



ANNUAL REPORT **2015**

Buxly
PAINTS



About Cover Page:

During the year 2014-15, the company has also started to operate in Project Segment in order to expand its operations. The management further intends to continue its expedition of exploring avenues of growth in future and the same is being depicted through this cover page.



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Company Information

Board of Directors:

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

Audit Committee:

Muhammad Hanif Idrees	Chairman
Saeed Mohammad Sheikh	Member
Fakhrul Arfin	Member

**Human Resource and
Remuneration Committee :**

Hameed Ahmed	Chairman
Saeed Mohammad Sheikh	Member
Shamshad Ali	Member

CFO & Company Secretary:

Usman Zafar*

Auditors:

Rehman Sarfraz Rahim Iqbal Rafiq
Chartered Accountants

Legal Advisor:

Laiq Ahmed Khan

Bankers:

Habib Metropolitan Bank Limited
Habib Bank Limited
NIB Bank Limited
National Bank of Pakistan

Share Registrar:

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

Registered Office:

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

Web Site Address:

<http://www.buxly.com>

*Replaced Mr. Adnan Iqbal w.e.f. 21 February 2015.



Notice of Annual General Meeting

Notice is hereby given that the 61st Annual General Meeting of the shareholders of Buxly Paints Limited will be held at Cyrus Minwalla Colony Hall, Parsi Gate, Mehmoodabad, Karachi on Saturday, October 31, 2015 at 10:30 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the Annual General Meeting of the Company held on October 27, 2014.
2. To receive, consider and approve the Audited Accounts of the Company for the year ended June 30, 2015 together with Directors' and Auditors' Report thereon.
3. To appoint auditors and fix their remuneration for the year ending June 30, 2016. The retiring auditors M/s Rehman Sarfraz Rahim Iqbal Rafiq, Chartered Accountants, being eligible, have offered themselves for reappointment.
4. To transact any other business with the permission of the chair.

By Order of the Board

Karachi: - October 10, 2015

Usman Zafar
Company Secretary

Note:

1. The share transfer books of the Company will remain closed from October 24, 2015 to October 31, 2015 (both days inclusive).
2. A member entitled to attend and vote at this Annual General Meeting shall be entitled to appoint another member, as a proxy to attend and vote on his / her behalf. The proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time of the meeting.
3. Any individual Beneficial Owner of Central Depository Company of Pakistan Limited (CDC) entitled to attend and vote at this Annual General Meeting must bring the Computerized National Identity Card (CNIC) or Passport along with his / her CDC account number to prove his / her identity and in case of Proxy, must enclose an attested copy of the CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.
4. The members are requested to notify the Company immediately of the change in their addresses, if any.
5. Members are requested to provide by mail or fax, photocopy of their CNIC, email address and in case of foreigner, copy of passport, unless it has already been provided to enable the Company to comply with the relevant laws.
6. For the convenience of the members a Proxy Application Form is attached with this report.
7. In compliance with the SECP directives vide SRO 787(1)/ 2014 dated September 8, 2014, members who wish to receive the Annual Report in electronic form, may file an application as per the format provided on the Company's website. The members who have provided the consent to receive Annual Report through email can subsequently request a hard copy which shall be provided free of cost within seven days. However, the Company shall continue to send hard copy to all other members as per current practice.

Directors' Report

The Directors are pleased to submit the Annual Report of your Company alongwith the Audited Accounts and the Auditors' Report thereon for the year ended 30 June 2015. Financial Results are as follows:

	2015 (Rs.000's)
Financial Results:	
Profit before taxation	3,823
Less: Taxation	(1,757)
Profit after taxation	2,066
Earning Per Share	Rs. 1.43

The economic outlook of the country seems promising and positive despite of various challenges like on-going energy crisis, war on terror and liquidity issues of agriculture sector. Various internal and external factors contributed towards a steady economic growth like reduction in policy rates, introduction of various tax incentives and declining fuel prices etc. It is expected that China-Pak Economic Corridor and other joint collaborated ventures will further enhance the prevalent economic growth of the country.

Despite adverse elements in the economy, as stated above, and the existing competitive conditions of the market, your company managed to achieve sales amounting Rs. 170m, showing a growth of 13% from the last year. During the year, your company also enters into Project segment of the business and started exploring opportunities therein.

Future prospects of the Paint Business and our share therein looks bright and encouraging. In spite of having such a tough prevailing competition in the market, the management of your company is confident in maintaining its growth pattern by exploring avenues which remained untapped in past.

Board of Directors

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

Board of Directors' Meetings

During the year, 5 (five) meetings of the Board of Directors were held and attendance was as follows:

Name of Directors	Attendance
Mr. Bashir Ahmed	5
Mr. Shamshad Ali	5
Mr. Hameed Ahmed	3
Mr. Fakhru Arfin	4
Mr. Muhammad Hanif Idrees	5
Mr. Saeed Muhammad Sheikh	2
Mr. Sheikh Asim Rafiq (NIT Nominee)	3

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



Audit Committee

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

Human Resource Committee

During the year, one meeting of Human Resource Committee was held.

Pattern of Shareholding

A statement showing the pattern of shareholding is provided hereafter.

Earning Per Share

Earning Per share is Rs. 1.43 [2014: Rs. 0.48]

Auditors

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

Reasons for non declaration of dividend

Due to accumulated losses of Rs. 11m of the Company, the Directors did not recommend any dividend for the year ended June 30, 2015.

Corporate and Financial Reporting Framework

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

- (i) The Financial Statements prepared by the management of the company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- (ii) Proper books of accounts of the Company have been maintained.
- (iii) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates and are based on reasonable and prudent judgment.
- (iv) International Accounting Standards as applicable in Pakistan, have been followed in preparation of financial statements.
- (v) The system of internal control is satisfactory and has been effectively implemented.
- (vi) No statutory payment on account of taxes, duties, levies and charges is due from the Company.
- (vii) There are no significant doubts upon the Company's ability to continue as a going concern.
- (viii) There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations except for those highlighted by the auditors in their report. The management continues endeavoring to make your company fully compliant with these regulations.
- (ix) The key operating and financial data of last six years is provided hereafter.
- (x) Value of investment of employees' provident fund as on June 30, 2015 is Rs. 2.77m (2014: Rs. 2.49m).

Acknowledgement

The Board of Directors would like to thank our valued customers for their confidence in our products, the management and staff for their relentless efforts and all stakeholders i.e. Bankers, Associates and Shareholders for their support and patronage.

Chief Executive Officer

Director

Karachi: October 02, 2015

Directors' Profile

Bashir Ahmed

Chairman

Mr. Bashir Ahmed is a well – known individual belonging to the corporate sector of Pakistan. His vast experience includes working at Singer Pakistan Ltd. as Director Marketing and later as CEO of Berger Paints Pakistan Ltd. Mr. Ahmed has received over three dozen Merit Awards during the span of his career for exceeding given objectives / targets.

Mr. Ahmed obtained his MBA from the Institute of Business Administration, Karachi in 1967. He has also participated in a highly rewarding International Management Development Course at Syracuse University, New York in 1978. He has also participated in numerous international and regional conferences during his career.

He plays a prominent role in the social sector of the country as well, and has previously been associated with an NGO Raast and served as its President as well. He is a member of Karachi Charitable Association and also an active member of Rotary Club of Karachi which has several ongoing charitable projects at present.

Mr. Ahmed served on the Board of Directors of several companies, including Shezan International, Shams Textile Mills Limited, Premier Textile Mills Limited, Pakistan Paper Products from 2006 – 2014.

Shamshad Ali

Chief Executive Officer

Mr. Shamshad Ali is a seasoned professional who has a cumulative exposure of working in Paint industry for more than 40 years in different capacities. He is a Finance & Accounts professional whose key areas of interest are Corporate Finance, Corporate & Secretarial Practices, Taxation and Audit.

In past, Mr. Ali served as Head of Finance, Head of Internal Audit and Company Secretary of Berger Paints Pakistan Limited, Buxly Paints Limited and Berger DPI (Private) Limited. He was also engaged with A.F. Ferguson & Co (one of leading Chartered Accountancy Firm of Pakistan). He was instrumental during his career in the area of negotiation with trade union and foreign reporting to the parent company.

