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Company Information

Board of Directors

Sikander Dada - Chairman
Dr. Mahmood Ahmad - Chief Executive
Maqbool H. H. Rahimtoola
C. H. Clover
Ilyas Sharif
Muhammad Naseem
Hamid Masood Sohail
N. K. Shahani
- Alternate to C. H. Clover

Audit Committee

Maqbool H. H. Rahimtoola
Muhammad Naseem
Hamid Masood Sohail

CFO & Company Secretary

Abdul Wahid Qureshi

Bankers

Habib Bank Limited
Habib Metropolitan Bank Limited
Citibank N. A.
The Royal Bank of Scotland
United Bank Limited
MCB Bank Limited
JS Bank Limited

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Solicitors

Surridge & Beecheno

Company Registrar

Gangjees Registrar Services (Pvt.) Ltd.

Company Profile

Company Profile

BERGER has been manufacturing paints for almost two centuries. BERGER is the pioneer in organized paint manufacturing in Pakistan as it was the first company to introduce premium quality paints at the start of its operations in 1950, when it met market needs by importing paint products from the United Kingdom.

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

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

Consistent quality has always been BERGER's hallmark and has been the driving factor in making it the best known brand name representing the most comprehensive range of paint products in Pakistan.

BERGER PAINTS PAKISTAN LTD. head office is located in Lahore. Here the company's new state-of-the-art manufacturing plant is now in full production. The plant provides BERGER an edge over the competition by enabling it to meet the needs of valued customers all over Pakistan.

The company has entered into a number of technical collaboration arrangements with leading international manufacturers. These include: Nippon Paints, Japan, the largest paint company in Japan, which enables BERGER to develop Automotive, Vehicle Refinishes and Industrial paints conforming to international standards; Nippon Bee Chemicals, Japan, for Bumper Paints; PCS Powders, UK for Powder Coatings; DPI Sendirian Berhad, Malaysia for Road & Runway Markings; Cerachem for Construction Chemicals and Asian Paints for Decorative Paints.

BERGER has recently made important additions to its manufacturing facilities in Lahore, such as the Printing Inks and Powder Coatings businesses.

The company has also commissioned a new Resin manufacturing facility at its Lahore factory. The Resin plant has high production capacity and has enabled Berger to meet its entire resin needs for the manufacture of a wide range of quality paints. This has also made Berger Paints the only paint manufacturer in Pakistan to have its own resin producing facility.

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

The Mission

The Mission

Despite many challenges, BERGER Paints has succeeded in staying at the forefront of Pakistan's paint industry. Innovation and technological development has enabled the company to achieve corporate success through its commitment to providing products of the highest quality and ensuring the ultimate satisfaction of customers.

The company's employees are constantly encouraged to pursue the Corporate Mission Statement:

- We will stay at the forefront of innovation and technological development in the paint industry.
- We will achieve corporate success through an unwavering commitment to provide our customers high quality products to their ultimate satisfaction.
- We will vigorously promote and safeguard the interests of our employees, our shareholders, our suppliers and all business associates.
- We will play our role as a good corporate citizen and serve the community where we do business.

A Commitment to Excellence

A Commitment to Excellence

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

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

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

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

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

Customer Service

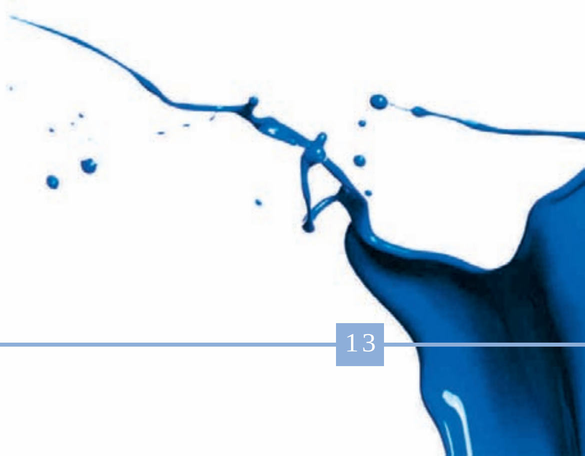
Customer Service

BERGER does not offer just paint products but a total solution as an extension of these products.

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

BERGER offers professional services to its industrial customers through a highly qualified and experienced Technical Services team. The team consists of Technical Sales Officers holding M.Sc. and B.Sc. degrees in Chemistry.

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



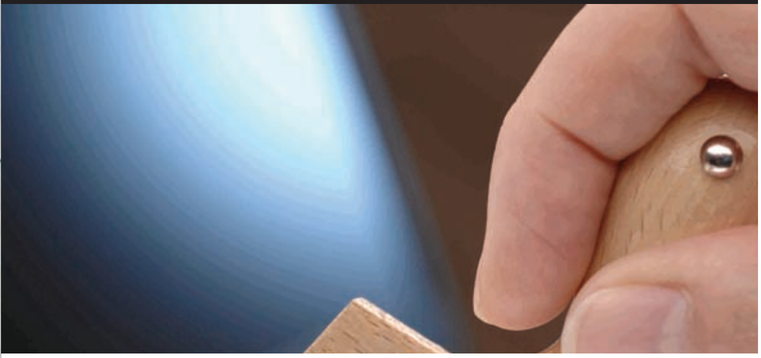
People

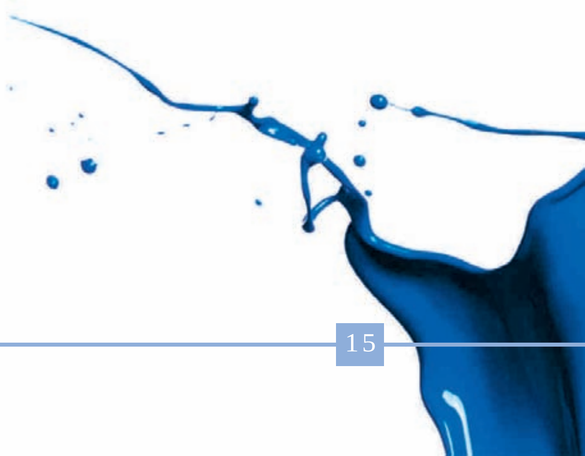
For Berger, development of human resource is of key importance. The company achieves this through continuous and rigorous training programmes conducted all year round. The purpose is to upgrade and improve professional and technical skills of executives and staff.

A number of monthly and annual employee incentive programmes also help in building the motivational focus of the work force and maintaining it at an optimum level. The good work of outstanding employees is duly rewarded.

A number of recreational and entertainment activities are also organized for BERGER employees throughout the year and all staff members participate in these events with enthusiasm and interest.

Useful overseas exposure adds further value to the training of the Technical Services and R&D teams through trips to international events of professional interest.





Health, Safety & Environment

Health, Safety & Environment

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

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

A clean and pollution-free environment is ensured at the company's manufacturing facilities through a Solvent Recovery Plant, a Dust / Vapour Extraction System and an Oil Recovery System.

Safety training programmes are organized on a regular basis for all personnel and factory workers to ensure safety of the work environment. Strict safety regulations in apparel, equipment and work procedures are enforced at every step.

In addition, Safety Officers conduct regular Safety Audits and enforce proper maintenance of Safety Procedures with active cooperation of all employees.

Quality in Diversity

Quality in Diversity

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

BERGER Decorative paints business offers a wide range of quality interior and exterior finishes for a large variety of applications. Its Industrial / Powder Coatings business caters to the fast growing Consumer Durables and Auto Vendor sectors. The Automotive Paints business is known for its bold initiatives in meeting the needs of OEMs in the automobile sector and manufacturers in the 2-wheeler and 3-wheeler industries.

BERGER's Protective Coatings business keeps in step with the needs of the fast-expanding telecom sector and other key industrial segments. The Vehicle Refinishes business offers a variety of refinish systems, providing high quality products in all segments of the Refinishes business.

BERGER also continues to lead the way in Road Safety and Runway Markings by pioneering single-source manufacturing and application of road safety products.

The Berdex Construction Chemicals business offers products for a wide range of applications in the buildings, construction and repair industries.

BERGER's Printing Industry and Adhesives businesses are new initiatives that are meeting the needs of their respective segments with some of the world's best brands.

Berger has set up Model Shops in major cities across Pakistan. These shops offer a fresh and colorful outlook with strong corporate branding that instills strong brand loyalty amongst dealers and shopkeepers.

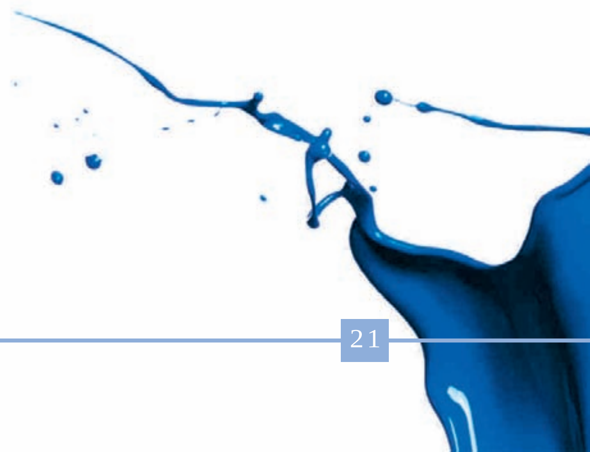
Berger's adherence to international quality standards in all product categories is a continuous pursuit that ensures satisfaction of customers at all times and in all segments.

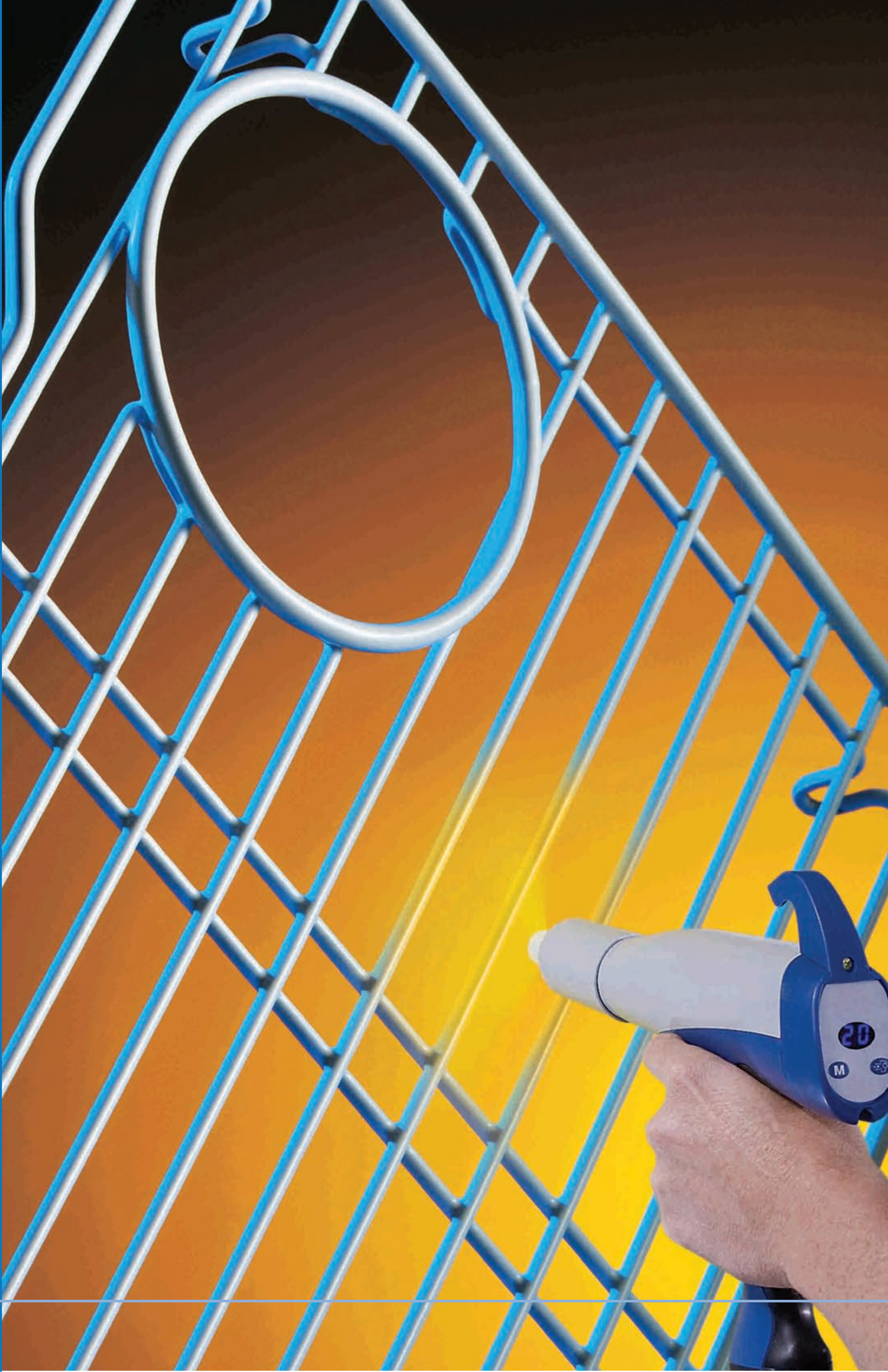
Decorative Paints

BERGER's Decorative Paints offer a wide range of quality interior and exterior finishes for a large variety of applications.

Continuous endeavour is made to achieve and maintain the high product standards that Berger is renowned for. At the same time, innovative products that meet the needs of a demanding market are also launched on a regular basis. Recent additions to BERGER's Decorative portfolio include BERGER Robbialac Elegance Matt Emulsion and BERGER Polyurethane Gloss Enamel, a highly durable paint product for interiors and exteriors.

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

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Industrial Powder Coatings

BERGER Paints offers a wide range of paints for diverse industrial applications. The company's proven product quality and relentless focus on meeting customer needs in various specialized categories of paints and allied products continues to drive its success.

There is a growing demand for Industrial / Powder Coatings in Pakistan as a result of business growth in the Consumer Durables and Auto Vendor sectors.

Berger's Industrial / Powder Coatings business meets these needs with a range of quality products. A recent addition to the business is the internationally renowned brand, Oxyplast that meets the needs of individual job coaters, OEMs and general industry. Before this, BERGER had made a technical collaboration arrangement with PCS Powders UK, to drive forward its efforts in other areas of new product development.

The Industrial / Powder Coatings business is greatly bolstered by Berger's customized customer services that cater to the needs of large scale manufacturers in both local and export industries.

Automotive Paints

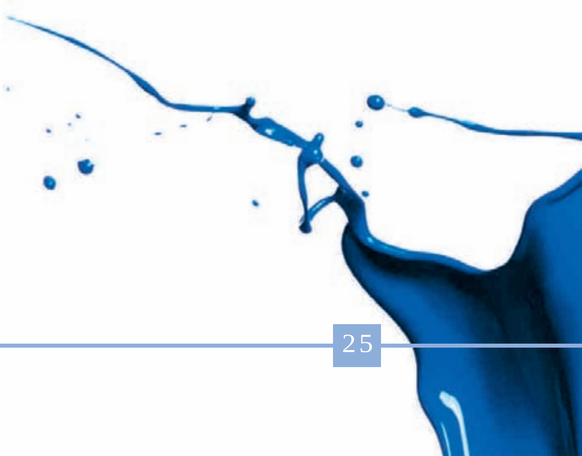
Automotive Paints

The Automotive Paints business at BERGER supplies paints to all leading local automotive assemblers. These include Honda Atlas Cars Pakistan Limited, Indus Motor Company Limited, Pak Suzuki, Hino Pak Motor Company, Al-Ghazi Tractors Limited, etc.

BERGER also enjoys a very strong position in the two-wheeler industry and provides it strong technical support. It has almost 90% share of the market, comprising leading customers such as Atlas Honda Limited, Dawood Yamaha Limited, Pak Suzuki Motorcycles and more than 25 Chinese assemblers.

BERGER has been playing a vital role in the development of the Rickshaw Industry as well, and is meeting the complete painting needs of the industry.

Berger has installed a state-of-the-art automatic foam spray system in its Automotive Paints Production area at its Lahore factory. The new system provides added protection against fire hazards.



Protective Coatings

BERGER's Protective Coatings business offers special paints for heavy duty coating requirements.

The Protection Division works in close collaboration with telecom companies and other customers and provides a range of customized solutions for reliable protection of towers, buildings and other installations.

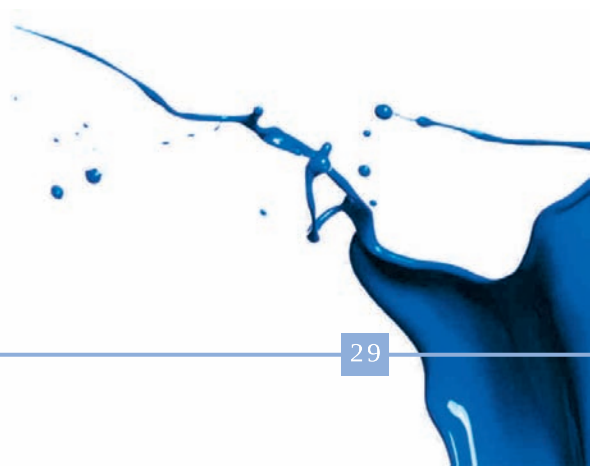
BERGER's expertise in Protective Coatings is also in great demand in other important sectors such as Sugar, Cement, Oil, Gas and Chemical industries. Protective maintenance of plant and machinery, besides value addition, is a key requirement in these sectors and BERGER Protective Coatings fulfills these needs admirably. Major projects handled by the division include Bosicor Refinery, Hub; Al-Abbas Sugar Industries; Ghotki Sugar Industries; Tuwairqi Steel Mills; etc.

Vehicle Refinishes

The challenge for BERGER's technical expertise in the Vehicle Refinishes business is to offer touch-up paints that precisely match original automobile color.

The business achieves this through three different refinish systems designed to enable application for high gloss, durable, quick-drying and precisely matching finishes without heat treatment. A range of ancillary products such as primer, putty and all kinds of thinners and COB Lacquer provide support to these refinishes.

The Economy Nitrocellulose finish range that was launched by the Vehicle Refinishes business in 2006 has also been very successful. It is based on international trends and offers a complete painting solution, comprising putty, surfacer and finish. It offers 22 shades, combining fast drying and polishing properties with excellent gloss.



Road Safety

The motto of the BERGER Road Safety business is 'Leading the Way to a Safe Journey.'

BERGER pioneered the concept of single-source manufacturing and application of road marking products in Pakistan.

BERGER Road Safety offers a complete range of road marking products, such as traffic signs, cat studs, delineators, barriers, guardrails, etc. and provides high quality application services. The advanced Cataphos TP hot-melt Thermoplastic material is manufactured in Pakistan as per BS 3262 specifications. A full range of other road marking products are also manufactured to match various application standards.

Application services are provided through trained personnel. Customers include CDGK, CDA, National Highways Authority, CAA, FWO, China Yunan Corporation, Astaldi Italy, Lahore Municipal Corporation, etc

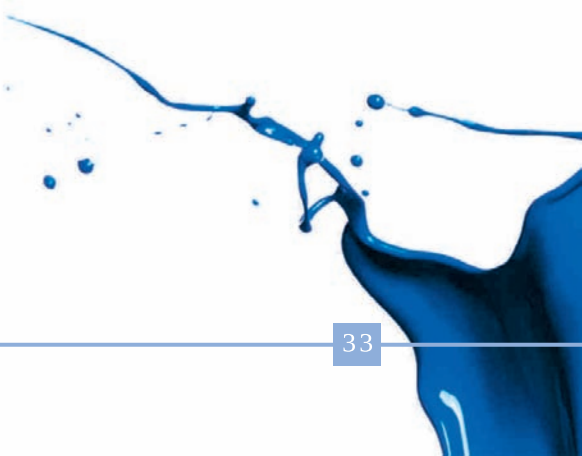
Govt. & Marine

As Pakistan is endowed with a long coastal belt, it needs reliable protection for its sea-bound craft as well as off-shore and on-shore installations.

