank Limited	A1+	AA	PACRA	9	63
NIB Bank Limited	A1+	AA-	PACRA	1	-
Standard Charterd Bank Limited	A1+	AAA	PACRA	19	5
				65,028	157,080

(c) **Liquidity risk**

Liquidity risk is the risk that the group will encounter difficulty in meeting obligations associated with financial liabilities.

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

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term financing	253,150	105,600	147,550	-
Liabilities against assets subject to finance lease	8,551	2,142	6,409	
Trade and other payables	937,024	937,024	-	-
Accrued finance cost	40,164	40,164	-	-
Short term borrowings	1,196,124	1,196,124	-	-
	2,435,013	2,281,054	153,959	-

The following are the contractual maturities of financial liabilities as at 30 June 2013:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term financing	115,000	65,000	50,000	-
Liabilities against assets subject to finance lease	7,674	2,091	5,583	
Trade and other payables	961,348	961,348	-	-
Accrued finance cost	37,481	37,481	-	-
Short term borrowings	1,215,798	1,215,798	-	-
	2,337,301	2,281,718	55,583	-

43.2 Fair values of financial assets and liabilities

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

43.3 Financial instruments by category

	Loans and receivables	
	2014	2013
	(Rupees in thousand)	
Financial assets as per balance sheet		
Long term loans	34,097	32,867
Long term deposits	23,409	22,440
Investments - available for sale	10,260	-
Trade debts	1,285,918	998,992
Loans and advances	53,229	45,665
Trade deposits	14,188	6,300
Other receivables	28,542	26,360
Short term investments	-	18,883
Cash and bank balances	261,464	222,943
	1,711,107	1,374,450

	Other financial liabilities 2014	2013
	(Rupees in thousand)	
Financial liabilities as per balance sheet		
Long term financing	253,150	115,000
Liabilities against assets subject to finance lease	8,551	7,674
Trade and other payables	937,024	961,348
Accrued finance cost	40,164	37,481
Short term borrowings	1,196,124	1,215,798
	2,435,013	2,337,301

43.4 Capital risk management

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

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

The gearing ratios is as follows:

	2014	2013
	(Rupees in thousand)	
Total debt	1,449,274	1,330,798
Total equity	580,691	479,041
Total debt and equity	2,029,965	1,809,839
Gearing ratio	71:29	74:26

44. PRODUCTION CAPACITY

	2014	2013
	(Liters in thousand)	
Actual production	28,783	27,896

The capacity of the plant (parent company) is indeterminable because it is a multi product plant involving varying processes of manufacturing. Actual production includes resin production of 6.64 million liters (2013: 5.88 million liters) which is used in the manufacture of the final product.

45. OPERATING SEGMENTS

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

45.2 Revenue from sale of paints and allied represents 100% (2013: 100%) of the total revenue of the group.

45.3 96.79% (2013: 95.84%) sales of the group relates to customers in Pakistan.

45.4 All non-current assets of the group as at 30 June 2014 are located in Pakistan.

46. EVENT AFTER BALANCE SHEET DATE

The Board of Directors has proposed a final divided of Re. 1 per share (2013: Re. 0.50 per share) amounting to Rs. 18.19 million (2013: Rs. 9.09 million) for the year ended 30 June 2014 in their meeting held on 23 September 2014 for approval of the members at the Annual General Meeting to be held on 27 October 2014. These Financial statements do not reflect theses appropriations.

47. CORRESPONDING FIGURES

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

48. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 23 September 2014 by the Board of Directors of the company.

49. GENERAL

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

Chief Financial Officer	**Chief Executive**	**Director**

Form of Proxy

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

I/We ____

____

of ____

____

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

(No. of shares) ____

ordinary shares as per folio number ____

____

hereby appoint ____

____

of ____

____

on my/our behalf at the Annual General Meeting of the Company to be held on 27 October 2014 and at any adjournment thereof.

Signed this ______________ day of ______________ 2014.

Signature on Rs.5.00 Revenue Stamp

NOTES:

1. The Share Transfer Book of the Company will remain closed from 21 October 2014 to 27 October 2014 (both days inclusive).

2. A member of the Company entitled to attend, speak and vote at this meeting may appoint another member as his/her proxy to attend, speak and vote on his/her behalf. The completed proxy form must be received at the Registered Office of the Company not less than 48 hours before the meeting.

3. Any individual beneficial owner of CDC, entitled to vote at this meeting must bring his/her original CNIC with him/her to prove his/her identity, and in case of proxy, a copy of shareholder's attested CNIC must be attached with the proxy form. Representatives of corporate members should bring the usual documents required for such purpose.