Hameed Ahmed

Director

Mr. Hameed Ahmed is a former bureaucrat who served under various government positions for 39 years. He holds the degrees of BSc and MSc (Agriculture). He joined Superior Forest Services (Class-I) in 1950 and later elevated to the position of Chief Conservator of Forests of Government of Sindh. During his tenure of government service, he also served as Secretary of Govt. of Sindh and Joint Secretary of Govt. of Pakistan. Upon retirement from government job, he started to provide consultancy services on various environmental and conservational matters to various national and international organizations including US Aid, International Institute of Integrated Mountain Development, Pakistan Banking Council and Mot Macdonald International.

Mr. Ahmed is actively involved in various social and benevolent activities. He is a keen traveller and actively participates in various seminars and conferences all over the world.



Fakhrul Arfin

Director

Mr. Fakhrul Arfin has been engaged with Paint industry since 1982 when he assumed the role of Technical Manager – Decorative. He served this industry under different roles and in different local and international organizations including OLAYAN Technical Trading Co. and Berger Paints Pakistan Limited. During his career, he attended various technical trainings and courses organized by local and foreign organizations.

Mr. Arfin holds an MS in Polymer Science and a BS in Chemical Engineering from University of Akron, Ohio, USA.

Saeed Mohammad Sheikh

Director

Mr. Saeed Mohammad Sheikh studied Surface Coating Technology at Borough Polytechnic, London (Now known as University of South Bank) and has a first class qualification of this institution. He also holds qualification of Advanced Paint and Polymer Technology from City & Guilds of London institute with second position in England in 1967. He is a graduate in Science from University of Karachi.

Mr. Sheikh served as a Paint Technologist for about 40 years in the industry, both in Pakistan and England. He retired as a Technical Director of Berger Paints Pakistan Limited after serving it for 30 years.

Sheikh Asim Rafiq

Director

Sheikh Asim Rafiq is a qualified Chartered Accountant from Institute of Chartered Accountants of Pakistan and a Certified Internal Auditor from the Institute of Internal Auditors, USA.

Mr. Rafiq started his career from A.F. Ferguson & Co. and presently working as Head of Internal Audit at NITL. He has a work experience of over a decade, majorly in financial services sector. In addition to his responsibilities as Head of Internal Audit, He is also representing NITL as a Nominee Director in various other companies.

Muhammad Hanif Idrees

Director

An energetic, dynamic and innovative business / commercial person, having exposure of working in Pakistan and conducting short assignments in Singapore, China, Malaysia, Oman and Turkey. He possess rich and progressive experience of leadership in various areas of Business including Corporate Secretarial matters, Trade & Corporate Finance, Accounting, Information & Communications Technology (ICT) being the main discipline with Multinational and Foreign Affiliated organizations.

He is a Fellow member of the Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP). He is a Certified Director, accredited under internationally acclaimed Institutional Shareholder Services from Pakistan Institute of Corporate Governance.

He is the visiting faculty for Institute of Business Administration (IBA) and also had been the visiting faculty for ICAP and ICMAP. He had been nominated on Technical Advisory Committee of ICAP (1996-98), Standing Sub -Committee for Taxation of OICCI (1995-96), Various Committees of KCCI (2005-2012).

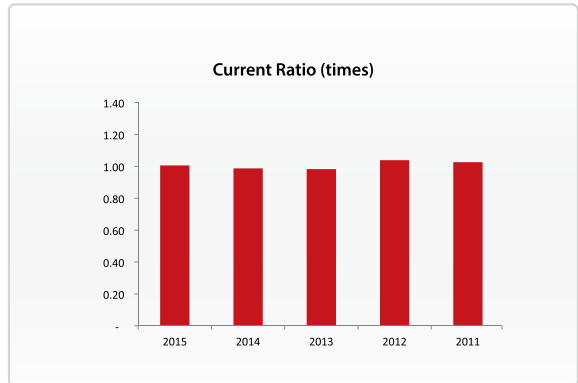
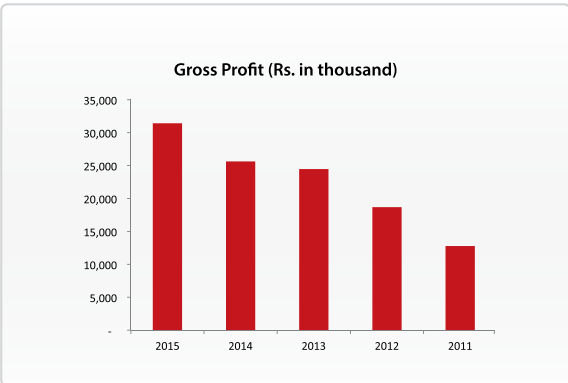
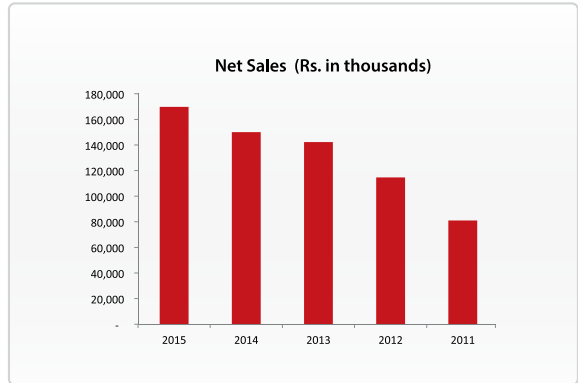
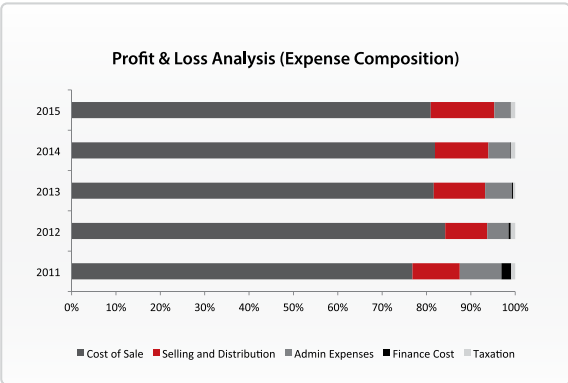
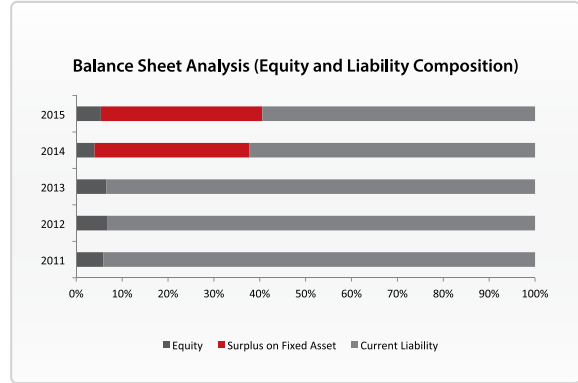
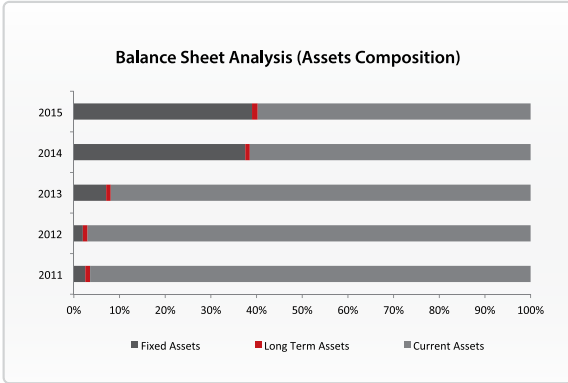
Currently, he is holding the position of Chief Financial Officer and Company Secretary at DHL Pakistan (Private) Limited, a wholly owned subsidiary of Deutsche Post DHL.