BERGER's Government & Marine business meets this need with a wide range of products comprising specialized coatings for ships, aircraft, fuel storage tanks, warehouses, arms and ammunition depots, etc.

The paints and coatings are especially in demand by the defence industry, aviation sector, utility corporations, ports and shipping sector, military engineering services, research and development organizations, educational institutions and the health sector. Some projects include the Creek City, DHA Golf Club, Armed Forces Hospitals, Armed Forces Colleges, etc.

Over the years, the business has grown manifold and plans are in hand to introduce a more innovative range of coatings in the near future.



Printing Inks

Printing Inks

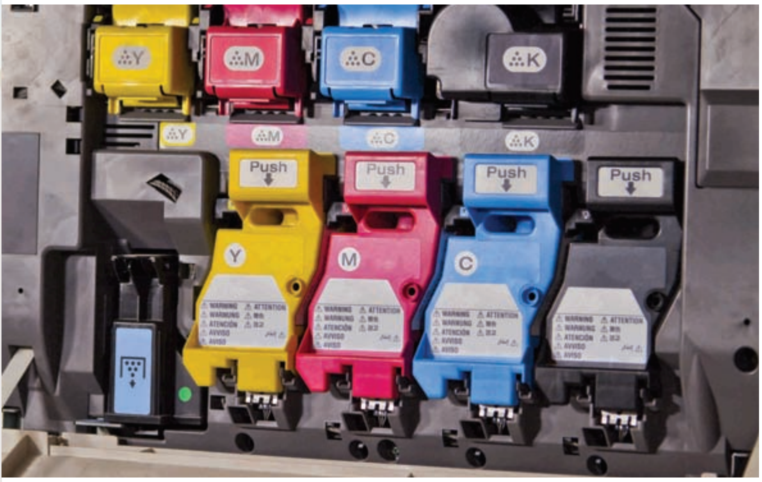
Berger Paints has commenced manufacture of industrial inks at its state-of-the-art Lahore factory. This is a part of the new initiatives that Berger has taken to broaden its product spectrum.

The facility uses internationally-renowned technology to produce high quality gravure and offsets inks for the local industrial and paper printing sectors.

This is a part of Berger's continuous efforts to meet growing market demand for quality brands in a wide range of categories.

It has always been Berger's objective to provide the best products to its customers. The addition of inks portfolio has enabled it to offer maximum benefits to customers, especially in the domain of copper-free cyan alternatives for water-based Flexo inks.

Berger's Inks Division already provides ink products for simultaneous wet on wet printing or wet on dry printing on various types of coated and uncoated board and paper through the use of high performance pigments and varnishes.



Adhesives

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

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

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

Board of Directors

Board of Directors

Sikander Dada
Chairman

Dr. Mahmood Ahmad
Chief Executive

Muhammad Naseem
Director

Maqbool H. H. Rahimtoola
Director

Ilyas Sharif
Director

C. H. Clover
Director

Hamid Masood Sohail
Director

N. K. Shahani
Alternate to C. H. Clover

Financial Highlights

	2010	2009	2008 Restated	2007	2006	2005
	Year Ended June 30,					
	(Rupees in thousand)					
NET ASSETS						
Fixed Assets	715,499	1,052,460	614,447	625,723	560,800	426,852
Assets under Finance Lease	6,468	-	-	-	-	-
Goodwill	40,750	40,750	52,350	-	-	-
Long Term Investments	6,962	13,849	13,849	13,849	17,947	17,947
Long Term Loans & Deposits	23,508	29,253	22,072	23,046	17,170	16,292
Deferred Taxation	96,022	80,146	99,647	-	-	-
Net Current Assets	(215,386)	(443,157)	(364,172)	(58,321)	(28,673)	44,835
Total	673,823	773,301	438,193	604,297	567,244	505,926
FINANCED BY						
Share Capital	181,864	81,864	81,864	69,376	57,813	46,251
Reserves	277,593	114,787	84,919	315,657	309,356	257,318
Surplus on Revaluation of Fixed Assets	210,343	526,650	154,744	173,697	180,788	186,642
	669,800	723,301	321,527	558,730	547,957	490,211
Long Term & Deferred Liabilities	4,023	50,000	116,666	45,567	19,287	15,715
Total	673,823	773,301	438,193	604,297	567,244	505,926
TURNOVER AND PROFITS						
Turnover	3,359,276	3,580,302	3,123,311	2,904,050	2,761,711	2,122,500
(Loss) / profit before tax	(128,299)	47,296	(425,647)	100,752	141,473	95,399
Taxation	(12,078)	20,160	(122,900)	51,673	54,006	38,387
(Loss) / profit after tax	(116,221)	27,136	(302,747)	49,076	87,467	57,012
Dividend	-	-	-	27,749	40,469	27,750
Reserves for the issuance of bonus shares	-	-	-	-	11,563	11,563
Transfer to General Reserve	-	-	-	80,000	-	-
EARNING & DIVIDEND						
Earning / (Loss) per share	(8.91)	2.21	(43.62)	7.07	15.13	9.86
Dividend per share - Cash	-	-	-	4.00	7.00	6.00
- Bonus	-	-	-	-	1:5	1:4

Directors' Report

The Directors are presenting their report alongwith the audited financial statements for the year ended 30th June, 2010.

The financial year 2010 under review was once again assailed by a period of turbulence and economic uncertainty and turmoil in the country. Almost all businesses were adversely affected by unabated power shortages and galloping inflation. The problems further compounded by deteriorating law and order situation especially in the central and northern parts of the country. Continued political instability in the country and post flood situation will further adversely effect the business environment. The paint industry which is largely dependent on the construction and real estate development businesses was not immune to these pressures. The performance of your company should, therefore, be seen in the light of the business environment which prevailed during the financial year under report.

Your company is currently assessing the damage which the country wide floods have caused to Pakistan's economy in general and the Paint Industry in particular. However, it will continue to focus on growth opportunities through existing and new products and expanding geographies.

The financial performance of your company is summarized as follows.

	2010	2009
	Rupees in thousand	
Operating profit for the year	46,437	100,952
Other operating income	126,321	266,875
	172,758	367,827
Other charges	48,323	66,625
Finance Cost	252,734	253,906
	301,057	320,531
(Loss) / profit before tax	(128,299)	47,296
Taxation	(12,078)	20,160
(Loss) / profit after tax	(116,221)	27,136

SAFETY, HEALTH & ENVIORNMENT

The company is aware that safety is the key component of operational excellence. It gives utmost importance to training of employees and contractors to enhance safety awareness. It has also introduced industry best practices in its operating setup. The following are some of the key activities undertaken during the year with a clear objective of achieving highest safety standards.

- Constructed fire proof walls in different factory floors and partitioning different work areas.
- Strengthen fire detection system by increasing the number of fire detectors and fire alarms.

- Core activities involve, daily safety audits, follow up on safety related countermeasures, daily safety talks to workers on floor level, safety meetings to interact with top & middle management and floor staff.

- Safety competitions and price distributions, around 300 man hours safety trainings to all levels of staff, out sourced contractor trainings, implementation of work permits and etc.

- As part of community services E.H.S and Marketing worked together to install road safety sign boards on a wide bend along the Multan Road.
- Health monitoring of canteen staff and evaluating, department wise needs for Personal Protective Equipments.

- Also monitoring company Environment against country regulations.

BOARD OF DIRECTORS

During the year, 9 meetings of the Board of Directors were held and attendance of each Director was as follows:

Dr. Mahmood Ahmad	9
Mr. Sikandar Dada	9
Mr. Hamid Masood Sohail	9
Mr. Maqbool H. H. Rahimtoola	8
Mr. Muhammad Naseem (Full time director)	3
Mr. Muhammad Naseem (Alternate Director of C. H. Clover)	6
Mr. N.K. Shahani (Alternate Director of C. H. Clover)	3
Mr. M. Saeed (Alternate Director of Mr. Ilyas Sharif)	1
Mr. Abdul Wahid Qureshi (Alternate Director of Mr. Ilyas Sharif)	4
Mr. Assad Ullah Khan (Alternate Director of Mr. Ilyas Sharif)	1
Mr. Muhammad Abdul Aleem (resigned on 26th January, 2010)	4

Leaves of absence were granted to those Directors who could not attend meetings of the Board. During the period of Mr. Abdul Aleem (Nominee of NIT) vacated the office.

AUDIT COMMITTEE

During the year 5 meetings of Audit committee were held.

CONSOLIDATED FINANCIAL STAEMENTS

Consolidated financial statements of the Company and its subsidiaries, Berger DPI (Private) limited and Berdex Construction Chemical (Private) Limited are annexed.

HOLDING COMPANY

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

EARNING PER SHARE

The Earnings/ (Loss) per share for the year is Rs. (8.91) (2009: Rs. 2.21)

AUDITORS

The present auditors M/s A.F. Ferguson & Co. Chartered Accountants shall stand retired at the conclusion of this Annual General Meeting.

M/s KPMG Taseer Hadi & Co. Chartered Accountants have given their consent to act as statutory auditors of the company for the year ending June 30, 2011. The auditors have been given satisfactory rating under the Quality control review program of the Institute of Chartered Accountants of Pakistan. The Audit Committee has recommended their appointment to the Board of Directors.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES ON TRANSFER PRICING

The Company has fully complied with the best practices on transfer pricing as contained in the listing regulation of the stock exchange.

REASON FOR NOT DECLARING DIVIDENDS

As a result of a loss during the year, the Directors do not recommend declaration of a dividend.

Due to loss during the year, the Directors do not recommend any appropriation of profit.

PATTERN OF SHAREHOLDING

The pattern of shareholding as on June 30, 2010 and its disclosure, as required by the Code of Corporate Governance appears on Page 44.

CORPORATE GOVERNANCE

Statement of Corporate and financial reporting framework

i. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
ii. Proper books of accounts have been maintained by the Company.
iii. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
iv. International financial reporting standard, as applicable in Pakistan, have been followed in preparation of financial statements.
v. The system of internal control is sound in design and has been effectively implemented and monitored.
vi. There are no significant doubts upon the Company's ability to continue as a going concern.
vii. There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations.
viii. Key operating and financial data of the last six years is summarized on page 40.
ix. Outstanding statutory payments on accounts of taxes have been mentioned on the face of Balance sheet
x. The value of investments of provident, gratuity and pension funds were as at December 31, 2009:

	Rupee in thousand
Berger Paints Executive Staff Pension Fund	37,112
Berger Paints Gratuity Fund	16,329
Berger Paints Provident Fund	92,044

i. The directors, CEO, CFO / Company Secretary and their Spouses and minor children did not carry out any trade in the shares of the company except to the extent of the Right Shares issued where applicable.

ON THE BEHALF OF THE BOARD

Dr. Mahmood Ahmad	Sikander Dada
Chief Executive	Director

Pattern of Shareholding

As at June 30, 2010

Description	Share Held	Percentage
Directors, CEO and their spouses and minor children	867,981	4.773%
NIT and ICP	635,831	3.496%
Banks Development Financial Institution, Non Banking Financial Institutions.	475,018	2.612%
Insurance Companies	224,543	1.235%
Joint Stock Companies	639,349	3.516%
Cooperative societies	476	0.003%
General Public	5,872,052	32.288%
Associated Companies	9,466,057	52.050%
Others	5,075	0.028%

Categories Of Shareholders Required Under The Code of Corporate Governance as at June 30, 2010

Directors,CEO their spouses and minor children	Holding	Percentage
Mr. Sikander Dada	865,961	4.762%
Dr. Mahmood Ahmad	2	0.000%
Mr. Maqbool H.H Rahimtoola	1,572	0.009%
Mr. Hamid Masood Sohail	444	0.002%
Mr. C.H Clover	1	0.000%
Mr. Ilyas Sharif	1	0.000%
	867,981	4.773%
Associated Companies		
Slotrapid Limited	9,466,057	52.050%
NIT & ICP		
NATIONAL BANK OF PAKISTAN Trustee Dep CDC	619,326	3.405%
NATIONAL INVESTMENT TRUST LIMITED CDC	15,915	0.088%
INVESTMENT CORP. OF PAKISTAN	590	0.003%
	635,831	3.496%
INDIVIDUALS	5,872,052	32.288%
INSURANCE COMPANIES	224,543	1.235%
JOINT STOCK COMPANIES	639,349	3.516%
FINANCIAL INSTITUTIONS	475,018	2.612%
COOPERATIVE SOCIETIES	476	0.003%
Others	5,075	0.028%
	7,216,513	39.6809%
	18,186,382	100%

During the financial year the trading in shares of the company by the Directors,CEO, CFO, Company Secretary and their spouses and minor children is as follows.

Name	Sale	Purchase
Mr. Sikander Dada	-	511,961
Dr. Mahmood Ahmad	-	1
Mr. Maqbool H.H. Rahimtoola	-	864
Mr. Hamid Masood Sohail	-	244

Pattern of Shareholding

As at June 30, 2010

Number of Shareholders	From	To	Total No. of Shares
300	1	100	11,566
361	101	500	104,802
250	501	1000	198,385
444	1001	5000	1,047,776
92	5001	10000	652,125
29	10001	15000	347,574
17	15001	20000	293,983
3	20001	25000	74,886
5	25001	30000	135,337
5	30001	35000	163,661
1	35001	40000	36,580
4	40001	45000	175,933
1	45001	50000	50,000
1	50001	55000	51,000
1	60001	65000	64,453
2	65001	70000	137,581
1	70001	75000	75,000
1	75001	80000	79,538
1	90001	95000	92,849
1	95001	100000	98,026
1	100001	105000	102,148
2	120001	125000	246,233
2	130001	135000	266,598
1	220001	225000	224,543
1	240001	245000	242,086
1	305001	310000	309,495
1	325001	330000	325,454
1	330001	335000	333,318
1	340001	345000	341,429
1	350001	355000	354,290
1	440001	445000	443,417
1	475001	480000	477,496
1	615001	62000	618,426
1	785001	790000	786,423
1	9220001	9225000	9,223,971
1,537			18,186,382

Categories Of Shareholders	Number of Shareholders	Number of Shares Held	Number of Percentage
Individuals	1,493	6.740,033	37.061%
Investment Companies	1	590	.003%
Insurance Companies	1	224.543	1.235%
Joint Stock Companies	30	639,349	3.516%
Financial Institutions	6	1,110,259	6.105%
Cooperative Societies	1	476	.003%
Associated	2	9,466,057	52.050%
Others	3	5,075	0.028%
Totals	1,537	18,186,382	100.000%

Statement of Compliance

With the Code of Corporate Governance

This statement is being presented to comply with the code of Corporate Governance contained in the listed regulations of stock exchanges for the purpose of establishing a framework of good governance whereby a listed company is managed in compliance with the best practice of corporate governance. The company has applied the principles contained in the Code in the following manners:

1. The company encourages representation of independent non-executive directors and directors representing minority instead on its Board of Directors. At present the Board includes six independent non-executive directors and none representing minority interest as no minority shareholder offered himself / herself for election.

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

3. All the directors have given declaration that they are aware of their duties and powers under the relevant laws and the company's Memorandum and Articles of association and the listing regulations of the stock exchange of Pakistan.

4. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to any banking company, a DFI or an NBFI. None of the director is a member of a stock exchange.

5. One casual vacancie occurred during the period and were filled within the legal time frame.

6. The company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors, senior management and employees of the company.

7. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the company.

8. All the powers of the Board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of Chief Executive Officer [CEO) have been taken by the Board.

9. The meetings of the Board were presided over by the Chairman. The Board met at least once in every quarter during the year ended June 30, 2010. Written notices of the Board meetings along with the agenda and working papers, were circulated before the meetings. The minutes of the meetings were appropriately recorded and circulated in time.

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

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

12. The directors, CEO and executives do not hold any interest in the share of the company other than that disclosed in the pattern of shareholding.

13. The company has complied with all the corporate and financial reporting requirements of the Code.

14. The Board has formed an Audit Committee. It comprises of three members, all of them are non-executive directors including the chairman of the committee.

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

16. Due to the accumulated losses, Directors do not recommend any appropriation of profit.

17. The Company management has outsourced its internal audit function to a leading firm of chartered accountants.

18. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (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 ICAP.

19. 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.

20. We confirm that all other material principles contained in the Code have been complied with.

Lahore: September 28, 2010

Dr. Mahmood Ahmad
Chief Executive

A. F. FERGUSON & CO.

A member firm of PRICEWATERHOUSECOOPERS

A. F. Ferguson & Co.
Chartered Accountants
23-C, Aziz Avenue, Canal Bank
Gulberg V, P.O. Box 39,
Lahore - 54660, Pakistan.
Telephone: (042) 3571 5864-71
Fax: (042) 3571 5872

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Berger Paints Pakistan Limited to comply with the Listing Regulations of the Karachi and Islamabad Stock Exchanges, where the company is listed.

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

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

Further, Listing Regulations notified by the Karachi and Islamabad Stock Exchanges require the company to place before the Board of Directors for their consideration and approval 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 regarding proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transaction by the Board of Directors and placement of such transaction before 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 Code of Corporate Governance as applicable to the Company for the year ended June 30, 2010.

Chartered Accountants

Lahore: September 28, 2010

Name of audit engagement partner: Imran Farooq Mian

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Berger Paints Pakistan Limited as at June 30, 2010 and the related profit and loss account, statement of other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

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

(b) in our opinion-

  i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of other 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 June 30, 2010 and of the loss, its cash flows and 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.

Chartered Accountants

Lahore: September 28, 2010

Name of audit engagement partner: Imran Farooq Mian

BERGER PAINTS PAKISTAN LIMITED
BALANCE SHEET
AS AT JUNE 30, 2010

	Note	2010	2009
		(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment	5	**715,499**	1,052,460
Assets subject to finance lease	6	**6,468**	-
Goodwill	7	**40,750**	40,750
Long term investments (subsidiaries and an associate)	8	**6,962**	13,849
Long term loans	9	**9,928**	13,916
Long term deposits	10	**13,580**	15,337
Deferred taxation	11	**96,022**	80,146
		889,209	1,216,458
CURRENT ASSETS			
Stores	12	**8,375**	7,109
Stock in trade	13	**966,347**	1,011,893
Trade debts	14	**599,377**	552,117
Loans and advances	15	**47,633**	60,918
Trade deposits and short term prepayments	16	**19,638**	24,526
Other receivables	17	**65,928**	112,984
Taxation - net		**105,508**	75,772
Cash and bank balances	18	**282,170**	170,875
		2,094,976	2,016,194
		2,984,185	3,232,652
SHARE CAPITAL AND RESERVES			
Share capital	19	**181,864**	81,864
Reserves	20	**277,593**	114,787
		459,457	196,651
SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX	21	**210,343**	526,650
NON-CURRENT LIABILITIES			
Long-term financing	22	**-**	50,000
Liabilities against assets subject to finance lease	23	**4,023**	-
CURRENT LIABILITIES			
Trade and other payables	24	**960,277**	894,303
Accrued mark-up	25	**44,420**	50,785
Current maturity of long-term financing	22	**50,000**	50,000
Current maturity of liabilities against assets subject to finance lease	23	**2,112**	-
Short term borrowings	26	**1,253,553**	1,464,263
		2,310,362	2,459,351
TOTAL LIABILITIES		**2,314,385**	2,509,351
CONTINGENCIES AND COMMITMENTS	27		
		2,984,185	3,232,652

The annexed notes 1 to 47 form an integral part of these financial statements.

Chief Executive **Director**

BERGER PAINTS PAKISTAN LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2010

	Note	2010	2009
		(Rupees in thousand)	
Net sales	28	**3,359,276**	3,580,302
Cost of sales	29	**2,577,550**	2,745,755
Gross profit		**781,726**	834,547
Distribution cost	30	**601,954**	594,941
Administrative expenses	31	**133,335**	138,654
		735,289	733,595
Operating profit		**46,437**	100,952
Other operating income	32	**126,321**	266,875
		172,758	367,827
Other charges	33	**48,323**	66,625
Finance cost	34	**252,734**	253,906
		301,057	320,531
(Loss)/ profit before taxation		**(128,299)**	47,296
Taxation	35	**(12,078)**	20,160
(Loss)/ profit after taxation		**(116,221)**	27,136
		Rupees	
(Loss)/ earnings per share - basic and diluted	36	**(8.91)**	2.21

The annexed notes 1 to 47 form an integral part of these financial statements.

Chief Executive **Director**

BERGER PAINTS PAKISTAN LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2010

	2010	2009
	(Rupees in thousand)	
(Loss)/ profit after taxation	**(116,221)**	27,136
Other comprehensive income for the year	**-**	-
Total comprehensive (loss)/ income for the year	**(116,221)**	27,136

The annexed notes 1 to 47 form an integral part of these financial statements.

Chief Executive **Director**

BERGER PAINTS PAKISTAN LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2010

	Note	2010	2009
		(Rupees in thousand)	
Cash flow from operating activities			
Cash generated from operations	38	**354,314**	281,457
Finance cost paid		**(259,101)**	(246,645)
Income tax paid		**(46,779)**	(36,335)
Long term loans		**3,988**	118
Long term deposits		**(1,795)**	(7,299)
Net cash inflow/ (outflow) from operating activities		**50,627**	(8,704)
Cash flow from investing activities			
Capital expenditure		**(56,836)**	(151,263)
Sale proceeds on disposal of property, plant and equipment		**279,594**	7,203
Dividend received		**-**	274
Net cash inflow/ (outflow) from investing activities		**222,758**	(143,786)
Cash flow from financing activities			
Issue of ordinary share capital (right shares)		**100,000**	-
Long term financing obtained		**250,000**	-
Short term borrowings - net		**(55,000)**	185,000
Lease rentals paid		**(1,381)**	-
Long term financing repaid		**(300,000)**	(83,333)
Dividend paid		**-**	(2)
Net cash (outflow) / inflow from financing activities		**(6,381)**	101,665
Net increase/ (decrease) in cash and cash equivalents		**267,005**	(50,825)
Cash and cash equivalents as at July 1		**(908,388)**	(857,563)
Cash and cash equivalents as at June 30	39	**(641,383)**	(908,388)

The annexed notes 1 to 47 form an integral part of these financial statements.

Chief Executive **Director**

BERGER PAINTS PAKISTAN LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2010

	Issued, subscribed and paid-up share capital	Capital Reserves		Revenue Reserves		Total
		Share premium	Reserve for issue of bonus shares	General reserve	Unappropriated profit / (accumulated loss)	Share Capital and Reserves
	(Rupees in thousand)					
Balance as at July 1, 2008	81,864	56,819	-	285,000	(256,900)	166,783
Surplus on revaluation of property, plant and equipment realised through incremental depreciation charged on related assets during the year - net of tax	-	-	-	-	2,732	2,732
Total comprehensive income for the year ended June 30, 2009	-	-	-	-	27,136	27,136
Balance as at June 30, 2009	81,864	56,819	-	285,000	(227,032)	196,651
Balance as at July 1, 2009	81,864	56,819	-	285,000	(227,032)	196,651
Ordinary shares of Rs 10 each issued as right shares during the year ended June 30, 2010	100,000	-	-	-	-	100,000
Surplus on revaluation of property, plant and equipment realised through disposal of leasehold land	-	-	-	-	267,051	267,051
Surplus on revaluation of property, plant and equipment realised through incremental depreciation charged on related assets during the year - net of tax	-	-	-	-	11,976	11,976
Total comprehensive loss for the year ended June 30, 2010	-	-	-	-	(116,221)	(116,221)
Balance as at June 30, 2010	**181,864**	**56,819**	**-**	**285,000**	**(64,226)**	**459,457**

The annexed notes 1 to 47 form an integral part of these financial statements.

Chief Executive **Director**

1. THE COMPANY AND ITS OPERATIONS

The company was incorporated in Pakistan on March 25, 1950 as a private limited company under the Companies Act, 1913 and was subsequently converted into a public limited company. The company is listed on the Karachi and Islamabad stock exchanges. The company is engaged in the manufacturing of paints, varnishes and other related items. Slotrapid Limited, based in British Virgin Island is the holding company.

The registered office of the company is situated at D-31, South Avenue, S.I.T.E., Karachi. During the year land and building in Karachi have been sold and the production facilities of the company have been completely transferred to Lahore.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 (the Ordinance) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). The approved accounting standards comprise such International Financial Reporting Standards (IFRSs) as are notified under the provisions of the Ordinance. However, the requirements of the Ordinance or directives issued by the SECP have been followed in case where their requirements are not consistent with the requirements of the approved accounting standards.

2.2 Standards, interpretations and amendments to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the company's financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Amendments to published standards effective in current year

- IAS 1 (Revised), 'Presentation of financial statements' is effective from January 1, 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result, the company shows all 'owner related changes in equity' in statement of changes in equity, whereas all 'non-owner changes in equity' are presented in other comprehensive income.

  The company has preferred to present two statements; a profit and loss account (income statement) and a second statement beginning with profit or loss and display components of other comprehensive income (statement of comprehensive income).

  Certain amendments to IAS 23 ' Borrowing Costs' have been published that are applicable to the company's financial statements covering annual periods, beginning on or after January 1, 2009. Adoption of these amendments would require the company to capitalise the borrowing cost directly attributable to acquisition, construction or production of a qualifying asset (one that take substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing these borrowing costs will be removed. Its adoption will not have any impact on the company's financial statements.

- IAS 27 (revised), 'Consolidated and separate financial statements', is effective from July 1, 2009. The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in income statement. It is not expected to have any impact on the company's financial statements.

- IFRS 3 (revised), 'Business combinations' is effective from July 1, 2009. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair vale or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. It is not expected to have any impact on the company's financial statements.

- IFRS 7, 'Financial instruments: Disclosures' is effective from January 1, 2009. IFRS 7 introduces new disclosures relating to financial instruments and does not have any impact on the classification and measurement of the company's financial instruments. The application of IFRS 7 has resulted in additional disclosures in the company's financial statements, however, there is no impact on profit for the year.

- IFRS 8 'Operating Segments' is effective from January 1, 2009. IFRS 8 replaces IAS 14, 'Segment reporting'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes, and introduces detailed disclosures regarding the reportable segments and products. There is no impact of the new standard on the company's financial statements.

2.2.2 Amendments and interpretations to published standards applicable to the company not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after their respective effective dates:

- IAS 1 (amendment), 'Presentation of financial statements'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. It is not expected to have a material impact on the company's financial statements.

- IAS 38 (amendment), 'Intangible assets'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in any significant impact on the company's financial statements.

- IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The company will apply IFRS 5 (amendment) from July 1, 2010. It is not expected to have a material impact on the company's financial statements.

There are a number of minor amendments in other IFRS and IAS which are part of annual improvement project published in April 2009 (not addressed above). These amendments are unlikely to have any impact on the Company's financial statements and therefore have not been analysed in detail.

2.2.3 Standards and interpretations to existing standards that are not applicable to the company and not yet effective

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2009 are considered not to be relevant or to have any significant impact on the company's financial reporting and operations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention except for the measurement of certain items of property, plant and equipment as referred to in note 5.2 at revalued amounts and recognition of certain employee retirement benefits as referred to in note 3.15 at present value.

3.2 Property, plant and equipment

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

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

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

Depreciation on additions is charged from the month in which the asset is put to use while depreciation on assets disposed of is charged up to the month preceding the disposal at the rates stated in note 5 to these financial statements.

No depreciation is charged if the asset's residual value exceeds its carrying amount.

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

Maintenance and normal repairs are charged to income as and when incurred.

Major renewals and improvements are capitalised.

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

3.3 Investments

The management determines the classification of its investments in accordance with the requirements of IAS-39 'Financial Instruments: Recognition and Measurement', at the time of purchase depending on the purpose for which the investments are acquired and re-evaluates this classification at each financial year end. Investments are either classified as financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale investments or investment in subsidiary and associated companies, as appropriate. When investments are recognised initially, they are measured at fair value, plus, in case of investments not at fair value through profit or loss, directly attributable transaction cost.

Investment in subsidiaries and associate are stated at cost less any accumulated impairment losses, determined on the basis of excess of carrying amount over their recoverable amount. The profit and loss account reflects income from the investments only to the extent that the company receives distributions from accumulated net profit of such companies.

3.4 Business Combinations

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

3.5 Long term deposits

Long term deposits are stated at cost.

3.6 Stores

Stores are valued at actual cost and are charged to income over a period of four years commencing from the year of purchase. General stores, spares and loose tools are charged to profit and loss currently. Items in transit are valued at cost comprising invoice value and other charges incurred thereon.

Provision, if any, for obsolete items is based on management's judgments.

3.7 Stocks in trade

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

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

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

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

3.8 Trade debts and other receivables

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

3.9 Cash and cash equivalents

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

3.10 Borrowings and their cost

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

3.11 Trade and other payables

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

3.12 Provisions

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

3.13 Contingent assets

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

3.14 Contingent liabilities

A contingent liability is disclosed when:

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

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

3.15 Staff retirement benefits

3.15.1 Defined benefit schemes

The company operates the following defined benefit schemes:

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

b) An approved and funded gratuity scheme for all its permanent employees. Contribution is made to this scheme on the basis of actuarial valuation.

Actuarial valuation are carried out using the Project Unit Credit Method and actuarial gains and losses are recognised as income or expense in the same accounting period.

3.15.2 Defined contribution plan

3.15.2.1 Provident fund

The company also operates a recognised 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 percent of basic salary and cost of living allowance for unionised staff and 10 percent of basic salary for executive and non-executive staff. During the year Rs 5.451 million (2009: 5.515 million) were charged to expense.

3.15.2.2 Employee compensated absences

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

3.16 Taxation

Current

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

Deferred

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

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

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

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

3.17 Foreign currency transactions and translation

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

3.18 Revenue recognition

- Revenue from sale of goods is recorded when goods are dispatched and invoiced.

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

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

- Other revenues are recorded on accrual basis.

3.19 Financial Instruments

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

3.20 Off setting of financial assets and liabilities

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

3.21 Surplus on revaluation of fixed assets

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

Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to retained earnings.

3.22 Dividends and appropriations to general reserve

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

3.23 Impairment

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

4. Critical accounting estimates and judgements

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

(a) Assumption and estimation in recognition deferred tax (note 11).

(b) Assumptions and estimations used in writing down items of stock in trade to their net realisable value (note 13).

(c) Assumptions and estimations used in calculating the provision for doubtful debts (note 14).

(d) Assumption and estimation in accounting for staff retirement benefits (note 37).

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

5. Property, plant and equipment

	Land		Buildings										
	Freehold	Leasehold	On freehold land	On lease-hold land	Plant and machinery	Laboratory Equipment	Electric fittings	Computers & related accessories	Office machines	Furniture and fixtures	Delivery trucks	Motor Vehicles	Total
	(Rupees in thousand)												
Net carrying value basis													
Year ended June 30, 2010													
Opening net book value (NBV)	160,070	445,400	150,267	41,470	190,462	8,914	13,141	2,192	1,052	8,804	-	30,688	1,052,460
Additions (at cost)	-	-	18,599	-	22,582	1,518	4,607	2,354	-	2,947	-	4,229	56,836
Disposals (at NBV)	-	(271,225)	-	(21,875)	(445)	-	(2,023)	-	-	(288)	-	(740)	(296,596)
Depreciation charge	-	(8,505)	(7,929)	(1,938)	(29,688)	(1,318)	(1,878)	(1,179)	(139)	(1,174)	-	(8,514)	(62,262)
Surplus on revaluation	36,792	-	2,430	-	35,413	-	-	-	-	-	-	-	74,635
Deficit on revaluation	-	(98,670)	-	(10,904)	-	-	-	-	-	-	-	-	(109,574)
Closing net book value (NBV)	196,862	67,000	163,367	6,753	218,324	9,114	13,847	3,367	913	10,289	-	25,663	715,499
Gross carrying value basis													
As at June 30, 2010													
Cost / Revalued amount	196,862	67,000	163,367	6,753	231,771	13,856	19,305	8,655	2,218	13,730	2,582	52,778	778,877
Accumulated depreciation	-	-	-	-	(13,447)	(4,742)	(5,458)	(5,288)	(1,305)	(3,441)	(2,582)	(27,115)	(63,378)
Net book value (NBV)	196,862	67,000	163,367	6,753	218,324	9,114	13,847	3,367	913	10,289	-	25,663	715,499
Depreciation rate % per annum	-	2.06	5	5	11 - 21	10	10	25	10	10	20	20	
Net carrying value basis													
Year ended June 30, 2009													
Opening net book value (NBV)	78,211	155,587	91,807	60,075	145,340	1,117	9,211	2,014	1,008	3,070	-	29,904	577,344
Additions (at cost)	-	-	75,729	-	64,698	8,555	6,923	1,633	252	6,554	-	14,835	179,179
Inter transfer	-	-	11,989	(11,989)	-	-	-	-	-	-	-	-	-
Disposals (at NBV)	-	-	-	-	(106)	-	(1,344)	(15)	-	-	-	(2,897)	(4,362)
Depreciation charge	-	(3,134)	(7,671)	(3,015)	(19,470)	(758)	(1,649)	(1,440)	(208)	(820)	-	(11,154)	(49,319)
Surplus on revaluation	81,859	292,947	-	-	-	-	-	-	-	-	-	-	374,806
Deficit on revaluation	-	-	(21,587)	(3,601)	-	-	-	-	-	-	-	-	(25,188)
Closing net book value (NBV)	160,070	445,400	150,267	41,470	190,462	8,914	13,141	2,192	1,052	8,804	-	30,688	1,052,460
Gross carrying value basis													
As at June 30, 2009													
Cost / Revalued amount	160,070	445,400	150,267	41,470	229,496	12,338	18,564	6,301	2,218	11,100	2,582	51,669	1,131,475
Accumulated depreciation	-	-	-	-	(39,034)	(3,424)	(5,423)	(4,109)	(1,166)	(2,296)	(2,582)	(20,981)	(79,015)
Net book value (NBV)	160,070	445,400	150,267	41,470	190,462	8,914	13,141	2,192	1,052	8,804	-	30,688	1,052,460
Depreciation rate % per annum	-	1.5 & 1.85	5	5	10	10	10	25	10	10	20	20	

5.1 During the year ended June 30, 1988, Iqbal A. Nanjee and Co. Valuation Consultants, carried out revaluations of leasehold land, building on leasehold land and plant and machinery as of March 31, 1988, which resulted in an aggregate surplus on revaluation of Rs 45.642 million thereon over cost. A similar exercise was subsequently carried out during the year ended June 30, 2004 by the same valuation consultants to revalue freehold and leasehold land, buildings on freehold land and leasehold land and plant and machinery as of July 01, 2003, which resulted in yet another surplus on revaluation of Rs 182.369 million thereon over their net book value. Revaluation carried out on June 30, 2009 resulted in a surplus of Rs 374.806 million on freehold land and leasehold land and a deficit of Rs 25.188 million on buildings on freehold and leasehold land.

As on June 30, 2010, the company has revalued all its freehold and leasehold land, buildings on freehold land and leasehold land and plant and machinery. This revaluation resulted in a surplus of Rs 74.635 million on freehold land, buildings on freehold land and plant and machinery and a deficit of Rs 109.574 million on leasehold land, buildings on leasehold land over their respective net book values. The company's leasehold land and building in Karachi were revalued by Anjum Asim Associates and Co., Valuation Consultants while land and buildings at Lahore plant, Kot Lakhpat warehouse and Islamabad warehouse were revalued by Harvester Enterprises and Co., Valuation Consultants. Plant and machinery were revalued by Iqbal A. Nanjee and Co. Valuation Consultants.

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

	2010	**2009**
	(Rupees in thousand)	
Freehold land	**70,856**	70,856
Leasehold land	**1,223**	2,508
Buildings on freehold land	**169,186**	159,492
Buildings on leasehold land	**6,823**	59,137
Plant and machinery	**191,012**	190,462
	439,100	482,455

5.3 **Depreciation charge for the year has been allocated as follows:**

	Note	**2010**			**2009**
		Owned assets	**Assets subject to finance lease**	**Total**	**Total**
			(Rupees in thousand)		
Cost of sales	29.1	**40,167**	**677**	**40,844**	32,370
Distribution cost	30	**13,456**	**227**	**13,683**	10,759
Administrative expenses	31	**8,639**	**145**	**8,784**	6,190
		62,262	**1,049**	**63,311**	49,319

6. Assets subject to finance lease

Particulars	Cost as at July 1, 2009	Additions/ transfers */ (deletions)	Cost as at June 30, 2010	Accumulated depreciation as at July 1, 2009	Depreciation charge/transfers */ (deletions) for the period	Accumulated depreciation as at June 30, 2010	Book value as at June 30, 2010	Rate %
	(Rupees in thousand)							
Vehicles	-	7,517	7,517	-	1,049	1,049	6,468	20
2010	-	7,517	7,517	-	1,049	1,049	6,468	
		-			-			

Particulars	Cost as at July 1, 2008	Additions/ (deletions)	Cost as at June 30, 2009	Accumulated depreciation as at July 1, 2008	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at June 30, 2009	Book value as at June 30, 2009	Rate %
	(Rupees in thousand)							
Vehicles	-	-	-	-	-	-	-	20
2009	-	-	-	-	-	-	-	
		-			-			

7. GOODWILL

	2010	2009
	(Rupees in thousand)	
Packaging Ink Business		
Opening balance	**16,750**	22,350
Less: Impairment loss recognised	**-**	(5,600)
	16,750	16,750
Powder Coating Business		
Opening balance	**24,000**	30,000
Less: Impairment loss recognised	**-**	(6,000)
	24,000	24,000
	40,750	40,750

8. Long term investments in related parties - at cost

(Subsidiaries and an associate)

No. of shares - ordinary 2010	No. of shares - ordinary 2009	Name of the company	Country of incorporation	Latest available audited financial statements for the year ended	Percentage holding	Face value per share	2010	2009
							(Rupees in thousand)	
(i) Subsidiary companies - unlisted								
765,000	765,000	Berger DPI (Private) Limited	Pakistan	June 30, 2009	51	10	**2,550**	2,550
676,020	676,020	Berdex Construction Chemicals (Private) Limited	Pakistan	June 30, 2009	51.96	10	**5,510**	5,510
		Less: Provision for impairment					**(4,608)**	(4,608)
							902	902
							3,452	3,452
(ii) Associate - listed								
273,600	273,600	Buxly Paints Limited	Pakistan	June 30, 2009	19	10	**10,397**	10,397
		Less: Provision for impairment					**(6,887)**	-
							3,510	10,397
							6,962	13,849

9. LONG TERM LOANS

	Note	2010	2009
		(Rupees in thousand)	
Considered good- secured			
Due from employees	9.1	**14,047**	17,507
		14,047	17,507
Less: Current portion shown under current assets	15	**(4,119)**	(3,591)
		9,928	13,916

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

10. Long term deposits

	Note	2010	2009
		(Rupees in thousand)	
Considered good		**13,580**	15,337
Considered doubtful		**3,552**	-
		17,132	15,337
Less: Provision for doubtful balances	10.1	**(3,552)**	-
		13,580	15,337

	Note	2010	2009
		(Rupees in thousand)	

10.1 The movement in provision for doubtful balances for the year is as follows:

Balance at the beginning of the year		**-**	-
Provision for the year		**3,552**	-
Balance at the end of the year		**3,552**	-

11. DEFERRED TAXATION

Debit / (credit) balances arising from:			
Accelerated tax depreciation		**(69,457)**	(68,992)
Surplus on revaluation of fixed assets		**(13,244)**	-
Provision for doubtful debts		**24,803**	18,580
Other provisions		**17,277**	10,836
Minimum tax paid		**-**	8,045
Unassessed tax loss carried forward		**136,643**	111,677
Deferred tax asset		**96,022**	80,146

12. STORES

In hand		**8,375**	7,109
		8,375	7,109

13. STOCK IN TRADE

Raw and packing materials			
- in hand		**422,380**	460,176
- in transit		**136,084**	127,348
		558,464	587,524
Semi processed goods		**121,972**	121,607
Finished goods	13.1	**297,225**	304,710
		977,661	1,013,841
Provision for slow moving and obsolete stocks - finished goods		**(11,314)**	(1,948)
		966,347	1,011,893

13.1 Finished goods carried at net realisable value amounted to Rs 15.746 million (2009: Rs 24.451 million) at the end of the year. The amount charged to profit and loss account on account of write down of finished goods to net realisable value amounted to Rs 1.765 million (2009 : Rs 7.640 million). Included in finished goods stock are colour bank machines costing Rs 15.129 million (2009: Rs. 15.129 million).