Key Financial and Operating Data

	----- Year Ended 30 June -----					
	2015	2014	2013	2012	2011	2010
	----- (Rupees in thousand) -----					
NET ASSETS						
Fixed Assets/Investment property (Net)	66,887	67,175	7,040	1940	1,879	2,080
Long Term Loans and Deposit	91	91	141	91	91	91
Loans to Employees	2,045	1,687	847	889	737	655
Deferred Taxation	-	-	-	-	-	-
Net Current Assets	593	(1,403)	(1,601)	3,375	1,935	8,518
Total	69,616	67,550	6,427	6,295	4,642	11,344
FINANCED BY						
Share Capital	14,400	14,400	14,400	14,400	14,400	14,400
Reserves	(5,219)	(7,285)	(7,973)	(8,105)	(9,758)	(3,056)
Surplus on Revaluation of Fixed Assets	60,435	60,435	-	-	-	-
	69,616	67,550	6,427	6,295	4,642	11,344
Long Term & Deferred Liabilities	-	-	-	-	-	-
Total	69,616	67,550	6,427	6,295	4,642	11,344
TURNOVER AND PROFIT						
Turnover	169,766	150,028	142,246	114,662	81,038	96,036
Profit / (Loss) before tax	3,823	2,199	843	2,800	(5,892)	(2,099)
Taxation	(1,757)	(1,511)	(711)	(1,147)	(810)	(910)
Profit / (Loss) after tax	2,066	688	132	1,653	(6,702)	(3,009)
Dividend	-	-	-	-	-	-
EARNING & DIVIDEND						
Earning / (Loss) per Rs. 10 share (Amount in Rs.)	1.43	0.48	0.09	1.15	(4.65)	(2.09)
Dividend per share (Amount in Rs.)	-	-	-	-	-	-



Graphical Presentation



Analysis of Financial Statements

Balance Sheet

2015 2014 2013 2012 2011 2010

----- (Rupees in thousand) -----

ASSETS
Non current assets

Property and equipment	62,145	62,189	453	491	1,879	2,080
Investment properties	4,742	4,986	6,587	1,449	-	-
Long term loans and advances	2,045	1,687	847	889	737	655
Long term deposits	91	91	91	91	91	91
Term deposit receipts	-	-	50	-	-	-

Total non current assets

69,023 68,953 8,028 2,920 2,707 2,826

Current assets

Stock-in-trade	20,988	35,810	28,631	26,118	18,988	14,254
Trade debts - unsecured	40,898	44,953	39,453	35,089	29,859	40,545
Current portion of long term loans and advances	642	372	431	354	232	172
Mark up receivable	273	340	202	77	66	53
Advances and deposits	12,443	8,760	6,382	8,168	7,962	11,799
Prepayments and other receivables	4,695	3,608	3,113	5,643	5,652	3,241
Taxation - net	5,830	4,447	3,948	4,471	8,518	8,074
Term deposit receipts / account	4,430	1,630	1,580	150	150	150
Cash and bank balances	12,221	10,154	6,491	10,847	3,970	5,537

Total current assets

102,420 110,074 90,231 90,917 75,397 83,825

Total assets

171,443 179,027 98,259 93,837 78,104 86,651

EQUITY AND LIABILITIES
Equity

Issued, subscribed and paid-up capital	14,400	14,400	14,400	14,400	14,400	14,400
General Reserve	5,993	5,993	5,993	5,993	5,993	5,993
Accumulated loss	(11,212)	(13,278)	(13,966)	(14,098)	(15,751)	(9,049)

9,181 7,115 6,427 6,295 4,642 11,344

Surplus on revaluation of fixed assets

60,435 60,435 - - - -

Current liabilities

Advance from related party	40,000	40,000	40,000	-	-	-
Trade and other payables	61,827	71,477	51,832	85,626	70,625	31,462
Short term running finance	-	-	-	1,836	2,822	43,780
Interest and mark-up accrued	-	-	-	80	15	65

101,827 111,477 91,832 87,542 73,462 75,307

Total equity and liabilities

171,443 179,027 98,259 93,837 78,104 86,651

Analysis of Financial Statements

Balance Sheet

	Vertical Analysis					Horizontal Analysis					
	2015	2014	2013	2012	2011	2010	2014 Vs 2013	2013 Vs 2012	2012 Vs 2011	2011 Vs 2010	2010 Vs 2009
	Percentage (%)					Percentage (%)					
ASSETS											
Non current assets											
Property and equipment	36.2	34.7	0.5	0.5	2.5	2.4					
Investment properties	2.8	2.8	6.6	1.4	-	-					
Long term loans and advances	1.2	0.9	0.9	0.9	0.9	0.9					
Long term deposits	0.1	0.1	0.1	0.1	0.1	0.1					
Term deposit receipts	-	-	0.1	-	-	-					
Total non current assets	40.3	38.5	8.2	3.1	3.5	3.3					
Current assets											
Stock-in-trade	12.2	20.0	29.1	27.8	24.3	16.4					
Trade debts - unsecured	23.9	25.1	40.2	37.4	38.2	46.8					
Current portion of long term loans and advances	0.4	0.2	0.4	0.4	0.3	0.2					
Mark up receivable	0.2	0.2	0.2	0.1	0.1	0.1					
Advances and deposits	7.2	4.9	6.5	8.6	10.2	13.6					
Prepayments and other receivables	2.7	2.0	3.2	6.0	7.2	3.7					
Taxation - net	3.4	2.5	4.0	4.8	10.9	9.3					
Term deposit receipts / account	2.6	0.9	1.6	0.2	0.2	0.2					
Cash and bank balances	7.1	5.7	6.6	11.6	5.1	6.4					
Total current assets	59.7	61.5	91.8	96.9	96.5	96.7					
Total assets	100.0	100.0	100.0	100.0	100.0	100.0					
EQUITY AND LIABILITIES											
Share capital and reserves											
Issued, subscribed and paid-up capital	8.4	8.0	14.7	15.3	18.4	16.6					
General Reserve	3.5	3.3	6.1	6.4	7.7	6.9					
Accumulated loss	(6.5)	(7.3)	(14.3)	(15.0)	(20.2)	(10.4)					
Surplus on revaluation of fixed assets	5.4	4.0	6.5	6.7	5.9	13.1					
Non-current liabilities											
Liabilities against subject to finance lease	-	-	-	-	-	-					
Current liabilities											
Advance from related party	23.3	22.4	40.7	-	-	-					
Trade and other payables	36.1	39.9	52.8	91.2	90.4	36.3					
Current portion of liabilities subject to finance lease	-	-	-	2.0	3.6	50.5					
Short term running finance	-	-	-	0.1	0.1	0.1					
Interest and mark-up accrued	59.4	62.3	93.5	93.3	94.1	86.9					
Total equity and liabilities	100	100.0	100.0	100.0	100.0	100.0					



Analysis of Financial Statements

Profit & Loss Account

	2015	2014	2013	2012	2011	2010
	----- (Rupees in thousand) -----					
Net Sales	169,766	150,028	142,246	114,662	81,038	96,036
Cost of Sales	(138,341)	(124,400)	(117,781)	(95,981)	(68,255)	(79,591)
Gross Profit	31,425	25,628	24,465	18,681	12,783	16,445
Distribution and Selling Expense	(24,498)	(18,275)	(16,687)	(10,807)	(9,466)	(11,171)
Administrative Expense	(5,804)	(7,333)	(8,698)	(5,268)	(8,353)	(16,029)
Other expenses	(288)	(116)	(62)	(206)	-	(4,964)
Other income	3,185	2,509	2,144	956	1,090	19,665
Profit / (Loss) from Operations	4,020	2,413	1,162	3,356	(3,946)	3,946
Finance Cost	(197)	(214)	(319)	(556)	(1,946)	(6,045)
Profit / (Loss) before tax	3,823	2,199	843	2,800	(5,892)	(2,099)
Taxation	(1,757)	(1,511)	(711)	(1,147)	(810)	(910)
Profit / (Loss) for the year	2,066	688	132	1,653	(6,702)	(3,009)