	Note	2010	2009
		(Rupees in thousand)	
14. TRADE DEBTS			
Unsecured			
Considered good			
- from related parties	14.1	**53,865**	60,812
- others		**545,512**	491,305
		599,377	552,117
Considered doubtful – others		**66,351**	52,124
		665,728	604,241
Less: Provision for doubtful debts	14.2	**(66,351)**	(52,124)
		599,377	552,117

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

	2010	2009
Berdex Construction Chemicals (Private) Limited - subsidiary	**13,866**	117
Dadex Eternit Limited - an associated undertaking	**294**	424
Berger DPI (Private) Limited - subsidiary	**19,182**	-
Buxly Paints Limited - an associated undertaking	**20,523**	60,271
	53,865	60,812

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

	Note	2010	2009
Balance at the beginning of the year		**52,124**	38,121
Provision for the year	30	**16,573**	14,143
Bad debt written off against provision		**(2,346)**	(140)
Balance at the end of the year		**66,351**	52,124

15. LOANS AND ADVANCES

	Note	2010	2009
Current portion of long-term loans - considered good			
Due from employees	9	**4,119**	3,591
		4,119	3,591
Advances - unsecured, considered good			
Executives	15.1	**-**	20
Employees		**771**	558
Suppliers	15.2	**42,743**	56,749
		43,514	57,327
		47,633	60,918

15.1 The maximum amount of advances due from executives of the company at the end of any month during the year was Rs 0.532 million (2009: Rs 0.628 million).

	Note	2010	2009
		(Rupees in thousand)	
15.2 Advances to suppliers - unsecured			
Advances to suppliers - considered good		**42,743**	56,749
- considered doubtful		**963**	963
		43,706	57,712
Less: Provision for doubtful advances	15.3	**(963)**	(963)
		42,743	56,749
15.3 The movement in provision for doubtful advances for the year is as follows:			
Balance at the beginning of the year		**963**	-
Provision for the year		**-**	963
Balance at the end of the year		**963**	963

16. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2010	2009
Trade deposits - security deposits		**17,111**	15,981
Short term prepayments		**2,527**	8,545
		19,638	24,526

17. OTHER RECEIVABLES

	Note	2010	2009
Insurance claim receivable		**9,413**	347
Insurance claim receivable due to the January incident	17.1	**3,195**	57,174
Current accounts with related parties	17.2	**-**	35,703
Receivable against sale of leasehold land		**27,650**	-
Receivable against color bank machines		**7,994**	10,086
Margin against letters of guarantee		**8,395**	4,880
Margin against letters of credit		**-**	1,158
Accrued income		**3,896**	1,407
Others		**5,385**	2,229
		65,928	112,984

17.1 This includes receivable against insurance claims on account of the following:

		2010	2009
Stock in trade		**6,533**	-
Interruption of business		**3,195**	57,174
Laboratory equipment and electrical fittings		**2,880**	-
		12,608	57,174

	Note	2010	2009
		(Rupees in thousand)	

17.2 This includes amount due from the following:

Berger DPI (Private) Limited - a subsidiary		-	10,474
Berdex Construction Chemicals (Private) Limited - a subsidiary		-	11,334
Buxly Paints Limited - an associated undertaking		-	13,895
		-	35,703

18. CASH AND BANK BALANCES

	Note	2010	2009
With banks:			
In current accounts			
Local currency		**236,570**	138,892
Foreign currency		**105**	100
		236,675	138,992
In deposit accounts			
Local currency	18.1	**43,976**	30,476
Cash in hand		**1,519**	1,407
		282,170	170,875

18.1 This balance is under lien with commercial banks against letter of credit and letter of guarantee, carrying mark-up rates ranging from 5 to 14 percent per annum (2009: 2.75 to 14 percent per annum).

19. SHARE CAPITAL

2010	2009		2010	2009
(Number of shares)			(Rupees in thousand)	
		Authorised share capital		
25,000,000	25,000,000	Ordinary shares of Rs 10 each	**250,000**	250,000
		Issued, subscribed and paid-up share capital		
12,135,798	2,135,798	Ordinary shares of Rs 10 each fully paid up in cash, including 10 million (2009: Nil) shares issued through rights issue during the year	**121,358**	21,358
6,050,611	6,050,611	Ordinary share of Rs 10 each issued as fully paid bonus shares	**60,506**	60,506
18,186,409	8,186,409		**181,864**	81,864

19.1 A summary of the movement in ordinary share capital is given below:

Issued, subscribed and paid-up share capital	2010 Number	Amount Rs '000	2009 Number	Amount Rs '000	2008 Number	Amount Rs '000
As at July 1	**8,186,409**	**81,864**	8,186,409	81,864	6,937,639	69,376
Ordinary shares of Rs 10 each issued as right shares during the year ended June 30, 2008	**-**	**-**	-	-	1,248,770	12,488
Ordinary shares of Rs 10 each issued as right shares during the year ended June 30, 2010	**10,000,000**	**100,000**	-	-	-	-
As at June 30	**18,186,409**	**181,864**	8,186,409	81,864	8,186,409	81,864

19.2 Slotrapid Limited B. V. I. (the holding company) and their nominees held 9,466,057 (2009: 4,152,608) ordinary shares of Rs 10 each representing 52.05 percent (2009: 50.72 percent) of the ordinary paid up capital of the company.

20. RESERVES

	2010	2009
	(Rupees in thousand)	
Capital reserve		
Share premium reserve	**56,819**	56,819
Revenue reserve		
General reserve	**285,000**	285,000
Accumulated loss	**(64,226)**	(227,032)
	220,774	57,968
	277,593	114,787

	Note	2010	2009
		(Rupees in thousand)	

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

		2010	2009
Net surplus as at July 1		**525,162**	154,817
Gross surplus			
Surplus on revaluation of property, plant and equipment recognised during the year		**87,670**	374,806
Deficit on revaluation on land and building charged against previous surplus		**(111,705)**	(258)
Transfer to unappropriated profit as a result of incremental depreciation charged during the current year		**(14,045)**	(4,203)
Transfer to unappropriated profit as a result of disposal of related asset		**(267,051)**	-
Related deferred tax liability		**220,031**	525,162
As at July 1		**1,488**	(73)
On deficit on revaluation on land and building charged against previous surplus		**-**	90
On transfer to unappropriated profit as a result of incremental depreciation charged during the current year		**2,069**	1,471
On surplus on revaluation of property, plant and equipment recognised during the year		**(13,245)**	-
		(9,688)	1,488
Net surplus as at June 30		**210,343**	526,650

22. LONG TERM FINANCING

	Note	2010	2009
Secured - From a commercial bank	22.1	**50,000**	100,000
Less: Current maturity shown under current liabilities		**(50,000)**	(50,000)
		-	50,000

22.1 This represents a long term loan from a commercial bank of Rs 200 million. This facility is secured against pari passu hypothecation charge over plant and machinery. Mark-up is payable quarterly and charged at the rate of three month's KIBOR plus 85 bps per annum. The balance is repayable by January 2011, in three equal quarterly installments of Rs 16.667 million each . The effective rate of mark-up is 15.64% (2009: 15.42%).

23. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The minimum lease payments have been discounted at an implicit interest rate of 14.80% to 15.36% to arrive at their present value. At the end of the lease term, the assets shall be transferred in the name of the lessee. The amount of the future payments and the period in which they will become due are:

	2010			2009
	Minimum lease payments	Future finance charge	Present value of lease liability	Present value of lease liability
	(Rupees in thousand)			
Not later than one year	**2,787**	**675**	**2,112**	-
Later than one year but not later than five years	**4,381**	**358**	**4,023**	-
	7,168	**1,033**	**6,135**	-

24. TRADE AND OTHER PAYABLES

	Note	2010	2009
		(Rupees in thousand)	
Trade payables	24.1	**490,634**	423,999
Bills payable		**281,820**	295,864
Accrued expenses		**6,519**	4,751
Employees' Pension Fund	37.2	**6,158**	2,888
Employees' Gratuity Fund	37.2	**19,222**	16,633
Accumulating compensated absences		**6,498**	4,720
Unclaimed dividend		**2,312**	2,312
Provision for infrastructure cess	24.2	**37,716**	29,011
Advances from customers		**10,203**	18,541
Workers' Profits Participation Fund	24.3	**2,469**	3,932
Workers' Welfare Fund		**9,465**	9,338
Sales tax		**33,343**	31,820
Royalty payable		**47,013**	26,082
Others		**6,905**	24,412
		960,277	894,303

24.1 This includes amounts due from Dadex Eternit Limited (an associated undertaking) amounting to Rs 0.010 million (2009 : Rs 0.046 million).

24.2 The movement in provision for infrastructure cess for the year is as follows:

	2010	2009
	(Rupees in thousand)	
Opening balance	**29,011**	21,342
Provision during the year	**8,705**	7,669
Closing balance	**37,716**	29,011

This represents infrastructure cess imposed under the provisions of the Sindh Finance (second amendment) Ordinance, 2001 to meet the cost of additional burden placed on the province's infrastructure by heavy import and export consignments. The company's purchases include heavy imports, which fall under the said provisions, consequently a duty at the rate ranging 0.8 to 0.85 percent (2009: 0.8 to 0.85 percent) on the cost and freight value of imports is levied. The company, in alliance with other companies, filed an appeal before the High Court of Sindh challenging the competence of provincial government to impose such cess under the constitution. The Court thereafter, issued a stay order and directed the plaintiffs to submit bank guarantees of the equivalent amount against the abovementioned cess for clearance of goods from custom authorities. The company has adhered to the said order by placing hundred percent cash margin with the bank. Further, provision is being made for the cess in the financial statements of the company.

	Note	2010	2009
		(Rupees in thousand)	
24.3 Workers' Profits Participation Fund			
Balance at July 1		**3,932**	2,320
Allocation for the year	33	-	2,543
		3,932	4,863
Interest on funds utilised in the company's business	34	**344**	246
		4,276	5,109
Less: Amount paid to workers during the year on behalf of the Fund		**(1,807)**	(1,177)
Balance at June 30		**2,469**	3,932

25. ACCRUED MARK-UP

	2010	2009
Mark-up accrued on secured		
Long term financing	**1,608**	3,963
Short term financing	**12,726**	11,624
Short term running finances	**30,086**	35,198
	44,420	50,785

	Note	2010	2009
		(Rupees in thousand)	
26. SHORT TERM BORROWINGS			
Short term financing	26.1	**330,000**	385,000
Short term running finances	26.2	**923,553**	1,079,263
		1,253,553	1,464,263

26.1 Short term financing - secured

The facilities for short-term financing have been arranged from commercial banks. These facilities are secured against registered charge over stock in trade, book debts and demand promissory notes. The rate of mark-up ranges between 13.48% and 16.40% (June 30, 2009: 14.17% and 16.50%) per annum, payable quarterly. These facilities are due to expire between October, 2010 to June, 2011.

26.2 Short term running finances - secured

The company has arranged facilities for short-term running finance from various banks on mark-up basis to the extent of Rs 950 million (June 30, 2009: Rs 1,295 million). These arrangements are secured against first hypothecation charge over the company's stocks, trade debts and movable assets of the company. The above facilities carry mark-up ranging between 13.50 % and 16.11 % (June 30, 2009: 14.47 % and 16.11 %) per annum, payable quarterly.

26.3 Unavailed credit facilities

The facilities for opening of letters of credits and guarantees as at June 30, 2010 amounted to Rs 985.00 million (2009: Rs 892.38 million) of which the remaining unutilised amount as of that date was Rs 606.731 million (2009: Rs 360.134 million).

27. CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

27.1.1 In previous years the company filed a suit against an ex-distributor (the distributor) in the High Court of Sindh (the court) for recovery of Rs 8.882 million and damages amounting to Rs 5 million on account of unpaid credit invoices for the products supplied by it to the distributor. However, the distributor in return also filed a counter claim of Rs 78.153 million against the company in the court on account of damages and compensation. As the management of the company, based on the advice of its legal counsel handling the case, is confident that the outcome of this suit will be decided in the favour of the company, therefore no provision has been made in this respect in these financial statements.

27.1.2 In previous years a case was filed by an insurance company in the court of First Senior Civil Judge, Karachi (the court) against the company for recovery of Rs 1.369 million on account of outstanding premium of the fire policy. The company also filed a counter claim of Rs 3 million along with mark-up at the rate of 18 percent per annum on account of insurance claim lodged by the company with that insurance company for the damage sustained due to fire incident at varnish factory in May 1997. As the management of the company, based on the advice of its legal counsel handling the case, is confident that the outcome of this suit will be decided in the favour of the company, therefore no provision has been made in this respect in these financial statements.

27.2 Commitments

27.2.1 Commitments in respect of capital expenditure contracted for, as at June 30, 2010, amounted to Rs Nil (2009: Rs Nil).

27.2.2 Outstanding letters of credit as at June 30, 2010 amounted to Rs 378.268 million (2009: Rs 173.287 million).

27.2.3 Outstanding letters of guarantees as at June 30, 2010 amounted to Rs 43.265 million (2009: Rs 43.265 million).

	Note	2010	2009
		(Rupees in thousand)	
28. NET SALES			
Gross sales			
- Local		**4,068,970**	4,400,894
- Export		**127,092**	94,458
		4,196,062	4,495,352
Less: Discounts		**(247,728)**	(282,380)
Sales tax		**(554,498)**	(595,454)
Special excise duty		**(34,560)**	(37,216)
		3,359,276	3,580,302
29. COST OF SALES			
Opening stock of finished goods		**304,710**	186,631
Cost of goods manufactured	29.1	**2,529,688**	2,817,921
Purchases		**31,009**	45,913
Provision against slowing moving finished goods		**9,368**	-
Less: Closing stock of finished goods		**(297,225)**	(304,710)
Cost of sales		**2,577,550**	2,745,755

29.1 Cost of goods manufactured

	Note	2010	2009
Raw and packing materials consumed	29.1	**2,291,253**	2,626,526
Stores consumed		**14,950**	18,014
Salaries, wages and other benefits		**46,519**	59,143
Travelling and conveyance		**10,553**	8,472
Fuel, water and power		**46,215**	27,125
Legal and professional fee		**4,415**	925
Rent, rates and taxes		**1,367**	771
Insurance		**6,059**	4,425
Repairs and maintenance		**13,958**	15,134
Contracted services		**46,056**	57,390
Depreciation	5.3	**40,844**	32,370
Printing and stationery		**1,380**	1,156
Communication		**934**	764
Other expenses		**5,550**	7,343
		2,530,053	2,859,558
Opening stock of semi-processed goods		**121,607**	79,970
Closing stock of semi-processed goods		**(121,972)**	(121,607)
Cost of goods manufactured		**2,529,688**	2,817,921

	Note	2010	2009
		(Rupees in thousand)	

30. DISTRIBUTION COSTS

	Note	2010	2009
Salaries, wages and other benefits		**110,400**	107,431
Travelling and conveyance		**30,909**	24,814
Rent, rates and taxes		**9,901**	5,587
Insurance		**5,370**	3,647
Fuel, water and power		**3,192**	12,230
Advertising and sales promotion		**273,008**	264,549
Technical services and royalty fee		**24,977**	28,471
Freight and handling		**89,004**	83,055
Repairs and maintenance		**1,136**	908
Contracted services		**10,635**	12,732
Depreciation	5.3	**13,683**	10,759
Provision for doubtful debts	14.2	**16,573**	14,143
Bad debts directly written off		**1,373**	8,073
Printing and stationery		**2,119**	1,666
Legal and professional		**2,484**	2,704
Communication		**3,083**	5,939
Other expenses		**4,107**	8,233
		601,954	594,941

31. ADMINISTRATIVE EXPENSES

		2010	2009
Salaries, wages and other benefits		**56,874**	51,386
Travelling and conveyance		**9,198**	8,363
Rent, rates and taxes		**3,575**	2,017
Insurance		**5,261**	4,870
Auditors' remuneration		**2,343**	2,089
Fuel, water and power		**2,033**	2,219
Advertising expense		**1,747**	2,109
Repairs and maintenance		**2,654**	5,034
Contracted services		**10,725**	8,667
Depreciation		**8,784**	6,190
Printing and stationery		**2,693**	1,357
Legal and professional		**6,360**	5,265
Communication		**3,960**	3,427
Advances written off		**-**	22,831
Provision for doubtful advances and deposits		**3,552**	963
Directors' fee		**1,900**	564
Others		**11,676**	11,303
		133,335	138,654

	Note	2010	2009
		(Rupees in thousand)	

31.1 Auditors' remuneration

Audit fee		**1,000**	850
Special certifications, half yearly review and taxation services		**1,048**	1,002
Out of pocket expenses		**295**	237
		2,343	2,089

32. OTHER OPERATING INCOME

Sale of scrap		**22,159**	29,504
Gain on disposal of fixed assets		**10,648**	2,841
Dividend income		**-**	274
Mark-up, rental income and other services charged to associated undertakings		**11,441**	11,441
Toll manufacturing income		**3,301**	2,425
Export rebate		**2,696**	-
Liabilities no longer payable written back		**9,591**	6,693
Insurance claim		**45,329**	212,174
Mark-up on term deposit receipts		**3,992**	1,523
Debtor balances previously written off now written back		**14,003**	-
Others		**3,161**	-
		126,321	266,875

33. OTHER CHARGES

Exchange loss		**2,413**	20,893
Stock written off due to fire		**23,122**	-
Provision for impairment on long term investments		**6,887**	-
Impairment on goodwill		**-**	11,600
Workers profit participation fund		**-**	2,543
Workers welfare fund		**126**	1,017
Deficit on revaluation of property, plant and equipment		**10,904**	25,020
Others		**4,871**	5,552
		48,323	66,625

34. FINANCE COST

Mark up on:			
Long-term financing		**39,092**	21,411
Short-term financing		**59,090**	52,463
Short-term running finances		**141,609**	174,264
Interest on WPPF		**344**	246
Bank charges		**12,599**	5,522
		252,734	253,906

35. TAXATION

	2010	2009
	(Rupees in thousand)	
Current		
- For the year	**17,042**	659
Deferred		
- For current years	**(21,075)**	19,501
- For prior years	**(8,045)**	-
	(12,078)	20,160

Since the company has tax losses for the year, the current tax provision represents the tax under section 113A of the Income Tax Ordinance, 2001 and as such it is impracticable to prepare a tax charge reconciliation. As at June 30, 2010 the company has tax losses available for carry forward amounting to Rs 389.20 million including tax depreciation losses of Rs 278.19 million.