Analysis of Financial Statements

Profit & Loss Account

	----- Vertical Analysis -----					----- Horizontal Analysis -----					
	2015	2014	2013	2012	2010	2015	2014	2013	2012	2010	
						Vs	Vs	Vs	Vs	Vs	
Net Sales	100.0	100.0	100.0	100.0	100.0	13.2	5.5	24.1	41.5	(15.6)	(0.8)
Cost of Sales	(81.5)	(82.9)	(82.8)	(83.7)	(84.2)	11.2	5.6	22.7	40.6	(14.2)	17.5
Gross Profit	18.5	17.1	17.2	16.3	15.8	22.6	4.8	31.0	46.1	(22.3)	(43.4)
Distribution and Selling Expense	(14.4)	(12.2)	(11.7)	(9.4)	(11.7)	34.1	9.5	54.4	14.2	(15.3)	7.2
Administrative Expense	(3.4)	(4.9)	(6.1)	(4.6)	(10.3)	(20.9)	(15.7)	65.1	(36.9)	(47.9)	(0.9)
Other expenses	(0.2)	(0.1)	(0.0)	(0.2)	-	148.3	87.1	(69.9)	-	(100.0)	(39.2)
Other income	1.9	1.7	1.5	0.8	1.3	26.9	17.0	124.3	(12.3)	(94.5)	229.7
Profit / (Loss) from Operations	2.4	1.6	0.8	2.9	(4.9)	66.6	107.7	(65.4)	(185.0)	(200.0)	1,233.1
Finance Cost	(0.1)	(0.1)	(0.2)	(0.5)	(2.4)	(7.9)	(32.9)	(42.6)	(71.4)	(67.8)	(15.5)
Profit / (Loss) before tax	2.3	1.5	0.6	2.4	(7.3)	73.9	160.9	(69.9)	(147.5)	180.7	(69.4)
Taxation	(1.0)	(1.0)	(0.5)	(1.0)	(1.0)	16.3	112.5	(38.0)	41.6	(11.0)	(63.4)
Profit / (Loss) for the year	1.2	0.5	0.1	1.4	(8.3)	200.3	421.2	(92.0)	(124.7)	122.7	(67.8)
				Percentage (%)				Percentage (%)			



Statement of Compliance with the Code of Corporate Governance

For the year ended 30 June 2015

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

The company has applied the principles contained in the CCG in the following manner:

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

Category	Names
Independent Directors	Mr. Muhammad Hanif idrees Mr. Saeed Mohammad Sheikh
Executive Directors	Mr. Shamshad Ali (CEO)
Non-Executive Directors	Mr. Bashir Ahmed Mr. Fakhru Arfin Mr. Hameed Ahmed Mr. Sheikh Asim Rafiq (NIT Nominee)

2. The directors have confirmed that none of them is serving as a director on more than 07 listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBF1 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the board during the year.
5. The company has prepared a “statement of Ethics and Business Practices” as “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies alongwith the dates will be updated and their record will be maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executives and non-executive directors, have been taken by the board.
8. The meetings of the board were presided over by the Chairman and in his absence by a director elected by board for this purpose, and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. Two directors have completed training program approved by SECP. One director has minimum 14 years qualification and 15 years’ experience on the board of listed company hence is exempt from directors training program. The company is planning to arrange training program for other directors as provided by code.



10. The Board has approved the appointment of CFO/Company Secretary made during the year. No new appointment of Head of Internal Audit made during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG. The company's board has developed evaluation criteria for carrying out performance evaluation of its members and chairman. Under this criteria, the first evaluation would be performed in 2015-16.
15. The board has formed an Audit Committee. It presently comprises of three members, of whom all are non-executive directors including the chairman of the committee who is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR & Remuneration committee. It comprises of three members of whom two are non executive directors and the chairman of the committee is also a non executive director.
18. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles enshrined in the CCG have been complied with except for the matters stated in paragraphs 6, 9 & 14 towards which reasonable progress is being made by the company to seek compliance by the end of next accounting year.

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

CHIEF EXECUTIVE

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the code) prepared by the Board of Directors of BUXLY PAINTS LIMITED for the year ended 30 June 2015 to comply with the requirements of Listing Regulations of the respective Stock Exchanges, where the company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2015.

Further, we highlight instances of non-compliance with the requirements of the Code as reflected in the paragraph 06 [Significant policies], 09 [Training program for directors] and 14 [Evaluation of Board members] in the statement of compliance.



Rahman Sarfaraz Rahim Iqbal Rafiq

CHARTERED ACCOUNTANTS
Engagement Partner: A. Rahman Mir
LAHORE: October 2, 2015



Auditors' Report to the Members

We have audited the annexed balance sheet of BUXLY PAINTS LIMITED as at 30 June 2015, the related profit & loss account, statement of comprehensive income, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- b) in our opinion –
 - i) the balance sheet and profit & loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit & loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 2015 and of the profit, total comprehensive income, its cash flows & changes in equity for the year then ended; and
- d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

LAHORE: October 2, 2015

Balance Sheet

As at 30 June 2015

	Note	2015 (Rupees in '000)	2014
ASSETS			
Non current assets			
Property and equipment	4	62,145	62,189
Investment properties	5	4,742	4,986
Long term loans and advances	6	2,045	1,687
Long term deposits		91	91
Deferred taxation	7	-	-
		69,023	68,953
Current assets			
Stock-in-trade	8	20,988	35,810
Trade debts - unsecured	9	40,898	44,953
Current portion of long term loans and advances	6	642	372
Mark up receivable		273	340
Advances and deposits	10	12,443	8,760
Prepayments and other receivables	11	4,695	3,608
Taxation - net		5,830	4,447
Term deposit receipts / account	12	4,430	1,630
Cash and bank balances	13	12,221	10,154
		102,420	110,074
Total assets		171,443	179,027
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
5,000,000 (2014: 5,000,000) Ordinary shares of Rs.10 each			
		50,000	50,000
Issued, subscribed and paid-up capital			
General Reserve	14	14,400	14,400
Accumulated loss		5,993	5,993
		(11,212)	(13,278)
		9,181	7,115
Surplus on revaluation of fixed assets			
	15	60,435	60,435
Current liabilities			
Advance from related party	16	40,000	40,000
Trade and other payables	17	61,827	71,477
		101,827	111,477
Contingencies and commitments	18	-	-
Total equity and liabilities		171,443	179,027

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

Chief Executive Officer

Director



Profit and Loss Account

For the year ended 30 June 2015

	Note	2015 (Rupees in '000)	2014
Sales	19	169,766	150,028
Cost of sales	20	(138,341)	(124,400)
Gross profit		31,425	25,628
Distribution and selling expenses	21	(24,498)	(18,775)
Administrative expenses	22	(5,804)	(6,833)
		(30,302)	(25,608)
		1,123	20
Other income	23	3,185	2,509
		4,308	2,529
Finance cost	24	(197)	(214)
Workers' Profit Participation Fund		(206)	(116)
Workers' Welfare Fund		(82)	-
		(485)	(330)
Profit before tax		3,823	2,199
Taxation	25	(1,757)	(1,511)
Profit for the year		2,066	688
		(Rupees)	
Earnings per share - basic and diluted	26	1.43	0.48

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

Chief Executive Officer

Director

Statement of Comprehensive Income

For the year ended 30 June 2015

	2015 (Rupees in '000)	2014
Profit after tax	2,066	688
Other comprehensive income:		
Surplus on property revaluation	-	60,435
Total comprehensive income	2,066	61,123

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

Chief Executive Officer

Director



Cash Flow Statement

For the year ended 30 June 2015

	Note	2015 (Rupees in '000)	2014
Cash flows from operating activities			
Profit before tax		3,823	2,199
Adjustments for:			
Depreciation		334	351
Finance cost		197	214
Mark-up on term deposit receipts		(58)	(279)
Provision for doubtful debts		1,116	-
Provision against expired margin on letter of guarantees, earnest money and tender deposits		50	500
Provision against slow moving stocks		579	500
Provision for compensated absences		-	300
		6,041	3,785
(Increase) / decrease in current assets			
Stock-in-trade		14,243	(7,679)
Trade debts		2,939	(5,500)
Advances and deposits		(4,003)	(2,819)
Prepayments and other receivables		(1,087)	(495)
		12,092	(16,493)
(Decrease) / increase in current liabilities			
Trade and other payables		(9,650)	19,345
		8,483	6,637
Net cash (used in) / generated from operating activities			
Income tax paid		(3,140)	(2,010)
Finance cost paid		(197)	(214)
		5,146	4,413
Cash flows from investing activities			
Additions to property and equipment		(46)	(51)
Investment in term deposit receipts		(2,800)	-
Mark up received on term deposit receipts		125	141
Long term loans and advances		(358)	(840)
		(3,079)	(750)
Net cash used in investing activities			
Cash flows from financing activities			
Net cash generated from financing activities		-	-
Net (decrease) / increase in cash and cash equivalents during the year		2,067	3,663
		10,154	6,491
Cash and cash equivalents at beginning of the year			
		10,154	10,154
	13	12,221	10,154