36. EARNINGS PER SHARE

	2010	2009
	(Rupees in thousand)	
(Loss) / profit after taxation	**(116,221)**	27,136
	(Number of shares)	
Weighted average number of shares outstanding during the year	**13,044,625**	12,217,402
	(Rupees)	
(Loss) / earnings per share	**(8.91)**	2.21

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

37. STAFF RETIREMENT BENEFITS AND OTHER OBLIGATIONS

	Note	2010	2009
		(Rupees in thousand)	
Defined benefit plan			
Staff Pension	37.2	**6,158**	2,888
Staff Gratuity	37.2	**19,222**	16,633
		25,380	19,521
Other long term employee benefits			
Accumulating compensated absences		**6,498**	4,720
		31,878	24,241

Defined benefit plan

As mentioned in note 3.15, the company operates an approved funded gratuity and pension schemes for all its permanent employees. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation was carried out at June 30, 2010. Projected Unit Credit method based on the following assumptions was used for these valuations:

	2010	2009
	Percentage per annum	
Valuation discount rate	**12**	12
Expected rate of increase in salary level	**11**	11
Rate of return on plan assets	**12**	12

37.1 The disclosures made in notes 37.2 to 37.6 and 37.8 to 37.11 are based on the information included in the actuarial valuation as of June 30, 2010.

	2010		2009	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in thousand)			
37.2 Balance sheet reconciliation				
Present value of defined benefit obligation	**35,554**	**21,903**	31,725	21,346
Fair value of plan assets	**(29,396)**	**(2,681)**	(28,837)	(4,713)
Recognised liability - note 24	**6,158**	**19,222**	2,888	16,633
37.3. Movement in the fair value of plan assets is as follows:				
Fair value as at July 1	**28,837**	**4,713**	28,782	16,655
Expected return on plan assets	**3,460**	**565**	4,258	2,438
Actuarial (losses) / gains	**(1,969)**	**(3,301)**	(2,855)	484
Company's contribution	**-**	**6,261**	-	-
Employee contribution	**516**	**-**	701	-
Benefits paid	**(1,448)**	**(5,556)**	(2,049)	(11,348)
Payments made to the company	**-**	**-**	-	(3,516)
Fair value as at June 30	**29,396**	**2,682**	28,837	4,713
37.4 Movement in defined benefit obligation is as follows:				
Obligation as at July 1	**31,725**	**21,346**	36,762	26,337
Service cost	**3,239**	**3,611**	2,545	3,006
Interest cost	**3,806**	**2,562**	4,871	3,489
Benefits paid	**(1,448)**	**(5,556)**	(2,049)	(11,348)
Actuarial gains	**(1,768)**	**(60)**	(10,404)	(138)
Obligation as at June 30	**35,554**	**21,903**	31,725	21,346

	2010		2009	
	Pension	Gratuity	Pension	Gratuity
		(Rupees in thousand)		

37.5 Charge for the year

Current service cost	**3,239**	**3,611**	2,545	3,006
Interest cost	**3,806**	**2,562**	4,871	3,489
Expected return on plan assets	**(3,460)**	**(565)**	(4,258)	(2,438)
Recognition of actuarial losses/ (gains)	**201**	**3,241**	(7,549)	(622)
Employee contribution	**(516)**	**-**	(701)	-
Expenses/ (Income)	**3,270**	**8,849**	(5,092)	3,435
Actual return on plan assets	**1,491**	**(2,736)**	1,403	2,922

37.6 Movement in net liability in the balance sheet is as follows:

Opening balance of net liability	**2,888**	**16,633**	7,980	9,682
Charge for the year	**3,270**	**8,849**	(5,092)	3,435
Payments made to the company during the year	**-**	**(6,261)**	-	3,516
Closing balance of net liability	**6,158**	**19,221**	2,888	16,633

37.7 The charge for the year has been allocated as follows:

Cost of sales - note 29.2	**916**	**2,480**	(1,427)	963
Distribution costs - note 30.1	**1,541**	**4,171**	(2,400)	1,619
Administrative expenses - note 31.1	**812**	**2,198**	(1,265)	853
	3,269	**8,849**	(5,092)	3,435

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

	2010	2009	2008	2007	2006
As at June 30			(Rupees in thousand)		
Present value of defined benefit obligation	**57,457**	53,071	63,099	50,353	44,791
Fair value of plan assets	**(32,077)**	(33,550)	(45,437)	(43,254)	(44,432)
Deficit	**25,380**	19,521	17,662	7,099	359
Experience adjustment:					
Loss on obligations	**(1,828)**	(10,542)	5,613	-	1,783
(Loss) / gain on plan assets	**(5,270)**	(2,371)	(92)	-	4,283

	2010		2009	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in thousand)			
37.9 Plan assets comprise the following:				
Defence Saving Certificates	**9,773**	**-**	4,773	2,559
Term deposits	**8,000**	**-**	8,840	-
Cash	**1,504**	**2,682**	2,712	2,154
Term Finance Certificate	**10,119**	**-**	12,512	-
	29,396	**2,682**	28,837	4,713

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

37.11 Expected contribution to post-employment benefit plans for the year ending June 30, 2011 is Rs 10.823 million.

	Note	2010	2009
		(Rupees in thousand)	
38. CASH GENERATED FROM OPERATIONS			
(Loss) / Profit before taxation		**(128,299)**	47,296
Adjustments for non cash charges and other items:			
Depreciation		**63,311**	49,319
Gain on disposal of fixed assets		**(10,648)**	(2,841)
Provision / (reversal) against slow moving stock		**9,368**	(3,771)
Stock written off due to fire		**23,122**	-
Provision for doubtful debts		**16,573**	14,143
Provision for doubtful deposits		**3,552**	-
Impairment on goodwill		**-**	11,600
Impairment on long term investments		**6,887**	-
Dividend income		**-**	(274)
Finance cost		**252,734**	253,906
Advances written of		**-**	9,187
Deficit on revaluation		**10,904**	25,020
Working capital changes	38.1	**106,810**	(122,128)
		354,314	281,457

	Note	2010	2009
		(Rupees in thousand)	

38.1 Working capital changes

(Increase) / decrease in current assets:			
Stores and spares		**(1,266)**	(1,081)
Stock-in-trade		**13,056**	(144,911)
Trade debts		**(63,833)**	3,142
Loans and advances		**13,285**	23,768
Trade deposits and short-term prepayments		**4,888**	(6,355)
Other receivables		**74,706**	98,488
		40,836	(26,949)
Increase/ (decrease) in current liabilities:			
Trade and other payables		**65,974**	(95,179)
		106,810	(122,128)

39. CASH AND CASH EQUIVALENTS

Cash and bank balances	**282,170**	170,875
Short-term running finance	**(923,553)**	(1,079,263)
	(641,383)	(908,388)

40. REMUNERATION OF CHIEF EXECUTIVE, AND EXECUTIVES

	2010			2009	
	Chief Executive Dr. Mahmood Ahmad (July 2009 to June 2010)	Chief Executive Mr. Bashir Ahmad (July 2009)	Executive	Chief Executive Mr. Bashir Ahmad	Executives
	(Rupees in thousand)				
Managerial remuneration (including bonus)	**60**	**473**	**30,751**	5,679	29,349
Retirement benefits	**-**	**30**	**2,204**	473	2,505
Housing rent	**-**	**213**	**9,820**	2,556	10,726
Utilities	**-**	**47**	**2,182**	568	2,384
Medical expenses	**81**	**-**	**1,428**	227	876
Travelling expenses	**1,219**	**-**	**-**	-	-
	1,360	**763**	**46,385**	9,503	45,840
Number of persons	**1**	**1**	**31**	1	34

40.1 Seven (2009: Seven) non-executive directors were paid fee aggregating Rs 1.90 million (2009: Rs 0.56 million).

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

41. TRANSACTIONS WITH RELATED PARTIES

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

There have been no guarantees provided or received for any related party receivables or payables. For the year ended June 30, 2010, the company has not made any provision for debts relating to amounts owed by related parties. Other material transactions with related parties are given below:

		2010	2009
		(Rupees in thousand)	
Relation with undertaking	**Nature of transaction**		
Holding company			
- Slotrapid Limited B.V.I.	Royalty expense	**20,209**	20,516
Subsidiary			
- Berger DPI (Private) Limited	Sales	**14,413**	42,692
	Rental income and other services charged	**4,428**	4,428
- Berdex Construction Chemicals (Private) Limited	Sales	**13,390**	18,985
	Rental income and other services charged	**6,053**	6,053
Associated undertaking			
- Berger Road Safety (Private) Limited	Sales	**21,219**	-
- Buxly Paints Limited	Sales	**74,161**	63,761
	Rental income and other services charged	**960**	960
	Toll manufacturing income	**3,301**	2,425
	Dividend income	-	274
	Royalty expense	**1,171**	1,453
- Dadex Eternit Limited	Sales	**1,672**	1,621
	Purchases	**83**	46
Remuneration of key management personnel		See note 40	

The related party status of outstanding balances as at June 30, 2010 are included in trade debts (note 14.1), other receivables (note 17.2) and trade and other payables (note 24.1) respectively.

42. FINANCIAL RISK MANAGEMENT

42.1 Financial risk factors

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

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

(a) Market risk

(i) Foreign exchange risk

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

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

	2010	**2009**
	(Rupees in thousand)	
Trade and other payables - Euro	**(8)**	(22)
Net exposure - Euro	**(8)**	(22)
Trade and other payables - SFR	**(32)**	(35)
Net exposure - SFR	**(32)**	(35)
Trade and other payables - UKP	**-**	(15)
Net exposure - UKP	**-**	(15)
Trade and other payables - USD	**(2,173)**	(3,158)
Deposits	**1**	1
Net exposure - USD	**(2,172)**	(3,157)
Trade and other payables - JPY	**(57,783)**	(39,933)
Net exposure - JPY	**(57,783)**	(39,933)

	2010	2009
The following significant exchange rates were applied during the year:		
Rupees per Euro		
Average rate	**116.32**	107.99
Reporting date rate	**104.58**	114.82
Rupees per SFR		
Average rate	**79.20**	64.98
Reporting date rate	**79.10**	75.26
Rupees per UKP		
Average rate	**132.60**	126.55
Reporting date rate	**128.96**	135.38
Rupees per USD		
Average rate	**84.17**	79.92
Reporting date rate	**85.60**	81.30
Rupees per JPY		
Average rate	**0.92**	0.81
Reporting date rate	**0.97**	0.85

If the functional currency, at reporting date, had fluctuated by 5% against the Euro, SFR, UKP, USD and JPY with all other variables held constant, the impact on loss after taxation for the year would have been Rs 12.27 million (2009: Rs 9.89 million) higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Foreign exchange risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers. The company is not exposed to equity price risk since the investment held by the company in subsidiaries are unquoted and are not subject to fluctuations in market prices. Moreover the equity instrument held by the company does not trade on a regular basis on the stock exchange and historically, it does not have a direct correlation with the equity index of the Karachi Stock Exchange (KSE). Therefore, it is not possible to measure the impact of increase / decrease in the KSE Index on the company's loss after taxation for the year.

(iii) Interest rate risk

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

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

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

	2010	2009
	(Rupees in thousand)	
Financial assets		
Fixed rate instruments		
Bank balances - deposit accounts	**43,976**	30,476
Total exposure	**43,976**	30,476
Financial liabilities		
Floating rate instruments		
Long-term financing	**50,000**	100,000
Short-term financing	**330,000**	385,000
Short-term running finance	**923,553**	1,079,263
	1,303,553	1,564,263

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates on long term financing, at the year end rate, fluctuate by 1% higher / lower with all the other variables held constant, loss after taxation for the year would have been Rs 0.50 million (2009: Rs 1.00 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

(b) Credit risk

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

(i) Exposure to credit risk

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

	2010	2009
	(Rupees in thousand)	
Long term investments	**6,962**	13,849
Loans to employees	**14,047**	17,507
Long term deposits	**17,132**	15,337
Trade debts	**665,728**	604,241
Trade deposits	**17,111**	15,981
Other receivables	**65,928**	112,984
Cash and bank balances	**282,170**	170,875
	1,069,078	950,774

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

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

The age of financial assets

	2010	2009
	(Rupees in thousand)	
Not past due	**399,798**	346,533
Past due but not Impaired:		
Not more than three months	**526,148**	419,527
More than three months and not more than six months	**52,863**	65,252
More than six months and not more than one year	**20,366**	67,338
Past due and Impaired:		
More than one year	**69,903**	52,124
	1,069,078	950,774

(ii) Credit quality of major financial assets

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

Banks	Rating		Rating		
	Short term	Long term	Agency	2010	2009
				(Rupees in thousand)	
NIB Bank Limited	A1+	AA-	PACRA	**89**	89
Bank Alfalah Limited	A1+	AA	PACRA	**39**	39
Oman International Bank Limited	A-2	BBB	JCR-VIS	**107**	400
Faysal Bank Limited	A-1+	AA	PACRA & JCR	**695**	109
Royal Bank of Scotland	A1+	AA	PACRA	**6,396**	118
Bank Al Habib Limited	A1+	AA	PACRA	**44,111**	31,811
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	**121,031**	6,270
United Bank Limited	A-1+	AA+	JCR-VIS	**2,184**	13
Habib Bank Limited	A-1+	AA+	JCR-VIS	**100,683**	130,521
MCB Bank Limited	A1+	AA+	PACRA	**-**	98
Citi Bank N.A	A-1	A+	Standard & poor's	**5,684**	-
				281,019	169,468

(c) Liquidity risk

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

The company manages liquidity risk by maintaining funding through an adequate amount of committed credit facilities. At June 30, 2010, the company had Rs 1,360 million available borrowing limits from financial institutions and Rs 282.170 million cash and bank balances.

The following are the contractual maturities of financial liabilities as at June 30, 2010:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term financing	**50,000**	**50,000**	**-**	**-**
Trade and other payables	**960,277**	**960,277**	**-**	**-**
Accrued mark-up	**44,420**	**44,420**	**-**	**-**
Short term borrowings	**1,253,553**	**1,253,553**	**-**	**-**
	2,308,250	**2,308,250**	**-**	**-**

The following are the contractual maturities of financial liabilities as at June 30, 2009:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term financing	100,000	50,000	50,000	-
Trade and other payables	894,303	894,303	-	-
Accrued mark-up	50,785	50,785	-	
Short term borrowings	1,464,263	1,464,263	-	-
	2,509,351	2,459,351	50,000	-

42.2 Fair values of financial assets and liabilities

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

42.3 Financial instruments by category

	Loans and receivables	
	2010	2009
	(Rupees in thousand)	
Financial assets as per balance sheet		
Loans to employees	**14,047**	17,507
Long term deposits	**17,132**	15,337
Trade debts	**665,728**	604,241
Trade deposits and short term prepayments	**17,111**	15,981
Other receivables	**65,928**	112,984
Cash and bank balances	**282,170**	170,875
	1,062,116	936,925

	Other financial liabilities	
	2010	2009
Financial liabilities as per balance sheet		
Long term financing	**50,000**	100,000
Trade and other payables	**960,277**	894,303
Accrued mark-up	**44,420**	50,785
Short term borrowings	**1,253,553**	1,464,263
	2,308,250	2,509,351

42.4 Capital risk management

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

For this purpose, the company calculates gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as the aggregate of share capital and reserves as shown in the balance sheet plus net debt.

The gearing ratios as at June 30, 2010 and 2009 were as follows:

	2010	2009
	(Rupees in thousand)	
Total borrowings	**1,303,553**	1,564,263
Net debt	**1,303,553**	1,564,263
Total equity	**459,457**	196,651
Total capital	**1,763,010**	1,760,914
Gearing ratio	**73.94%**	88.83%

	2010	2009
	(Liters in thousand)	

43. PRODUCTION CAPACITY

Actual production	**32,192**	33,312

The capacity of the plant is indeterminable because it is a multi product plant involving varying processes of manufacturing. Actual production includes resin production of 7.790 million litres (2009: 6.885 million litres) which is used in the manufacturing of the final product.

44. Details of operating fixed assets disposed off

Particulars of assets	Sold to	Cost/ Revalued amount	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
		(Rupees)				
Sale of Karachi Plant						
- Leasehold land	Generations School (Private) Limited	271,225,000	-	271,225,000	277,500,000	
- Building	Generations School (Private) Limited	21,875,000	-	21,875,000		
- Furniture	Generations School (Private) Limited	317,544	29,144	288,400	25,000,000	
- Electric Fittings	Generations School (Private) Limited	2,081,228	989,069	1,092,159		
		295,498,772	1,018,213	294,480,559	302,500,000	Negotiation
Plant and machinery						
- Transformer	Shafaqat Hussain	450,000	262,500	187,500	191,125	Company policy
- Home Appliances	Asadullah Khan -Ex employee	278,000	20,850	257,150	453,375	-do-
Electrical fittings						
- Generator	Asad Ullah Khan- Ex employee	137,795	10,335	127,460	120,750	Company policy
- Spilt A/C	Syed Salman -Employee	25,000	833	24,167	24,687	Company policy
- Generator	Bashir Ahmed - Ex Chief Executive	245,000	51,042	193,958	122,500	-do-
- Generator 315 KVA	Qasim Engineering Works	1,377,550	792,091	585,459	1,025,000	Tender
Motor vehicles						
- Honda City	Ch Muhammad Riaz Sheikh	835,000	835,000	-	671,000	Tender
- Suzuki Mehran	Muhammad Shakil	555,000	555,000	-	476,500	-do-
- Suzuki Mehran	Muhammad Shakil	350,000	350,000	-	326,000	-do-
- Suzuki Mehran	Muhamamd Shakil	361,800	126,630	235,170	356,000	-do-
- Coure CX	Adamjee Insurance	549,000	192,150	356,850	525,000	Insurance claim
- Suzuki Mehran	Ali Akbar	469,000	320,483	148,517	452,786	Tender
		301,131,917	4,535,127	296,596,790	307,244,723	

45. CORRESPONDING FIGURES

Corresponding figures, where necessary, have been rearranged for the purposes of comparison. Significant reclassification for better presentation include:

- Colour bank machines amounting to Rs 10.086 million from Stock in trade to Other receivables.

- Contracted services amounting to Rs 57.39 million previously included in Salaries wages and benefits under Cost of sales now presented separately under Cost of sales

- Contracted services amounting to Rs 8.67 million previously included in Salaries wages and benefits under Administrative expenses now presented separately under Administrative expenses

- Contracted services amounting to Rs 12.73 million previously included in Salaries wages and benefits under Distribution expenses now presented separately under Distribution expenses

46. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 28, 2010 by the Board of Directors of the company.

47. GENERAL

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

Chief Executive **Director**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the sixtieth (60th) Annual General Meeting of Berger Paints Pakistan Limited will be held on Tuesday, October 26, 2010 at 10:30 am at Overseas Investors Chamber of Commerce and Industries, Chamber of Commerce Building, Talpur Road, Karachi to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts along with the Consolidated Financial Statements of the Company for the year ended June 30, 2010 together with the Directors' and Auditors' Reports thereon.
2. To appoint Auditors and fix their remuneration for the year ending June 30, 2011.