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

Chief Executive Officer

Director

Statement of Changes in Equity

For the year ended 30 June 2015

	Issued subscribed and paid-up capital	General reserve	Accumulated loss	Share capital and reserve	Surplus on revaluation of fixed assets	Total
	------(Rupees in '000)-----					
Balance as at 01 July 2013	14,400	5,993	(13,966)	6,427	-	6,427
Total comprehensive income for the year	-	-	688	688	60,435	61,123
Balance as at 30 June 2014	14,400	5,993	(13,278)	7,115	60,435	67,550
Total comprehensive income for the year	-	-	2,066	2,066	-	2,066
Balance as at 30 June 2015	14,400	5,993	(11,212)	9,181	60,435	69,616

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

 Chief Executive Officer

 Director



Notes to the Financial Statements

For the year ended 30 June 2015

1. NATURE AND STATUS OF THE COMPANY

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Re-classification and re-arrangements

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

2.5 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form

the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

- Estimated useful lives of property and equipment and measurement of revalued amounts (notes 3.1 and 4)
- Recognition of taxation and deferred taxation (notes 3.9 , 7 and 25)
- Provisions and contingencies (note 3.11 & note 18)
- Classification of investment properties (notes 3.3 and 5)
- Provision against trade debts and other receivables (notes 3.5, 9 and 11)
- Impairment (note 3.18)
- Stock-in-trade (notes 3.6 and 8)

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

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

IFRS 2	Share Based Payments (Amended)
IFRS 3	Business Combinations (Amended)
IFRS 8	Operating Segments (Amended)
IAS 16	Property, Plant and Equipment (Amended)
IAS 19	Employee Benefits (Amended)
IAS 24	Related Party Disclosures (Amended)
IAS 36	Impairment of Assets (Amended)
IAS 38	Intangible Assets (Amended)
IAS 39	Financial Instruments: Recognition and Measurement (Amended)
IAS 40	Investment Property (Amended)
IFRIC 21	Levies



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

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

Standard/Interpretation	IASB effective date (annual periods beginning on or after)
IFRS 5 Business Combination- (Amendments) Amendments resulting from Annual Improvement to IFRSs September 2014	1 January 2016
IFRS 7 Financial Instruments : Disclosures - (Amendments) Deferral of mandatory effective date of IFRS 9 and Disclosure.	1 January 2015
IFRS 10 Consolidated Financial Statements	1 January 2015
IFRS 11 Joint Arrangements	1 January 2015
IFRS 12 Disclosure of Interests in Other Entities	1 January 2015
IFRS 13 Fair Value Measurement	1 January 2015
IAS 1 Presentation of Financial Statements Amendments resulting from disclosure initiative	1 January 2016
IAS 16 Property, Plant and Equipment - (Amendments) Amendment regarding the clarification of acceptable methods of depreciation and amortization Amendments bringing bearer plants into the scope of IAS 16	1 January 2016
IAS 19 Employee Benefits Amendments resulting from Annual Improvement to IFRSs September 2014	1 January 2016
IAS 27 Separate Financial Statements Amendments for investment entities. Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associate in an entity's separate financial statements	1 January 2015 1 January 2016
IAS 28 Investment in Associates Amendments regarding the application of the consolidation exception and contribution of assets	1 January 2016

Standard/Interpretation		IASB effective date (annual periods beginning on or after)
IAS 38	Intangible Assets- (Amendments) Amendments regarding clarification of acceptable methods of depreciation and amortization	1 January 2016
IAS 39	Financial Instruments : Recognition Recognition and Measurement	1 January 2018
IAS 41	Agriculture Amendments bringing bearer plants into the scope of IAS 16	1 January 2016

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

2.8 Standards issued by IASB but not applicable in Pakistan

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

Standard		IASB effective date (annual periods beginning on or after)
IFRS 1	First Time Adoption of International Financial Reporting Standards	1 January 2013
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2018
IFRS 14	Regulatory Deferral accounts	1 January 2016
IFRS 15	Fair Value Measurement	1 January 2017

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property and equipment

Owned

Property and equipment, except land, are measured at cost less accumulated depreciation and any impairment loss, if any. Land is stated at fair value. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation on all property and equipment except land is charged on the reducing balance method at the rates specified in note 4.



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

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

The Company assesses at each balance sheet date whether there is any indication that property and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount.

Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

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

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

3.2 Leases

Finance leases

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

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

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

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

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

3.3 Investment properties

Investment properties are accounted for under cost model and are stated at cost less accumulated and impairment losses, if any. Depreciation on office building is charged to profit and loss account by applying the reducing balance method at the rate of 5% per annum after taking into account residual value, if any. Depreciation on addition is charged from the day the asset is available for use while no depreciation is charged from the day the asset is disposed off. Depreciation methods, useful lives and residual values of each part of investment property that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each balance sheet date. Depreciation of leasehold land is suspended since financial year ended 30 June 2012 in accordance with the revised requirements of IAS 17.

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

3.4 Staff retirement benefits

Defined contribution plan

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

Defined benefit plan

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

Compensated absences

The Company has been accounting for all accumulated compensated absences, when employees render services that increase their entitlement to future compensated absences. Accrual is made for employees compensated absences on the basis of last drawn pay. No provision is required for the current year.

3.5 Trade debts

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

3.6 Stock-in-trade

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



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

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

3.7 Revenue recognition

- Revenue from sale of goods is recognized when significant risk and rewards of ownership are transferred to the buyer i.e. when deliveries are made.
- Royalty and rent income is recognized on an accrual basis in accordance with the substance of the relevant agreement.
- Interest income on bank deposits is recognized on time proportion basis using the effective Interest method.

3.8 Cash and cash equivalents

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

3.9 Taxation

Current

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

Deferred

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

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

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

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.10 Borrowings

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

3.11 Provisions

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

3.12 Financial assets and liabilities

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

3.13 Offsetting of financial assets and financial liabilities

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

3.14 Trade and other payables

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

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

3.15 Foreign currencies

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

3.16 Dividend

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



3.17 Earnings per share

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

3.18 Impairment

Financial assets

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

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

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

Non-financial assets

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

4. PROPERTY, PLANT AND EQUIPMENT

		2015										
		Cost					Accumulated depreciation					Written down value
As at 01 July 2014	Additions	Disposals	As at 30 June 2015	Depreciation Rate %	As at 01 July 2014	Charge for the year	Reversal	As at 30 June 2015	As at 30 June 2015	As at 30 June 2015	As at 30 June 2015	as on 30 June 2015
	 (Rupees in '000)										
1,334	-	-	1,334	-	-	-	-	-	-	-	-	1,334
60,445	-	-	60,445	-	-	-	-	-	-	-	-	60,445
61,779	-	-	61,779	-	-	-	-	-	-	-	-	61,779
460	-	-	460	10	353	11	-	364	364	96	96	96
410	-	-	410	20	344	13	-	357	357	53	53	53
256	-	-	256	10	184	7	-	191	191	65	65	65
792	46	-	838	33	627	59	-	686	686	152	152	152
63,697	46	-	63,743	-	1,508	90	-	1,598	1,598	62,145	62,145	62,145
	 (Rupees in '000)										
	 (Rupees in '000)										
		2014										
		Cost					Accumulated depreciation					Written down value
As at 01 July 2013	Additions	Disposals	As at 30 June 2014	Depreciation Rate %	As at 01 July 2013	Charge for the year	Reversal	As at 30 June 2014	As at 30 June 2014	As at 30 June 2014	As at 30 June 2014	as on 30 June 2014
	 (Rupees in '000)										
-	1,334	-	1,334	-	-	-	-	-	-	-	-	1,334
-	60,445	-	60,445	-	-	-	-	-	-	-	-	60,445
-	61,779	-	61,779	-	-	-	-	-	-	-	-	61,779
460	-	-	460	10	341	12	-	353	353	107	107	107
410	-	-	410	20	328	16	-	344	344	66	66	66
256	-	-	256	10	176	8	-	184	184	72	72	72
741	51	-	792	33	569	58	-	627	627	165	165	165
1,867	61,830	-	63,697	-	1,414	94	-	1,508	1,508	62,189	62,189	62,189
	 (Rupees in '000)										
	 (Rupees in '000)										

Owned

Leasehold Land - Cost
- Revaluation

Furniture and fixtures
Vehicles
Office equipments
Computers

Owned

Leasehold Land - Cost*
- Revaluation

Furniture and fixtures
Vehicles
Office equipments
Computers

* With the approval of Board a portion of land with original value of Rs.1.334 million was transferred to "Property & equipment" at a fair value of Rs.61.779 million earlier classified in "Investment property" at cost.