BY ORDER OF THE BOARD

Abdul Wahid Qureshi
Company Secretary

Karachi: September 28, 2010

Registered Office:
D-31, South Avenue
S.I.T.E, Karachi

NOTES:

1. The share transfer books of the Company will remain closed from October 18, 2010 to October 26, 2010, both days inclusive.
2. A member of the Company entitled to attend, speak and vote at this meeting may appoint another member as his/ her proxy to attend, speak and vote on his / her behalf.
3. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.
   a) For Attending the Meeting:
      i. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his / her identity by showing his / her National Identity Card (NIC) or original passport at the time of attending the meeting.
      ii. In case of Corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.
   b) For Appointing proxies:
      i. In case of individuals, the account holder or sub account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations shall submit the proxy form as per the above requirement.
      ii. The proxy form shall be witnessed by two persons whose name, addresses and NIC numbers shall be mentioned.
      iii. Attested copies of the NIC or the passport of the beneficial owners and proxy shall be furnished with the proxy form.
      iv. The proxy shall produce his / her original NIC or original passport at the time of the meeting.
      v. In case of corporate entity, the Board of Directors; resolution / power of attorney with specimen signatures shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
4. The Form of proxy to be valid must be properly filled in/ executed and received at the Company's Registered Office not later than 48 hours before the time of meeting.
5. Members are requested to notify the Shares Registrar of the Company promptly of any change in their addresses.
6. Members who have not yet submitted photocopies of their Computerized National Identity Card (CNIC) are requested to send the same to our Share Registrar at the earliest.
7. Form of Proxy enclosed herewith.

A. F. FERGUSON & CO.

A member firm of PRICEWATERHOUSECOOPERS

A. F. Ferguson & Co.
Chartered Accountants
23-C, Aziz Avenue, Canal Bank
Gulberg V, P.O. Box 39,
Lahore - 54660, Pakistan.
Telephone: (042) 3571 5864-71
Fax: (042) 3571 5872

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Berger Paints Pakistan Limited (the holding company) and its subsidiary companies as at June 30, 2010 and the related consolidated profit and loss accounts, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of Berger Paints Pakistan Limited. The results of subsidiaries Berger DPI (Private) Limited and Berdex Construction Chemicals (Private) Limited have been incorporated from their unaudited financial statements for the year ended June 30, 2010. These financial statements are the responsibility of the holding company's management. Our responsibility is to express an opinion on these statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing as applicable in Pakistan, and accordingly included such tests of accounting records and such other auditing procedures as we consider necessary in the circumstances and we report that:

Group's share of income from associated company of Rs. 0.479 million shown in the consolidated profit and loss account note 8 to the consolidated financial statements is based on unaudited financial statements of this associated company.

In our opinion, except for the effects, if any, of the matter stated in paragraphs above, the consolidated financial statements present fairly the financial position of the Berger Paints Pakistan Limited and its subsidiary companies as at June 30, 2010 and the results of their operations for the year then ended.

Chartered Accountants

Lahore: September 28, 2010

Name of audit engagement partner: Imran Farooq Mian

Directors' Report
On Consolidated Financial Statements

The Directors of the holding company present their report together with the Audited Consolidated Financial Statements for the year ended June 30, 2010.

	Rupees in thousand
Loss before taxation	(120,003)
Taxation	(13,711)
Loss after tax	(106,292)
Minority interest	1,814
Net loss for the year attributable to the holding company	(108,106)

FINANCIAL STATEMENTS

The audited accounts of the holding company for the year ended June 30, 2010 are annexed.

PATTERN OF SHAREHOLDING

The pattern of shareholding as on June 30, 2010 and its disclosure, as required by the Code of Corporate Governance appears on Page 44.

HOLDING COMPANY

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

EARNING PER SHARE

The (Loss) / Earnings per share for the year is Rs. (8.15) (2009: Rs. 0.85)

AUDITORS

The present auditors M/s A.F. Ferguson & Co. Chartered Accountants shall stand retired at the conclusion of this Annual General Meeting.

M/s KPMG Taseer Hadi & Co. Chartered Accountants have given their consent to act as statutory auditors of the company for the year ending June 30, 2011. The auditors have been given satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan. The Audit Committee has recommended their appointment to the Board of Directors.

CORPORATE GOVERNANCE

A statement of Corporate Financial Reporting framework appears in the Directors' Report of the holding company on page 43.

OTHER INFORMATION

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

ON THE BEHALF OF THE BOARD

Dr. Mahmood Ahmad
Chief Executive

Sikander Dada
Director

Berger Paints Pakistan Limited
Consolidated Balance Sheet
As at June 30, 2010

	Note	2010	2009 Restated
		(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment	5	**717,747**	1,055,344
Assets subject to finance lease	6	**6,468**	-
Goodwill	7	**40,750**	40,750
Investment in associate	8	**3,510**	4,179
Long term loans	9	**10,569**	14,399
Long term deposits	10	**14,845**	16,602
Deferred taxation	11	**96,022**	80,146
		889,911	1,211,420
CURRENT ASSETS			
Stores	12	**8,375**	7,109
Stock in trade	13	**966,347**	1,011,893
Trade debts	14	**602,762**	585,602
Loans and advances	15	**50,218**	62,538
Trade deposits and short term prepayments	16	**20,013**	24,672
Other receivables	17	**82,125**	99,677
Taxation - net		**111,206**	77,127
Cash and bank balances	18	**290,605**	179,159
		2,131,651	2,047,777
		3,021,562	3,259,197
SHARE CAPITAL AND RESERVES			
Share capital	19	**181,864**	81,864
Reserves	20	**290,176**	119,255
		472,040	201,119
NON-CONTROLLING INTEREST		**15,448**	13,634
		487,488	214,753
Advance against issue of share capital of the subsidiary company		**41**	41
SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX	21	**210,343**	526,650
NON-CURRENT LIABILITIES			
Long-term financing	22	**-**	50,000
Liabilities against assets subject to finance lease	23	**4,023**	-
CURRENT LIABILITIES			
Trade and other payables	24	**969,582**	902,705
Accrued mark-up	25	**44,420**	50,785
Current maturity of long-term financing	22	**50,000**	50,000
Current maturity of liabilities against assets subject to finance lease	23	**2,112**	-
Short term borrowings	26	**1,253,553**	1,464,263
		2,319,667	2,467,753
TOTAL LIABILITIES		**2,323,690**	2,517,753
CONTINGENCIES AND COMMITMENTS	27		
		3,021,562	3,259,197

The annexed notes 1 to 47 form an integral part of these financial statements.

Chief Executive **Director**

Berger Paints Pakistan Limited
Consolidated Profit and Loss Account
For the year ended June 30, 2010

	Note	2010	2009 Restated
		(Rupees in thousand)	
Net sales	28	**3,387,941**	3,624,268
Cost of sales	29	**2,585,576**	2,765,702
Gross profit		**802,365**	858,566
Distribution cost	30	**605,713**	606,045
Administrative expenses	31	**143,393**	151,474
		749,106	757,519
Operating profit		**53,259**	101,047
Other operating income	32	**121,741**	258,926
		175,000	359,973
Share of profit/ (loss) of associate		**479**	(1,303)
		175,479	358,670
Other charges	33	**42,584**	66,625
Finance cost	34	**252,898**	254,009
		295,482	320,634
(Loss)/ profit before taxation		**(120,003)**	38,036
Taxation			
- Group	35	**(13,711)**	26,669
- Associate		**-**	904
		(13,711)	27,573
(Loss)/ profit after taxation		**(106,292)**	10,463
Non-controlling interest		**1,814**	(6,997)
Net (loss)/ profit for the year attributable to the holding company		**(108,106)**	17,460
		Rupees	
(Loss)/ earnings per share - basic and diluted	36	**(8.15)**	0.85

The annexed notes 1 to 47 form an integral part of these financial statements.

Chief Executive **Director**

Berger Paints Pakistan Limited
Consolidated Statement of Comprehensive Income
For the year ended June 30, 2010

	2010	2009 Restated
	(Rupees in thousand)	
(Loss)/ profit after taxation	**(106,292)**	10,463
Other comprehensive income for the year	**-**	-
Non-controlling interest	**1,814**	(6,997)
Total comprehensive (loss)/ income for the year attributable to the holding company	**(108,106)**	17,460

The annexed notes 1 to 47 form an integral part of these financial statements.

Chief Executive **Director**

Berger Paints Pakistan Limited
Consolidated Cash Flow Statement
For the year ended June 30, 2010

	Note	2010	2009 Restated
		(Rupees in thousand)	
Cash flow from operating activities			
Cash generated from operations	38	**357,499**	283,441
Finance cost paid		**(259,265)**	(246,692)
Income tax paid		**(49,490)**	(47,917)
Long term loans		**3,830**	22
Long term deposits		**(1,795)**	(7,372)
Net cash inflow/ (outflow) from operating activities		**50,779**	(18,518)
Cash flow from investing activities			
Capital expenditure		**(56,836)**	(150,614)
Sale proceeds on disposal of property, plant and equipment		**279,594**	7,203
Dividend received		**-**	274
Net cash inflow/ (outflow) from investing activities		**222,758**	(143,137)
Cash flow from financing activities			
Issue of ordinary share capital (right shares)		**100,000**	-
Long term financing obtained		**250,000**	-
Short term borrowings - net		**(55,000)**	185,000
Lease rentals paid		**(1,381)**	-
Long term financing repaid		**(300,000)**	(83,333)
Dividend paid		**-**	(2)
Net cash (outflow) / inflow from financing activities		**(6,381)**	101,665
Net increase/ (decrease) in cash and cash equivalents		**267,156**	(59,990)
Cash and cash equivalents as at July 1		**(900,104)**	(840,114)
Cash and cash equivalents as at June 30	39	**(632,948)**	(900,104)

The annexed notes 1 to 47 form an integral part of these financial statements.

Chief Executive **Director**

Berger Paints Pakistan Limited
Consolidated Statement of Changes in Equity
For the year ended June 30, 2010

	Attributable to equity holders of the parent							
	Issued, subscribed and paid-up share capital	Capital Reserves		Revenue Reserves		Total Share Capital and Reserves	Non-controlling interest	Total Equity
		Share premium	Reserve for issue of bonus shares	General reserve	Unappropriated profit / (accumulated loss)			
	(Rupees in thousand)							
Balance as at July 1, 2008	81,864	56,819	-	285,000	(242,327)	181,356	21,028	202,384
Effect of restatement - note 1.2	-	-	-	-	(429)	(429)	(397)	(826)
Balance as at July 1, 2008 - restated	81,864	56,819	-	285,000	(242,756)	180,927	20,631	201,558
Surplus on revaluation of property, plant and equipment realised through incremental depreciation charged on related assets during the year - net of tax	-	-	-	-	2,732	2,732	-	2,732
Total comprehensive income for the year ended June 30, 2009 - as previously stated	-	-	-	-	19,454	19,454	(7,165)	12,289
Effect of restatement - note 1.2	-	-	-	-	(1,994)	(1,994)	168	(1,826)
Total comprehensive income for the year ended June 30, 2009 - as restated	-	-	-	-	17,460	17,460	(6,997)	10,463
Balance as at June 30, 2009 - restated	81,864	56,819	-	285,000	(222,564)	201,119	13,634	214,753
Balance as at July 1, 2009 - restated	81,864	56,819	-	285,000	(222,564)	201,119	13,634	214,753
Ordinary shares of Rs 10 each issued as right shares during the year ended June 30, 2010	100,000	-	-	-	-	100,000	-	100,000
Surplus on revaluation of property, plant and equipment realised through disposal of leasehold land	-	-	-	-	267,051	267,051	-	267,051
Surplus on revaluation of property, plant and equipment realised through incremental depreciation charged on related assets during the year - net of tax	-	-	-	-	11,976	11,976	-	11,976
Total comprehensive loss for the year ended June 30, 2010	-	-	-	-	(108,106)	(108,106)	1,814	(106,292)
Balance as at June 30, 2010	**181,864**	**56,819**	**-**	**285,000**	**(51,643)**	**472,040**	**15,448**	**487,488**

Chief Executive **Director**

Berger Paints Pakistan Limited
Notes to the Consolidated Financial Statements
For the year ended June 30, 2010

1. THE GROUP AND ITS OPERATIONS

Berger Paints Pakistan Limited (the company) was incorporated in Pakistan on March 25, 1950 as a private limited company under the provisions of the Companies Act, 1913 and was subsequently converted into a public limited company. The company is listed on the Karachi and Islamabad Stock Exchanges. The company and its subsidiary companies (the group) are principally engaged in manufacturing of paints, varnishes and other related items, selling paints, executing contracts for application of road marking paints and merchandising construction chemicals.

The registered office of the group is situated at D-31, South Avenue, S.I.T.E., Karachi. During the year land and building in Karachi have been sold and the production facilities of the group have been completely transferred to Lahore.

1.1 The group consists of :

Holding company

- Berger Paints Pakistan Limited

Subsidiary companies

- Berger DPI (Private) Limited
- Berdex Construction Chemicals (Private) Limited

Associate company

- Buxly Paints Limited

The group owns 51 percent of the share capital of Berger DPI (Private) Limited and 51.96 percent of the share capital of Berdex Construction Chemicals (Private) Limited.

The group is a subsidiary of Slotrapid Limited B.V.I.

1.2 Basis of consolidation

These consolidated financial statements comprise the financial statements of the holding company and its subsidiary companies as at June 30, 2010.

(a) Subsidiaries

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

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

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

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

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

(b) Non-controlling interest

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

(c) Associates

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

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

1.3 Significant matter

Unaudited financial statements of Berdex Construction Chemicals (Private) Limited and Berger DPI (Private) Limited (subsidiary companies of Berger Paints Pakistan Limited) for the year ended June 30, 2009 were used to prepare the consolidated financial statements of the Group as at June 30, 2009. Subsequent to the issue of these consolidated financial statements, the financial statements of Berdex Construction Chemicals (Private) Limited and Berger DPI (Private) Limited for the year ended June 30, 2009 were revised at the time of authorization for their issue on April 27, 2010 and July 9, 2010, respectively by their respective Boards of Directors.

Consequently, the comparative figures in the consolidated financial statements of the Group for the year ended June 30, 2010 have been restated in accordance with International Accounting Standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The effect of this restatement is as follows:

	Rs in thousand
Decrease in net sales	(3,110)
Increase in other operating income	1,707
Decrease in profit from associate	(1,303)
Less:	
Increase in cost of sales	(1,974)
Decrease in distribution cost	1,233
Decrease in administrative expenses	1,628
Increase in finance cost	(56)
Decrease in taxation	48
Decrease in profit after tax	(1,827)
Decrease in accumulated losses as at June 30, 2008	(429)
Decrease in non-controlling interest as at June 30, 2008	(397)
Decrease in accumulated losses as at June 30, 2009	(2,653)
Decrease in property, plant and equipment	(544)
Decrease in investment in associate	(2,208)
Decrease in long term deposits	(150)
Increase in trade debts	4,325
Decrease in loans and advances	(3,977)
Decrease in trade deposits and short term prepayments	(21)
Increase in other receivables	115
Decrease in taxation - net	(120)
Increase in cash and bank balances	5,862
Less:	
Increase in trade and other payables	(5,934)
Decrease in equity as at June 30, 2009	(2,652)

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 (the Ordinance) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). The approved accounting standards comprise such International Financial Reporting Standards (IFRSs) as are notified under the provisions of the Ordinance. However, the requirements of the Ordinance or directives issued by the SECP have been followed in case where their requirements are not consistent with the requirements of the approved accounting standards.

2.2 Standards, interpretations and amendments to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the group's financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Amendments to published standards effective in current year

- IAS 1 (Revised), 'Presentation of financial statements' is effective from January 1, 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result, the group shows all 'owner related changes in equity' in statement of changes in equity, whereas all 'non-owner changes in equity' are presented in other comprehensive income.

  The group has preferred to present two statements; a profit and loss account (income statement) and a second statement beginning with profit or loss and display components of other comprehensive income (statement of comprehensive income).

  Certain amendments to IAS 23 ' Borrowing Costs' have been published that are applicable to the group's financial statements covering annual periods, beginning on or after January 1, 2009. Adoption of these amendments would require the group to capitalise the borrowing cost directly attributable to acquisition, construction or production of a qualifying asset (one that take substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing these borrowing costs will be removed. Its adoption will not have any impact on the group's financial statements.

- IAS 27 (revised), 'Consolidated and separate financial statements', is effective from July 1, 2009. The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in income statement. It is not expected to have any impact on the group's financial statements.

- IFRS 3 (revised), 'Business combinations' is effective from July 1, 2009. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. It is not expected to have any impact on the group's financial statements.

- IFRS 7, 'Financial instruments: Disclosures' is effective from January 1, 2009. IFRS 7 introduces new disclosures relating to financial instruments and does not have any impact on the classification and measurement of the group's financial instruments. The application of IFRS 7 has resulted in additional disclosures in the group's financial statements, however, there is no impact on profit for the year.

- IFRS 8 'Operating Segments' is effective from January 1, 2009. IFRS 8 replaces IAS 14, 'Segment reporting'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes, and introduces detailed disclosures regarding the reportable segments and products. There is no impact of the new standard on the group's financial statements.

2.2.2 Amendments and interpretations to published standards applicable to the group not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for the group's accounting periods beginning on or after their respective effective dates:

- IAS 1 (amendment), 'Presentation of financial statements'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. It is not expected to have a material impact on the group's financial statements.

- IAS 38 (amendment), 'Intangible assets'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in any significant impact on the group's financial statements.

- IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The group will apply IFRS 5 (amendment) from July 1, 2010. It is not expected to have a material impact on the group's financial statements.

  There are a number of minor amendments in other IFRS and IAS which are part of annual improvement project published in April 2009 (not addressed above). These amendments are unlikely to have any impact on the group's financial statements and therefore have not been analysed in detail.

2.2.3 Standards and interpretations to existing standards that are not applicable to the group and not yet effective

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2009 are considered not to be relevant or to have any significant impact on the group's financial reporting and operations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention except for the measurement of certain items of property, plant and equipment as referred to in note 5.2 at revalued amounts and recognition of certain employee retirement benefits as referred to in note 3.15 at present value.

3.2 Property, plant and equipment

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

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

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

Depreciation on additions is charged from the month in which the asset is put to use while depreciation on assets disposed of is charged up to the month preceding the disposal at the rates stated in note 5 to these financial statements.

No depreciation is charged if the asset's residual value exceeds its carrying amount.

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

Maintenance and normal repairs are charged to income as and when incurred.

Major renewals and improvements are capitalised.

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

3.3 Investments

The management determines the classification of its investments in accordance with the requirements of IAS-39 'Financial Instruments: Recognition and Measurement', at the time of purchase depending on the purpose for which the investments are acquired and re-evaluates this classification at each financial year end. Investments are either classified as financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale investments or investment in subsidiary and associated companies, as appropriate. When investments are recognised initially, they are measured at fair value, plus, in case of investments not at fair value through profit or loss, directly attributable transaction cost.

3.4 Business Combinations

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

3.5 Long term deposits

Long term deposits are stated at cost.

3.6 Stores

Stores are valued at actual cost and are charged to income over a period of four years commencing from the year of purchase. General stores, spares and loose tools are charged to profit and loss currently. Items in transit are valued at cost comprising invoice value and other charges incurred thereon.

Provision, if any, for obsolete items is based on management's judgments.