	Note	2015 (Rupees in '000)	2014
4.1 Depreciation for the year has been allocated as follows:			
Distribution and selling expenses	21	18	19
Administrative expenses	22	72	75
		<u>90</u>	<u>94</u>

5. INVESTMENT PROPERTIES

2 0 1 5

Note	C O S T			Depreciation Rate %	DEPRECIATION			Written down value as at June 30, 2015
	As at July 01, 2014	Transfer	As at June 30, 2015		As at July 01, 2014	Charge for the year	As at June 30, 2015	
	... (Rupees in thousand) (Rupees in thousand) ...			
Leasehold land	192	-	192	-	87	-	87	105
Office building	5,408	-	5,408	5	527	244	771	4,637
	<u>5,600</u>	<u>-</u>	<u>5,600</u>		<u>614</u>	<u>244</u>	<u>858</u>	<u>4,742</u>

2 0 1 4

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

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

	Note	2015 (Rupees in '000)	2014
5.2 Depreciation for the year has been allocated as follows:			
Distribution and selling expenses	21	49	51
Administrative expenses	22	195	206
		<u>244</u>	<u>257</u>

	Note	2015 (Rupees in '000)	2014
6. LONG TERM LOANS AND ADVANCES			
- Secured, considered good			
Employee loans	6.1	2,687	2,059
Receivable within one year		(642)	(372)
		<u>2,045</u>	<u>1,687</u>

6.1 This represents interest free loan to employees for the purpose of purchase of motor vehicles. These loans are secured against these motor vehicles and are recoverable in 60 equal monthly instalments. These loans have not been discounted to their present values as the financial impact is not material.

6.2 These loans include balances from following executive employees:

	2015 (Rupees in '000)		
	Asad Mehmood	Mudassar Anwar	Total
Receivable at start of the year	491	492	983
Loan provided during the year	-	-	-
Loan recovered during the year	(100)	(100)	(200)
Receivable at year end	<u>391</u>	<u>392</u>	<u>783</u>
	2014 (Rupees in '000)		
	Asad Mehmood	Mudassar Anwar	Total
Receivable at start of the year	240	170	410
Loan provided during the year	333	385	718
Loan recovered during the year	(82)	(63)	(145)
Receivable at year end	<u>491</u>	<u>492</u>	<u>983</u>



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

	2015 (Rupees in '000)	2014
Executive employees	967	983

7. DEFERRED TAXATION

The Company has not recognised deferred tax assets of Rs. 14.521 million (2014: Rs. 14.591 million) in respect of temporary differences amounting to Rs. 33.572 million (2014: Rs. 35.434 million) as per policy given in note 3.9.

	Note	2015 (Rupees in '000)	2014
8. STOCK-IN-TRADE			
Packing material		1,078	1,136
Work-in-process		1,309	5,488
Finished goods		23,058	33,064
		25,445	39,688
Provision against slow moving stocks: - Finished goods	8.1	(4,457)	(3,878)
		20,988	35,810
8.1 Particulars of provision are as follows:			
Opening balance		3,878	3,378
Charge for the year		579	500
Closing balance		4,457	3,878
9. TRADE DEBTS - unsecured			
Considered good	9.1	40,898	44,953
Considered doubtful		12,986	11,870
		53,884	56,823
Provision against debts considered doubtful	9.2	(12,986)	(11,870)
		40,898	44,953
9.1 This includes receivable from following associated undertaking:			
Berger Road Safety (Pvt.) Ltd		35	-

Aging of associated understanding is as below:

	2015		2014	
	Gross (Rupees in '000)	Impairment (Rupees in '000)	Gross (Rupees in '000)	Impairment (Rupees in '000)
Past due 0 - 30 days	-	-	-	-
Past due 31 - 60 days	35	-	-	-
	<u>35</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Note	2015 (Rupees in '000)	2014
9.2	Provision against debts considered doubtful:		
	Opening balance	11,870	11,870
	Charge for the year	1,116	-
	Closing balance	<u>12,986</u>	<u>11,870</u>
10.	ADVANCES AND DEPOSITS		
	Advances - unsecured, considered good		
	Employees	3	45
	Deposits		
	Margin against letters of guarantee, Earnest money and security deposits - net	10.1 12,393	8,668
	Suppliers	21	21
	Others	26	26
		<u>12,440</u>	<u>8,715</u>
		<u>12,443</u>	<u>8,760</u>
10.1	This represents:		
	Margin against letters of guarantee	3,235	3,235
	Earnest money and tender deposits	10,208	6,433
	Provision against expired letter of guarantee, earnest money and security deposits	10.2 (1,050)	(1,000)
		<u>12,393</u>	<u>8,668</u>
10.2	Particulars of provision are as follows:		
	Opening balance	1,000	500
	Charge for the year	50	500
	Closing balance	<u>1,050</u>	<u>1,000</u>



	Note	2015 (Rupees in '000)	2014
11. PREPAYMENTS AND OTHER RECEIVABLES			
Prepayments		235	155
Sales tax receivable	11.1	4,460	3,446
Employees' provident fund		-	7
		<u>4,695</u>	<u>3,608</u>

11.1 During the tax period of February 2011, the Company had declared a sales tax refund of Rs. 2.484 million in the sales tax return. Out of the above refund an amount of Rs. 1.022 million has been adjusted by the Company in revised return for the tax periods of February 2011 till June 2012. For remaining balance of Rs. 1.462 million a separate refund claim under section 66 of the Act has been filed by the Company.

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

	2015 (Rupees in '000)	2014
12. TERM DEPOSIT RECEIPTS / ACCOUNT	<u>4,430</u>	<u>1,630</u>

These short term deposits carrying mark-up at the rates ranging from 6.00% to 8.50% (2014: 8.10% to 8.50%) per annum having maturities within one year. The term deposits are under lien against letter of guarantees issued by the banks.

	2015 (Rupees in '000)	2014
13. CASH AND BANK BALANCES		
In hand	32	31
At banks - in current accounts	12,189	10,123
	<u>12,221</u>	<u>10,154</u>

14. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2015 (Number of Shares)	2014		2015	2014
1,257,288	1,257,288	Ordinary shares of Rs.10 each fully paid in cash	12,573	12,573	
82,712	82,712	Ordinary shares of Rs.10 each fully paid for consideration other than cash	827	827	
100,000	100,000	Ordinary shares of Rs.10 each issued as fully paid bonus shares	1,000	1,000	
<u>1,440,000</u>	<u>1,440,000</u>		<u>14,400</u>	<u>14,400</u>	

Issued, subscribed and paid-up capital at the year end included 990,908 (2014: 990,908) ordinary shares of Rs. 10 each, held by associated undertakings.

	2015 (Rupees in '000)	2014
15. SURPLUS ON REVALUATION OF FIXED ASSETS	60,435	60,435

The surplus is in respect of the land located at Plot No. X-3, Manghopir Road, S.I.T.E, Karachi. The plot is revalued on 18 July 2013 by an independent valuer M/s Iqbal A. Nanjee & Co. (Private) Limited, Karachi. The valuation of land has been made on the basis of fair market value. The valuation resulted in net surplus of Rs. 60.435 million. The aforementioned surplus amount has been credited to surplus on revaluation of fixed assets account to comply with the requirements of Section 235 of the Companies Ordinance, 1984.