3.7 Stocks in trade

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

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

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

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

3.8 Trade debts and other receivables

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

3.9 Cash and cash equivalents

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

3.10 Borrowings and their cost

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

3.11 Trade and other payables

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

3.12 Provisions

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

3.13 Contingent assets

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

3.14 Contingent liabilities

A contingent liability is disclosed when:

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

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

3.15 Staff retirement benefits

3.15.1 Defined benefit schemes

The group operates the following defined benefit schemes:

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

b) An approved and funded gratuity scheme for all its permanent employees. Contribution is made to this scheme on the basis of actuarial valuation.

Actuarial valuation are carried out using the Project Unit Credit Method and actuarial gains and losses are recognised as income or expense in the same accounting period.

3.15.2 Defined contribution plan

3.15.2.1 Provident fund

The group also operates a recognised provident fund scheme for its employees. Equal monthly contributions are made, both by the group and the employees, to the fund at the rate of 8.33 percent of basic salary and cost of living allowance for unionised staff and 10 percent of basic salary for executive and non-executive staff. During the year Rs 5.451 million (2009: 5.515 million) were charged to expense.

3.15.2.2 Employee compensated absences

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

3.16 Taxation

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

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

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

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

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

3.17 Foreign currency transactions and translation

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

3.18 Revenue recognition

- Revenue from sale of goods is recorded when goods are dispatched and invoiced.

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

- Dividend income is recognised when the group's right to receive payment is established.

- Other revenues are recorded on accrual basis.

3.19 Financial Instruments

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

3.20 Off setting of financial assets and liabilities

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

3.21 Surplus on revaluation of fixed assets

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

Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to retained earnings.

3.22 Dividends and appropriations to general reserve

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

3.23 Impairment

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Assumption and estimation in recognition deferred tax (note 11).

(b) Assumptions and estimations used in writing down items of stock in trade to their net realisable value (note 13).

(c) Assumptions and estimations used in calculating the provision for doubtful debts (note 14).

(d) Assumption and estimation in accounting for staff retirement benefits (note 37).

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

5. Property, plant and equipment

	Land		Buildings											
	Freehold	Leasehold	On freehold land	On lease-hold land	Plant and machinery	Applica-tors	Laboratory Equipment	Electric fittings	Computers & related accessories	Office machines	Furniture and fixtures	Delivery trucks	Motor Vehicles	Total
	(Rupees in thousand)													
Net carrying value basis														
Year ended June 30, 2010														
Opening net book value (NBV)	160,070	445,400	150,267	41,470	190,511	1,763	9,192	13,141	2,195	1,060	8,828	-	31,447	1,055,344
Additions (at cost)	-	-	18,599	-	22,582	-	1,518	4,607	2,354	-	2,947	-	4,229	56,836
Disposals (at NBV)	-	(271,225)	-	(21,875)	(445)	-	-	(2,023)	-	-	(288)	-	(740)	(296,596)
Depreciation charge	-	(8,505)	(7,929)	(1,938)	(29,693)	(373)	(1,344)	(1,878)	(1,180)	(140)	(1,176)	-	(8,742)	(62,898)
Surplus on revaluation	36,792	-	2,430	-	35,413	-	-	-	-	-	-	-	-	74,635
Deficit on revaluation	-	(98,670)	-	(10,904)	-	-	-	-	-	-	-	-	-	(109,574)
Closing net book value (NBV)	196,862	67,000	163,367	6,753	218,368	1,390	9,366	13,847	3,369	920	10,311	-	26,194	717,747
Gross carrying value basis														
As at June 30, 2010														
Cost / Revalued amount	196,862	67,000	163,367	6,753	231,831	8,706	14,279	19,305	8,687	2,227	13,767	2,582	55,130	790,496
Accumulated depreciation	-	-	-	-	(13,463)	(7,316)	(4,913)	(5,458)	(5,318)	(1,307)	(3,456)	(2,582)	(28,936)	(72,749)
Net book value (NBV)	196,862	67,000	163,367	6,753	218,368	1,390	9,366	13,847	3,369	920	10,311	-	26,194	717,747
Depreciation rate % per annum	-	2.06	5	5	11 - 21	10	10	10	25	10	10	20	20	
Net carrying value basis														
Year ended June 30, 2009														
Opening net book value (NBV)	78,211	155,587	91,807	60,075	145,395	3,005	1,426	9,211	2,020	1,017	3,096	-	30,892	581,742
Additions (at cost)	-	-	75,729	-	64,698	-	8,555	6,923	1,633	252	6,554	-	14,835	179,179
Inter transfer	-	-	11,989	(11,989)	-	-	-	-	-	-	-	-	-	-
Disposals (at NBV)	-	-	-	-	(106)	(650)	-	(1,344)	(15)	-	-	-	(2,897)	(5,012)
Depreciation charge	-	(3,134)	(7,671)	(3,015)	(19,476)	(592)	(789)	(1,649)	(1,443)	(209)	(822)	-	(11,383)	(50,183)
Surplus on revaluation	81,859	292,947	-	-	-	-	-	-	-	-	-	-	-	374,806
Deficit on revaluation	-	-	(21,587)	(3,601)	-	-	-	-	-	-	-	-	-	(25,188)
Closing net book value (NBV)	160,070	445,400	150,267	41,470	190,511	1,763	9,192	13,141	2,195	1,060	8,828	-	31,447	1,055,344
Gross carrying value basis														
As at June 30, 2009														
Cost / Revalued amount	160,070	445,400	150,267	41,470	229,556	8,706	12,761	18,564	6,333	2,227	11,137	2,582	54,021	1,143,094
Accumulated depreciation	-	-	-	-	(39,045)	(6,943)	(3,569)	(5,423)	(4,138)	(1,167)	(2,309)	(2,582)	(22,574)	(87,750)
Net book value (NBV)	160,070	445,400	150,267	41,470	190,511	1,763	9,192	13,141	2,195	1,060	8,828	-	31,447	1,055,344
Depreciation rate % per annum	-	1.5 & 1.85	5	5	10	10	10	10	25	10	10	20	20	

5.1 During the year ended June 30, 1988, Iqbal A. Nanjee and Co. Valuation Consultants, carried out revaluations of leasehold land, building on leasehold land and plant and machinery as of March 31, 1988, which resulted in an aggregate surplus on revaluation of Rs 45.642 million thereon over cost. A similar exercise was subsequently carried out during the year ended June 30, 2004 by the same valuation consultants to revalue freehold and leasehold land, buildings on freehold land and leasehold land and plant and machinery as of July 01, 2003, which resulted in yet another surplus on revaluation of Rs 182.369 million thereon over their net book value. Revaluation carried out on June 30, 2009 resulted in a surplus of Rs 374.806 million on freehold land and leasehold land and a deficit of Rs 25.188 million on buildings on freehold and leasehold land.

As on June 30, 2010, the group has revalued all its freehold and leasehold land, buildings on freehold land and leasehold land and plant and machinery. This revaluation resulted in a surplus of Rs 74.635 million on freehold land, buildings on freehold land and plant and machinery and a deficit of Rs 109.574 million on leasehold land, buildings on leasehold land over their respective net book values. The group's leasehold land and building in Karachi were revalued by Anjum Asim Associates and Co., Valuation Consultants while land and buildings at Lahore plant, Kot Lakhpat warehouse and Islamabad warehouse were revalued by Harvester Enterprises and Co., Valuation Consultants. Plant and machinery were revalued by Iqbal A. Nanjee and Co. Valuation Consultants.

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

	2010	**2009**
	(Rupees in thousand)	
Freehold land	**70,856**	70,856
Leasehold land	**1,223**	2,508
Buildings on freehold land	**169,186**	159,492
Buildings on leasehold land	**6,823**	59,137
Plant and machinery	**191,056**	190,511
	439,144	482,504

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

		2010			**2009**
		Owned assets	**Assets subject to finance lease**	**Total**	**Total**
		(Rupees in thousand)			
Cost of sales	- note 29.1	**40,167**	**677**	**40,844**	32,370
Cost of road marking services	- note 29.2	**602**	**-**	**602**	822
Distribution cost	- note 30	**13,456**	**227**	**13,683**	10,759
Administrative expenses	- note 31	**8,673**	**145**	**8,818**	6,232
		62,898	**1,049**	**63,947**	50,183

6. Assets subject to finance lease

Particulars	Cost as at July 1, 2009	Additions/ transfers */ (deletions)	Cost as at June 30, 2010	Accumulated depreciation as at July 1, 2009	Depreciation charge/transfers */ (deletions) for the period	Accumulated depreciation as at June 30, 2010	Book value as at June 30, 2010	Rate %
	(Rupees in thousand)							
Vehicles	-	7,517	7,517	-	1,049	1,049	6,468	20
2010	-	7,517	7,517	-	1,049	1,049	6,468	
		-			-			

Particulars	Cost as at July 1, 2008	Additions/ (deletions)	Cost as at June 30, 2009	Accumulated depreciation as at July 1, 2008	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at June 30, 2009	Book value as at June 30, 2009	Rate %
	(Rupees in thousand)							
Vehicles	-	-	-	-	-	-	-	20
2009	-	-	-	-	-	-	-	
		-			-			

7. GOODWILL

	2010	2009
	(Rupees in thousand)	
Packaging Ink Business		
Opening balance	**16,750**	22,350
Less: Impairment loss recognised	**-**	(5,600)
	16,750	16,750
Powder Coating Business		
Opening balance	**24,000**	30,000
Less: Impairment loss recognised	**-**	(6,000)
	24,000	24,000
	40,750	40,750

	Note	2010	2009 Restated
		(Rupees in thousand)	

8. INVESTMENTS IN ASSOCIATE

Associated undertaking - listed

	Note	2010	2009
Opening balance		**4,179**	6,388
Add: Share of profit/ (loss) of associate		**479**	(2,209)
Less: Impairment charge		**(1,148)**	-
Closing balance		**3,510**	4,179

9. LONG TERM LOANS

	Note	2010	2009
Considered good- secured			
Due from employees	9.1	**14,819**	18,116
Less: Current portion shown under current assets	15	**(4,250)**	(3,717)
		10,569	14,399

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

10. Long term deposits

	Note	2010	2009 Restated
		(Rupees in thousand)	
Considered good		**14,845**	16,602
Considered doubtful		**3,552**	-
		18,397	16,602
Less: Provision for doubtful balances	10.1	**(3,552)**	-
		14,845	16,602

10.1 The movement in provision for doubtful balances for the year is as follows:

	2010	2009
Balance at the beginning of the year	**-**	-
Provision for the year	**3,552**	-
Balance at the end of the year	**3,552**	-

		Note	2010	2009
			(Rupees in thousand)	
11.	**DEFERRED TAXATION**			
	Debit / (credit) balances arising from:			
	Accelerated tax depreciation		**(69,457)**	(68,992)
	Surplus on revaluation of fixed assets		**(13,244)**	-
	Provision for doubtful debts		**24,803**	18,580
	Other provisions		**17,277**	10,836
	Minimum tax paid		**-**	8,045
	Unassessed tax loss carried forward		**136,643**	111,677
	Deferred tax asset		**96,022**	80,146
12.	**STORES**			
	In hand		**8,375**	7,109
			8,375	7,109
13.	**STOCK IN TRADE**			
	Raw and packing materials			
	- in hand		**422,380**	460,176
	- in transit		**136,084**	127,348
			558,464	587,524
	Semi processed goods		**121,972**	121,607
	Finished goods	13.1	**297,225**	304,710
			977,661	1,013,841
	Provision for slow moving and obsolete stocks - finished goods		**(11,314)**	(1,948)
			966,347	1,011,893

13.1 Finished goods carried at net realisable value amounted to Rs 15.746 million (2009: Rs 24.451 million) at the end of the year. The amount charged to profit and loss account on account of write down of finished goods to net realisable value amounted to Rs 1.765 million (2009 : Rs 7.640 million). Included in finished goods stock are colour bank machines costing Rs 15.129 million (2009: Rs. 15.129 million).

	Note	2010	2009 Restated
		(Rupees in thousand)	

14. TRADE DEBTS

	Note	2010	2009
Unsecured			
Considered good			
- from related parties	14.1	**20,817**	60,695
- others		**581,945**	524,907
		602,762	585,602
Considered doubtful – others		**74,844**	64,914
		677,606	650,516
Less: Provision for doubtful debts	14.2	**(74,844)**	(64,914)
		602,762	585,602

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

	2010	2009
Dadex Eternit Limited - an associated undertaking	**294**	424
Buxly Paints Limited - an associated undertaking	**20,523**	60,271
	20,817	60,695

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

	Note	2010	2009
Balance at the beginning of the year		**64,914**	50,128
Provision for the year	30	**17,343**	14,926
Provision written back		**(5,067)**	-
Bad debt written off against provision		**(2,346)**	(140)
Balance at the end of the year		**74,844**	64,914

15. LOANS AND ADVANCES

	Note	2010	2009
Current portion of long-term loans - considered good			
Due from employees	9	**4,250**	3,717
Advances - unsecured, considered good			
Executives	15.1	**-**	20
Employees		**1,018**	808
Suppliers	15.2	**44,950**	57,993
		45,968	58,821
		50,218	62,538

15.1 The maximum amount of advances due from executives of the group at the end of any month during the year was Rs 0.532 million (2009: Rs 0.628 million).

	Note	2010	2009 Restated
		(Rupees in thousand)	

15.2 Advances to suppliers - unsecured

Advances to suppliers - considered good		**44,950**	57,993
- considered doubtful		**963**	963
		45,913	58,956
Less: Provision for doubtful advances	15.3	**(963)**	(963)
		44,950	57,993

15.3 The movement in provision for doubtful advances for the year is as follows:

Balance at the beginning of the year	**963**	-
Provision for the year	**-**	963
Balance at the end of the year	**963**	963

16. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Trade deposits - security deposits	**17,486**	16,127
Short term prepayments	**2,527**	8,545
	20,013	24,672

17. OTHER RECEIVABLES

Insurance claim receivable	17.1	**9,413**	347
Insurance claim receivable due to the January incident	17.1	**3,195**	57,174
Current accounts with related parties	17.2	**11,941**	17,996
Receivable against sale of leasehold land		**27,650**	-
Receivable against color bank machines		**7,994**	10,086
Margin against letters of guarantee		**9,882**	7,579
Retention money		**2,102**	2,102
Accrued income		**3,896**	1,407
Others		**6,052**	2,986
		82,125	99,677

17.1 This includes receivable against insurance claims on account of the following:

Stock in trade	**6,533**	-
Interruption of business	**3,195**	57,174
Laboratory equipment and electrical fittings	**2,880**	-
	12,608	57,174

	Note	2010	2009 Restated
		(Rupees in thousand)	

17.2 This includes amount due from the following:

Buxly Paints Limited - an associated undertaking		-	13,895
Burger Road Safety (Private) Limited		**11,941**	4,101
		11,941	17,996

18. CASH AND BANK BALANCES

	Note	2010	2009 Restated
With banks:			
In current accounts			
Local currency		**239,627**	140,431
Foreign currency		**105**	100
		239,732	140,531
In deposit accounts			
Local currency	18.1	**47,089**	35,093
Cash in hand		**3,784**	3,535
		290,605	179,159

18.1 This balance is under lien with commercial banks against letter of credit and letter of guarantee, carrying mark-up rates ranging from 5 to 14 percent per annum (2009: 2.75 to 14 percent per annum).

19. SHARE CAPITAL

2009	2010		2010	2009
(Number of shares)			(Rupees in thousand)	
		Authorised share capital		
25,000,000	25,000,000	Ordinary shares of Rs 10 each	**250,000**	250,000
		Issued, subscribed and paid-up share capital		
12,135,798	2,135,798	Ordinary shares of Rs 10 each fully paid up in cash, including 10 million (2009: Nil) shares issued through rights issue during the year	**121,358**	21,358
6,050,611	6,050,611	Ordinary share of Rs 10 each issued as fully paid bonus shares	**60,506**	60,506
18,186,409	8,186,409		**181,864**	81,864

19.1 A summary of the movement in ordinary share capital is given below:

	2010 Number	Amount Rs '000	2009 Number	Amount Rs '000	2008 Number	Amount Rs '000
Issued, subscribed and paid-up share capital						
As at July 1	**8,186,409**	81,864	8,186,409	81,864	6,937,639	69,376
Ordinary shares of Rs 10 each issued as right shares during the year ended June 30, 2008	**-**	-	-	-	1,248,770	12,488
Ordinary shares of Rs 10 each issued as right shares during the year ended June 30, 2010	**10,000,000**	100,000	-	-	-	-
As at June 30	**18,186,409**	181,864	8,186,409	81,864	8,186,409	81,864

19.2 Slotrapid Limited B. V. I. (the holding company) and their nominees held 9,466,057 (2009: 4,152,608) ordinary shares of Rs 10 each representing 52.05 percent (2009: 50.72 percent) of the ordinary paid up capital of the holding company.

	Note	2010	2009 Restated
		(Rupees in thousand)	
20. CONSOLIDATED RESERVES			
Capital reserve			
Share premium reserve		**56,819**	56,819
Revenue reserve			
General reserve		**285,000**	285,000
Accumulated loss		**(51,643)**	(222,566)
		233,357	62,434
		290,176	119,255

	Note	2010	2009
		(Rupees in thousand)	

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

	Note	2010	2009
Net surplus as at July 1		**525,162**	154,817
Gross surplus			
Surplus on revaluation of property, plant and equipment recognised during the year		**87,670**	374,806
Deficit on revaluation on land and building charged against previous surplus		**(111,705)**	(258)
Transfer to unappropriated profit as a result of incremental depreciation charged during the current year		**(14,045)**	(4,203)
Transfer to unappropriated profit as a result of disposal of related asset		**(267,051)**	-
Related deferred tax liability		**220,031**	525,162
As at July 1		**1,488**	(73)
On deficit on revaluation on land and building charged against previous surplus		**-**	90
On transfer to unappropriated profit as a result of incremental depreciation charged during the current year		**2,069**	1,471
On surplus on revaluation of property, plant and equipment recognised during the year		**(13,245)**	-
		(9,688)	1,488
Net surplus as at June 30		**210,343**	526,650

22. LONG TERM FINANCING

	Note	2010	2009
Secured - From a commercial bank	22.1	**50,000**	100,000
Less: Current maturity shown under current liabilities		**(50,000)**	(50,000)
		-	50,000

22.1 This represents a long term loan from a commercial bank of Rs 200 million. This facility is secured against pari passu hypothecation charge over plant and machinery. Mark-up is payable quarterly and charged at the rate of three month's KIBOR plus 85 bps per annum. The balance is repayable by January 2011, in three equal quarterly installments of Rs 16.667 million each . The effective rate of mark-up is 15.64% (2009: 15.42%).

23. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The minimum lease payments have been discounted at an implicit interest rate of 14.80% to 15.36% to arrive at their present value. At the end of the lease term, the assets shall be transferred in the name of the lessee. The amount of the future payments and the period in which they will become due are:

	2010			2009
	Minimum lease payments	Future finance charge	Present value of lease liability	Present value of lease liability
	(Rupees in thousand)			
Not later than one year	**2,787**	**675**	2,112	-
Later than one year but not later than five years	**4,381**	**358**	4,023	-
	7,168	**1,033**	6,135	-

24. TRADE AND OTHER PAYABLES

	Note	2010	2009 Restated
		(Rupees in thousand)	
Trade payables	24.1	**493,253**	425,226
Bills payable		**282,925**	296,969
Accrued expenses		**7,436**	5,706
Employees' Pension Fund	37.2	**6,158**	2,888
Employees' Gratuity Fund	37.2	**19,222**	16,633
Accumulating compensated absences		**6,498**	4,720
Unclaimed dividend		**2,312**	2,312
Provision for infrastructure cess	24.2	**37,716**	29,011
Advances from customers		**11,916**	20,451
Workers' Profits Participation Fund	24.3	**2,890**	4,291
Workers' Welfare Fund		**9,465**	9,338
Sales tax		**33,343**	31,820
Dividend payable		**1,531**	1,531
Royalty payable		**47,013**	26,082
Others		**7,904**	25,727
		969,582	902,705

24.1 This includes amounts due from Dadex Eternit Limited (an associated undertaking) amounting to Rs 0.010 million (2009 : Rs 0.046 million).