	2015 (Rupees in '000)	2014
16. ADVANCE FROM RELATED PARTY	40,000	40,000

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

The Company shall pay service charges at the rate of 4% on its annual net sales value, to be worked out on the basis of audited annual accounts of the Company. The provisional payments on account of service charges shall be made on quarterly basis by 15 October, 15 January, 15 April and 15 July for the respective preceding quarters. The Company has right to repay this amount at its discretion after giving 15 days notice therefore this has been classified as current liability.

	Note	2015 (Rupees in '000)	2014
17. TRADE AND OTHER PAYABLES			
Trade creditors	17.1	57,692	67,804
Accrued expenses		1,330	1,482
Dividend payable		319	319
		59,341	69,605
Other liabilities			
Advances from customers		1,424	879
Unfunded gratuity scheme	17.2	-	7
Workers' profit participation fund	17.3	215	125
Employees' provident fund		53	-
Provision for compensated absences		362	410
Others	17.4	432	451
		2,486	1,872
		61,827	71,477
17.1 This includes payable to following associated undertakings:			
Berger Paints Pakistan Limited		45,805	50,038
M.S. Orchids (Pvt) Ltd		2,422	11,691
		48,227	61,729



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

	Note	2015 (Rupees in '000)	2014
17.3 Workers' profit participation fund			
Balance as at 1 July		125	54
Charge for the year		206	116
Paid during the year		(116)	(45)
Balance as at 30 June		215	125

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

	Note	2015 (Rupees in '000)	2014
18. CONTINGENCIES AND COMMITMENTS			
Contingencies			
Letter of guarantees	18.1	7,665	4,865
Claim not acknowledged by the company	18.2	3,860	3,860
		11,525	8,725

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

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

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

Commitment

18.3 The management has agreed upon an arrangement with Berger Paints Pakistan Limited (Berger) - an associated company for letting out a piece of its leasehold land. The arrangement provides that Berger will construct a facility for production and warehousing on the subject land and utilize it for a period of 10 years from the date when building would become available for use. On expiry of the tenure of agreement, the warehouse building will be transferred to Buxly Paints Limited free of cost as a consideration for utilizing the subject land for the said tenure.

	2015	2014
	(Rupees in '000)	
19. SALES		
Gross sales	202,934	180,936
Sales tax and excise duty	(31,964)	(28,362)
	<u>170,970</u>	<u>152,574</u>
Commission and discount	(1,204)	(2,546)
	<u>169,766</u>	<u>150,028</u>
20. COST OF SALES		
Opening Stock		
Packing material	1,136	681
Purchases		
Raw material	105,530	112,613
Packing material	9,644	11,055
	<u>115,174</u>	<u>123,668</u>
	116,310	124,349
Closing stock		
Packing material	(1,078)	(1,136)
	<u>115,232</u>	<u>123,213</u>
Material consumed	115,232	123,213
Manufacturing expenses		
Toll manufacturing charges	8,924	8,411
Work in process		
Opening stock	5,488	7,843
Closing stock	(1,309)	(5,488)
	<u>4,179</u>	<u>2,355</u>
Cost of goods manufactured	128,335	133,979
Finished goods		
Opening stock	33,064	23,485
Closing stock	(23,058)	(33,064)
	<u>138,341</u>	<u>124,400</u>



	Note	2015 (Rupees in '000)	2014
21. DISTRIBUTION AND SELLING EXPENSES			
Salaries and other benefits	21.1	11,895	7,328
Insurance		34	91
Rent, rates and taxes		240	240
Carriage outward		2,566	1,707
Sample and packing		111	175
Advertising and promotional expenses		731	871
Travelling and conveyance		205	65
Printing and stationery		219	167
Postage, telephone and fax		183	155
Repairs and maintenance		10	-
Depreciation	4.1 & 5.1	67	70
Provision against debts considered doubtful		1,116	-
Provision against expired earnest money and tender deposit		50	500
Entertainment and welfare		56	82
Service charges		6,791	6,001
Fees and subscription		42	402
Sundry expenses		182	921
		24,498	18,775

21.1 Included herein is a sum of Rs. 0.21 million (2014: Rs. 0.15 million) in respect of staff retirement benefits.

	Note	2015 (Rupees in '000)	2014
22. ADMINISTRATIVE EXPENSES			
Salaries and other benefits	22.1	1,831	2,934
Directors' fee		194	185
Insurance		127	25
Printing and stationery		190	310
Postage, telephone and fax		67	27
Travelling and conveyance		89	92
Service charges		240	240
Auditor's remuneration	22.2	400	400
Fees and subscription		464	121
Legal and professional fees		251	596
Vehicle running expenses		195	253
Repairs and maintenance		171	106
Depreciation	4.1 & 5.1	267	281
Provision against slow moving stocks		579	500
Provision for compensated absences		-	300
Entertainment and welfare		277	207
Miscellaneous fee and taxes		462	256
		5,804	6,833

22.1 Included herein is Rs. 0.016 million (2014: Rs. 0.018 million) in respect of staff retirement benefits and a sum of Rs. 1.02 million (2014: Rs. 1.02 million) in respect of remuneration of Chief executive.

	Note	2015 (Rupees in '000)	2014
22.2 Auditors' remuneration			
Statutory audit		250	250
Half yearly review		75	75
Others		75	75
		400	400
23. OTHER INCOME			
Financial asset			
Mark up on term deposit receipts		58	279
Non financial asset			
Royalty income	23.1	1,461	1,030
Misc. income		16	-
Rental income	23.2	1,650	1,200
		3,127	2,230
		3,185	2,509

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

23.2 The Company has rented out one portion of the land and building to Berger Paints Pakistan Limited.

		2015 (Rupees in '000)	2014
24. FINANCE COST			
Bank charges		197	214
		197	214



	Note	2015 (Rupees in '000)	2014
25. TAXATION			
For the year		1,729	1,511
Prior year		28	-
Deferred	7	-	-
		<u>1,757</u>	<u>1,511</u>

25.1 Current status of tax assessments

The income tax assessments of the Company have been finalised upto and including the tax year 2014 (Income year ended 30 June 2014). The return for tax years 2003 to 2014 have been filed under the Universal Self Assessment Scheme which provides that return filed is deemed to be an assessment order. However, these returns (i.e. return for tax years 2010 to 2014) may be selected for detail audit within five years and the Commissioner of Income Tax may amend the assessment in case of objection raised in audit.

25.1.1 The tax charge for this year has been computed at the rate of 1% of turnover in accordance with the requirements of Income Tax Ordinance, 2001.

	2015 (Rupees in '000)	2014
25.2 Reconciliation of accounting profit and tax expense		
Profit before tax	3,823	2,199
Tax at the enacted tax rate of 33% (2014: 34%)	1,262	748
Tax effect due to minimum tax	467	763
Prior year tax effect	28	-
	<u>1,757</u>	<u>1,511</u>

26. EARNINGS PER SHARE

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

	2015 (Rupees in '000)	2014
Profit for the year after tax	2,066	688
	(Shares in '000)	
Weighted average number of shares outstanding during the year	1,440	1,440
	(Rupees)	
Earnings per share	1.43	0.48

27. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2015			2014		
	Chief Executive	Executives	Directors	Chief Executive	Executives	Directors
	----- (Rupees in '000) -----					
Directors' fee	-	-	194	-	-	185
Managerial remuneration	584	1,978	-	584	2,478	-
House rent allowance	262	809	-	262	386	-
Utilities	58	184	-	58	86	-
Conveyance	58	469	-	58	86	-
Medical allowance	58	-	-	58	-	-
	1,020	3,440	194	1,020	3,036	185
Number of persons	1	4	6	1	3	6

28. PLANT CAPACITY AND PRODUCTION

	2015 (In liters)	2014
Produced for the Company by a related party under toll manufacturing agreement	800,841	770,552

29. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

Related parties comprises of associated undertakings, directors of the Company, major share holders and their close family members and key management personnel and employment retirement benefits plans. The Company continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions at agreed rates. Further, contribution to defined contribution plan (provident fund) are made as per the terms of employment. Remuneration of key management personnel is in accordance with their terms of engagements. Balances due to/due from related parties are describe in note 6,9,16 & 17. Details of transactions with related parties are as follows:

	2015 (Rupees in '000)	2014
<u>Associated undertakings</u>		
Purchase during the year	105,530	113,500
Sale during the year	35	-
Rental expense and service charges	3,608	3,608
Toll manufacturing expenses incurred	8,924	8,411
Royalty income	1,461	1,029
Rental income	1,650	1,200
Service charges on advance for the year	6,791	6,001



2015 2014
(Rupees in '000)

Remuneration of key management personnel - Refer note 27

Buxly Paints Limited Provident Fund

Company's contribution	230	168
(Receivable from)/Payable to Provident Fund	53	(7)

30. FINANCIAL INSTRUMENTS

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

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

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

Risk Management Framework

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

30.1 Credit risk

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

Exposure to credit risk

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

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

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

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

	Classification	2015 (Rupees in '000)	2014
Loans and advances	Loans and receivables	2,687	2,059
Long term deposits	Loans and receivables	91	91
Trade debts	Loans and receivables	40,898	44,953
Mark up receivable	Loans and receivables	273	340
Other receivables	Loans and receivables	-	7
Advances and deposits	Loans and receivables	12,443	8,760
Term deposit receipts	Held to maturity	4,430	1,630
Bank balances	Loans and receivables	12,189	10,123
		73,011	67,963

Credit Quality

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

	2015		2014	
	Gross (Rupees in '000)	Impairment	Gross (Rupees in '000)	Impairment
Past due 0 - 30 days	19,069	-	18,136	-
Past due 31 - 60 days	7,042	-	10,848	-
Past due 61 - 180 days	10,042	-	12,413	-
More than 180 days	17,731	12,986	15,426	11,870
	53,884	12,986	56,823	11,870

More than 180 days includes trade debts amounting to Rs. 1.425 million (2014: Rs. 3.992 million) in respect of decorative paints business, which will be collected by Berger Paints Pakistan Limited.

The movement in provision for impairment of trade debts is given in note no. 9.2. In the opinion of the management no further provision is necessary for past due trade debts as these are considered good based on payment history.



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

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

Concentration of credit risk

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

30.2 Liquidity risk

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

Exposure to liquidity risk

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

	2015				
	Carrying amount	Contractual cash flows	Three months or less	Three months to one year	More than one year
	------(Rupees in '000)-----				
Non-derivative financial liabilities					
Trade and other payables	60,403	(60,403)	(60,403)	-	-
	60,403	(60,403)	(60,403)	-	-
	2014				
	Carrying amount	Contractual cash flows	Three months or less	Three months to one year	More than one year
	------(Rupees in '000)-----				
Non-derivative financial liabilities					
Trade and other payables	70,598	(70,598)	(70,598)	-	-
	70,598	(70,598)	(70,598)	-	-

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

The contractual cash flows relating to the above financial liabilities have been determined on the basis of applicable mark-up rates as at 30 June 2015, if any.

30.3 Market risk

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

30.3.1 Currency risk

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



30.3.2 Interest rate risk

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

	Effective rate		Carrying amount	
	2015	2014	2015	2014
	(in percentage)		(Rupees in '000)	
Financial assets - Fixed rate instruments				
Term deposit receipts	6.00 to 8.50	8.10 to 8.5	4,430	1,630

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

30.3.3 Other price risk

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

30.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Company's activities.

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

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

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

- requirements for the reconciliation and monitoring of transactions; compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

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

30.5 Fair value of financial instruments

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

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

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

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

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

31. CAPITAL MANAGEMENT

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

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

32. NUMBER OF EMPLOYEES

The total number of employees as at year end are 19 including 02 contractual employees (30 June 2014: 13 including two contractual employees) and average number of employees were 16 (30 June 2014:13).



33. PROVIDENT FUND DISCLOSURE

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

	2015 (Rupees) Un-Audited	2014 Audited
Size of the fund - total assets	3,207,964	2,847,796
Cost of Investments made	1,548,150	1,492,767
Percentage of investments made	48%	52%
Fair Value of investments	2,770,087	2,490,357

The break-up of cost of investments is:

	2015		2014	
	% of fund	Rupees	% of fund	Rupees
Defence Saving Certificates	31%	1,000,000	35%	1,000,000
Mutual Fund	17%	548,150	17%	492,767
	48%	1,548,150	52%	1,492,767

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

34. EVENTS AFTER BALANCE SHEET DATE

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

35. RECLASSIFICATIONS

Expense	Regrouped from	Regrouped to	2014 (Rs. in '000)
Provision against expired earnest money and security deposits	Administra- tive expense	Distribution & selling expense	500

36. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on October 2, 2015.

Chief Executive Officer

Director

Pattern of Shareholdings

AS AT 30 JUNE 2015

NUMBER OF SHAREHOLDERS	SHARE HOLDINGS			NO OF SHARES HELD
323	1	-	100	17,110
165	101	-	500	43,946
43	501	-	1,000	39,717
42	1,001	-	5,000	108,700
7	5,001	-	10,000	58,700
2	10,001	-	15,000	25,500
3	15,001	-	20,000	49,519
1	20,001	-	25,000	21,000
2	25,001	-	30,000	56,500
1	30,001	-	35,000	31,500
1	35,001	-	40,000	36,500
1	135,001	-	140,000	135,718
1	270,001	-	275,000	273,600
1	540,001	-	545,000	541,990
593				1,440,000

CATEGORIES OF SHAREHOLDERS	NO OF SHAREHOLDERS	SHARES HELD	PERCENTAGE
1 Directors, CEO and Childeren	1	500	0.03
2 Associated Companies	2	815,590	56.64
3 NIT and ICP	2	135,818	9.43
4 Banks, DFI and NBFI	1	98	0.01
5 Modarbas and Mutual Funds	3	68,500	4.76
6 General Public (Local)	574	394,692	27.41
7 General Public (Foreign)	3	4,100	0.28
8 Others	7	20,702	1.44
	593	1,440,000	100.00

SHAREHOLDERS HOLDING 10 % OR MORE VOTING INTEREST	SHARES HELD	PERCENTAGE
1 National Bank of Pakistan - Trustee NI (U) T Fund	152,397	10.58
2 Berger Paints Pakistan Limited	273,600	19.00
3 Slotrapid Limited	541,990	37.64

DIRECTORS AND THEIR SPOUSES

1 Mr. Bashir Ahmed	500	0.03
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BLANK



Form of Proxy

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

I/We _____
of _____ in the district of _____
being a member of Buxly Paints Limited and holder of _____
(No. of Shares)

Ordinary Shares as per Share Register Folio No. _____ and/or CDC Participant I.D. No. _____
and Sub Account No. _____ hereby appoint _____
of _____ in the district of _____ or
failing him _____ of _____

as my/our proxy to vote for me/us and on my/our behalf at the sixty first Annual General Meeting of the Company to be held on October 31, 2015 and at any adjournment thereof.

Signed this _____ day of _____ 2015

Witnesses:

1. Signature _____
Name _____
Address _____
CNIC No. or
Passport No. _____

Signature on
Rs. 5/-
Revenue Stamp

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

2. Signature _____
Name _____
Address _____
CNIC No. or
Passport No. _____

Note:

- This Proxy form, duly completed and signed, must be received at the Registered Office of the Company, X/3, Manghopir Road, S.I.T.E., Karachi, not less than 48 hours before the time of holding the meeting.
- No person shall act as proxy unless he himself is a member of the Company, except that a corporation may appoint a person who is not a member.
- If a member appoints more than one proxy and more than one instruments of proxy are deposited be a member with the Company, all such instruments of proxy shall be rendered invalid.
- CDC shareholders and their proxies must each attach an attested photocopy of their National Identity Card of Passport with this proxy form.

The Company Secretary

BUXLY PAINTS LIMITED

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

AFFIX
CORRECT
POSTAGE



A glimpse of the past - an old Buxly shopboard

Buxly
PAINTS

Buxly Paints Limited

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

Ph: 021-32577702

Fax: 021-32560468

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