24.2 The movement in provision for infrastructure cess for the year is as follows:

	2010	2009
	(Rupees in thousand)	
Opening balance	**29,011**	21,342
Provision during the year	**8,705**	7,669
Closing balance	**37,716**	29,011

This represents infrastructure cess imposed under the provisions of the Sindh Finance (second amendment) Ordinance, 2001 to meet the cost of additional burden placed on the province's infrastructure by heavy import and export consignments. The group's purchases include heavy imports, which fall under the said provisions, consequently a duty at the rate ranging 0.8 to 0.85 percent (2009: 0.8 to 0.85 percent) on the cost and freight value of imports is levied. The group, in alliance with other companies, filed an appeal before the High Court of Sindh challenging the competence of provincial government to impose such cess under the constitution. The Court thereafter, issued a stay order and directed the plaintiffs to submit bank guarantees of the equivalent amount against the abovementioned cess for clearance of goods from custom authorities. The group has adhered to the said order by placing hundred percent cash margin with the bank. Further, provision is being made for the cess in the financial statements of the group.

24.3 Workers' Profits Participation Fund

	Note	2010	2009
		(Rupees in thousand)	
Balance at July 1		**4,291**	2,645
Allocation for the year	33	**-**	2,543
		4,291	5,188
Interest on funds utilised in the group's business	34	**407**	280
		4,698	5,468
Less: Amount paid to workers during the year on behalf of the Fund		**(1,808)**	(1,177)
Balance at June 30		**2,890**	4,291

25. ACCRUED MARK-UP

	2010	2009
Mark-up accrued on secured		
Long term financing	**1,608**	3,963
Short term financing	**12,726**	11,624
Short term running finances	**30,086**	35,198
	44,420	50,785

26. SHORT TERM BORROWINGS

	Note	2010	2009
Short term financing	26.1	**330,000**	385,000
Short term running finances	26.2	**923,553**	1,079,263
		1,253,553	1,464,263

26.1 Short term financing - secured

The facilities for short-term financing have been arranged from commercial banks. These facilities are secured against registered charge over stock in trade, book debts and demand promissory notes. The rate of mark-up ranges between 13.48% and 16.40% (June 30, 2009: 14.17% and 16.50%) per annum, payable quarterly. These facilities are due to expire between October, 2010 to June, 2011.

26.2 Short term running finances - secured

The group has arranged facilities for short-term running finance from various banks on mark-up basis to the extent of Rs 950 million (June 30, 2009: Rs 1,295 million). These arrangements are secured against first hypothecation charge over the group's stocks, trade debts and movable assets of the group. The above facilities carry mark-up ranging between 13.50 % and 16.11 % (June 30, 2009: 14.47 % and 16.11 %) per annum, payable quarterly.

26.3 Unavailed credit facilities

The facilities for opening of letters of credits and guarantees as at June 30, 2010 amounted to Rs 985.00 million (2009: Rs 892.38 million) of which the remaining unutilised amount as of that date was Rs 606.731 million (2009: Rs 360.134 million).

27. CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

27.1.1 In previous years the group filed a suit against an ex-distributor (the distributor) in the High Court of Sindh (the court) for recovery of Rs 8.882 million and damages amounting to Rs 5 million on account of unpaid credit invoices for the products supplied by it to the distributor. However, the distributor in return also filed a counter claim of Rs 78.153 million against the group in the court on account of damages and compensation. As the management of the group, based on the advice of its legal counsel handling the case, is confident that the outcome of this suit will be decided in the favour of the group, therefore no provision has been made in this respect in these financial statements.

27.1.2 In previous years a case was filed by an insurance group in the court of First Senior Civil Judge, Karachi (the court) against the group for recovery of Rs 1.369 million on account of outstanding premium of the fire policy. The group also filed a counter claim of Rs 3 million along with mark-up at the rate of 18 percent per annum on account of insurance claim lodged by the group with that insurance group for the damage sustained due to fire incident at varnish factory in May 1997. As the management of the group, based on the advice of its legal counsel handling the case, is confident that the outcome of this suit will be decided in the favour of the group, therefore no provision has been made in this respect in these financial statements.

27.2 Commitments

27.2.1 Commitments in respect of capital expenditure contracted for, as at June 30, 2010, amounted to Rs Nil (2009: Rs Nil).

27.2.2 Outstanding letters of credit as at June 30, 2010 amounted to Rs 378.268 million (2009: Rs 173.287 million).

27.2.3 Outstanding letters of guarantees as at June 30, 2010 amounted to Rs 43.265 million (2009: Rs 43.265 million).

	Note	2010	2009 Restated
		(Rupees in thousand)	

28. NET SALES

	Note	2010	2009
Gross sales			
- Local		**4,036,440**	4,328,732
- Export		**127,092**	94,458
		4,163,532	4,423,190
Revenue under contracts for application for road marking products		**20,264**	64,266
Revenue from sale of construction chemicals		**18,895**	30,337
Revenue under service contracts		**20,716**	15,496
		4,223,407	4,533,289
Less: Discounts		**(247,728)**	(282,380)
Sales tax		**(553,281)**	(589,774)
Special excise duty		**(34,457)**	(36,867)
		3,387,941	3,624,268

29. COST OF SALES

	Note	2010	2009
Cost of goods manufactured	29.1	**2,529,688**	2,817,921
Cost of road marking services	29.2	**1,052**	12,228
Application cost		**6,974**	7,719
		2,537,714	2,837,868
Opening stock of finished goods		**304,710**	186,631
Purchases		**31,009**	45,913
Provision against slowing moving finished goods		**9,368**	-
Less: Closing stock of finished goods		**(297,225)**	(304,710)
Cost of sales		**2,585,576**	2,765,702

29.1 Cost of goods manufactured

	Note	2010	2009
Raw and packing materials consumed	29.1	**2,291,253**	2,626,526
Stores consumed		**14,950**	18,014
Salaries, wages and other benefits		**46,519**	59,143
Travelling and conveyance		**10,553**	8,472
Fuel, water and power		**46,215**	27,125
Legal and professional fee		**4,415**	925
Rent, rates and taxes		**1,367**	771
Insurance		**6,059**	4,425
Repairs and maintenance		**13,958**	15,134
Contracted services		**46,056**	57,390
Depreciation	5.3	**40,844**	32,370
Printing and stationery		**1,380**	1,156
Communication		**934**	764
Other expenses		**5,550**	7,343
		2,530,053	2,859,558
Opening stock of semi-processed goods		**121,607**	79,970
Closing stock of semi-processed goods		**(121,972)**	(121,607)
Cost of goods manufactured		**2,529,688**	2,817,921

	Note	2010	2009 Restated
		(Rupees in thousand)	
30. DISTRIBUTION COSTS			
Salaries, wages and other benefits		**110,400**	107,431
Travelling and conveyance		**31,881**	26,127
Rent, rates and taxes		**9,901**	5,587
Insurance		**5,370**	3,647
Fuel, water and power		**3,192**	12,230
Advertising and sales promotion		**275,025**	271,547
Technical services and royalty fee		**24,977**	28,471
Freight and handling		**89,004**	83,055
Repairs and maintenance		**1,136**	908
Contracted services		**10,635**	12,732
Depreciation	5.3	**13,683**	10,759
Provision for doubtful debts	14.2	**17,343**	16,936
Bad debts directly written off		**1,373**	8,073
Printing and stationery		**2,119**	1,666
Legal and professional		**2,484**	2,704
Communication		**3,083**	5,939
Other expenses		**4,107**	8,233
		605,713	606,045
31. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits		**65,155**	58,831
Travelling and conveyance		**9,703**	8,501
Rent, rates and taxes		**3,813**	2,457
Insurance		**5,261**	4,917
Auditors' remuneration	31.1	**2,343**	2,089
Fuel, water and power		**2,033**	2,219
Advertising expense		**1,747**	2,109
Repairs and maintenance		**2,654**	5,034
Contracted services		**10,725**	8,667
Depreciation	5.3	**8,818**	6,232
Printing and stationery		**2,787**	1,578
Legal and professional		**6,933**	6,536
Communication		**3,960**	3,427
Advances written off		**50**	22,934
Provision for doubtful advances and deposits		**3,552**	3,963
Directors' fee		**1,900**	564
Others		**11,959**	11,416
		143,393	151,474

	Note	2010	2009 Restated
		(Rupees in thousand)	

31.1 Auditors' remuneration

Audit fee		**1,000**	850
Special certifications, half yearly review and taxation services		**1,048**	1,002
Out of pocket expenses		**295**	237
		2,343	2,089

32. OTHER OPERATING INCOME

Sale of scrap		**22,159**	29,504
Gain on disposal of fixed assets		**10,648**	3,116
Mark-up, rental income and other services charged to associated undertakings		**960**	960
Toll manufacturing income		**3,301**	2,699
Export rebate		**2,696**	-
Liabilities no longer payable written back		**10,319**	6,865
Insurance claim		**45,329**	212,174
Mark-up on term deposit receipts		**4,034**	1,598
Debtor balances previously written off now written back		**14,003**	-
Others		**8,292**	2,010
		121,741	258,926

33. OTHER CHARGES

Exchange loss		**2,413**	20,893
Stock written off due to fire		**23,122**	-
Provision for impairment on long term investments		**1,148**	-
Impairment on goodwill		**-**	11,600
Workers profit participation fund		**-**	2,543
Workers welfare fund		**126**	1,017
Deficit on revaluation of property, plant and equipment		**10,904**	25,020
Others		**4,871**	5,552
		42,584	66,625

34. Finance cost

Mark up on:			
Long-term financing		**39,092**	21,411
Short-term financing		**59,090**	52,463
Short-term running finances		**141,609**	174,264
Interest on WPPF		**407**	280
Bank charges		**12,700**	5,591
		252,898	254,009

	2010	2009 Restated
	(Rupees in thousand)	

35. TAXATION

	2010	2009 Restated
Current		
- For the year	**18,409**	5,430
- For prior years	**(3,000)**	1,738
Deferred		
- For current year	**(21,075)**	19,501
- For prior years	**(8,045)**	-
	(13,711)	26,669

Since the group has tax losses for the year, the current tax provision represents the tax under section 113A of the Income Tax Ordinanc e, 2001 and as such it is impracticable to prepare a tax charge reconciliation. As at June 30, 2010 the group has tax losses available for carry forward amounting to Rs 389.20 million including tax depreciation losses of Rs 278.19 million.

36. EARNINGS PER SHARE

	2010	2009 Restated
	(Rupees in thousand)	
(Loss) / profit after taxation	**(106,292)**	10,463
	Number of shares	
Weighted average number of shares outstanding during the year	**13,044,625**	12,217,402
	Rupees	
(Loss) / earnings per share	**(8.15)**	0.85

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

37. STAFF RETIREMENT BENEFITS AND OTHER OBLIGATIONS

	Note	2010	2009
		(Rupees in thousand)	
Defined benefit plan			
Staff Pension	37.2	**6,158**	2,888
Staff Gratuity	37.2	**19,222**	16,633
		25,380	19,521
Other long term employee benefits			
Accumulating compensated absences		**6,498**	4,720
		31,878	24,241

Defined benefit plan

As mentioned in note 3.15, the group operates an approved funded gratuity and pension schemes for all its permanent employees. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation was carried out at June 30, 2010. Projected Unit Credit method based on the following assumptions was used for these valuations:

	2010	2009
	Percentage per annum	
Valuation discount rate	**12**	12
Expected rate of increase in salary level	**11**	11
Rate of return on plan assets	**12**	12

37.1 The disclosures made in notes 37.2 to 37.6 and 37.8 to 37.11 are based on the information included in the actuarial valuation as of June 30, 2010.

	2010		2009	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in thousand)			
37.2 Balance sheet reconciliation				
Present value of defined benefit obligation	**35,554**	**21,903**	31,725	21,346
Fair value of plan assets	**(29,396)**	**(2,681)**	(28,837)	(4,713)
Recognised liability - note 24	**6,158**	**19,222**	2,888	16,633
37.3 Movement in the fair value of plan assets is as follows:				
Fair value as at July 1	**28,837**	**4,713**	28,782	16,655
Expected return on plan assets	**3,460**	**565**	4,258	2,438
Actuarial (losses) / gains	**(1,969)**	**(3,301)**	(2,855)	484
Group's contribution	**-**	**6,261**	-	-
Employee contribution	**516**	**-**	701	-
Benefits paid	**(1,448)**	**(5,556)**	(2,049)	(11,348)
Payments made to the group	**-**	**-**	-	(3,516)
Fair value as at June 30	**29,396**	**2,682**	28,837	4,713
37.4 Movement in defined benefit obligation is as follows:				
Obligation as at July 1	**31,725**	**21,346**	36,762	26,337
Service cost	**3,239**	**3,611**	2,545	3,006
Interest cost	**3,806**	**2,562**	4,871	3,489
Benefits paid	**(1,448)**	**(5,556)**	(2,049)	(11,348)
Actuarial gains	**(1,768)**	**(60)**	(10,404)	(138)
Obligation as at June 30	**35,554**	**21,903**	31,725	21,346

	2010		2009	
	Pension	Gratuity	Pension	Gratuity
	Rupees in thousand			
37.5 Charge for the year				
Current service cost	**3,239**	**3,611**	2,545	3,006
Interest cost	**3,806**	**2,562**	4,871	3,489
Expected return on plan assets	**(3,460)**	**(565)**	(4,258)	(2,438)
Recognition of actuarial losses/ (gains)	**201**	**3,241**	(7,549)	(622)
Employee contribution	**(516)**	**-**	(701)	-
Expenses/ (Income)	**3,270**	**8,849**	(5,092)	3,435
Actual return on plan assets	**1,491**	**(2,736)**	1,403	2,922
37.6 Movement in net liability in the balance sheet is as follows:				
Opening balance of net liability	**2,888**	**16,633**	7,980	9,682
Charge for the year	**3,270**	**8,849**	(5,092)	3,435
Payments made to the group during the year	**-**	**(6,261)**	-	3,516
Closing balance of net liability	**6,158**	**19,221**	2,888	16,633
37.7 The charge for the year has been allocated as follows:				
Cost of sales - note 29.2	**916**	**2,480**	(1,427)	963
Distribution costs - note 30.1	**1,541**	**4,171**	(2,400)	1,619
Administrative expenses - note 31.1	**812**	**2,198**	(1,265)	853
	3,269	**8,849**	(5,092)	3,435

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

As at June 30	2010	2009	2008	2007	2006
	(Rupees in thousand)				
Present value of defined benefit obligation	**57,457**	53,071	63,099	50,353	44,791
Fair value of plan assets	**(32,077)**	(33,550)	(45,437)	(43,254)	(44,432)
Deficit	**25,380**	19,521	17,662	7,099	359
Experience adjustment:					
Loss on obligations	**(1,828)**	(10,542)	5,613	-	1,783
(Loss) / gain on plan assets	**(5,270)**	(2,371)	(92)	-	4,283

	2010		2009	
	Pension	Gratuity	Pension	Gratuity
		(Rupees in thousand)		
37.9 Plan assets comprise the following:				
Defence Saving Certificates	**9,773**	**-**	4,773	2,559
Term deposits	**8,000**	**-**	8,840	-
Cash	**1,504**	**2,682**	2,712	2,154
Term Finance Certificate	**10,119**	**-**	12,512	-
	29,396	**2,682**	28,837	4,713

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

37.11 Expected contribution to post-employment benefit plans for the year ending June 30, 2011 is Rs 10.823 million.

	Note	2010	2009
		(Rupees in thousand)	
38. Cash generated from operations			
(Loss)/ Profit before taxation		**(120,003)**	38,036
Adjustments for non cash charges and other items:			
Depreciation		**63,345**	50,183
Gain on disposal of fixed assets		**(10,648)**	(2,841)
Provision/ (reversal) against slow moving stock		**9,368**	(3,771)
Stock written off due to fire		**23,122**	-
Provision for doubtful debts		**12,276**	16,936
Share of profit/ (loss) of associate		**(479)**	1,303
Provision for doubtful deposits		**3,552**	-
Impairment on goodwill		**-**	11,600
Impairment on long term investments		**1,148**	-
Dividend income		**-**	(274)
Finance cost		**252,898**	253,953
Advances written of		**-**	9,187
Deficit on revaluation		**10,904**	25,020
Working capital changes	38.1	**112,016**	(115,891)
		357,499	283,441

	2010	2009
	(Rupees in thousand)	

38.1 Working capital changes

	2010	2009
(Increase) / decrease in current assets:		
Stores and spares	**(1,266)**	(1,081)
Stock-in-trade	**13,056**	(144,911)
Trade debts	**(28,832)**	(6,784)
Loans and advances	**12,320**	34,468
Trade deposits and short-term prepayments	**4,659**	(6,434)
Other receivables	**45,202**	103,184
	45,139	(21,558)
Increase/ (decrease) in current liabilities:		
Trade and other payables	**66,877**	(94,333)
	112,016	(115,891)

39. CASH AND CASH EQUIVALENTS

	2010	2009
Cash and bank balances	**290,605**	179,159
Short-term running finance	**(923,553)**	(1,079,263)
	(632,948)	(900,104)

40. REMUNERATION OF CHIEF EXECUTIVE, AND EXECUTIVES

	2010			2009	
	Chief Executive Dr. Mahmood Ahmad (July 2009 to June 2010)	Chief Executive Mr. Bashir Ahmad (July 2009)	Executive	Chief Executive Mr. Bashir Ahmad	Executives
	(Rupees in thousand)				
Managerial remuneration (including bonus)	**60**	**473**	**30,751**	5,679	29,349
Retirement benefits	**-**	**30**	**2,204**	473	2,505
Housing rent	**-**	**213**	**9,820**	2,556	10,726
Utilities	**-**	**47**	**2,182**	568	2,384
Medical expenses	**81**	**-**	**1,428**	227	876
Travelling expenses	**1,219**	**-**	**-**	-	-
	1,360	**763**	**46,385**	9,503	45,840
Number of persons	**1**	**1**	**31**	1	34

40.1 Seven (2009: Seven) non-executive directors were paid fee aggregating Rs 1.90 million (2009: Rs 0.56 million).

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

41. TRANSACTIONS WITH RELATED PARTIES

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

There have been no guarantees provided or received for any related party receivables or payables. For the year ended June 30, 2010, the group has not made any provision for debts relating to amounts owed by related parties. Other material transactions with related parties are given below:

		2010	**2009**
		(Rupees in thousand)	
Relation with undertaking	**Nature of transaction**		
Holding company			
- Slotrapid Limited B.V.I.	Royalty expense	**20,209**	20,516
Associated undertaking			
- Buxly Paints Limited	Sales	**74,161**	63,761
	Rental income and other services charged	**960**	960
	Toll manufacturing income	**3,301**	2,425
	Dividend income	**-**	274
	Royalty expense	**1,171**	1,453
- Dadex Eternit Limited	Sales	**1,672**	1,621
	Purchases	**83**	46
Remuneration of key management personnel	See note 40		

The related party status of outstanding balances as at June 30, 2010 are included in trade debts (note 14.1), other receivables (note 17.2) and trade and other payables (note 24.1) respectively.

42. FINANCIAL RISK MANAGEMENT

42.1 Financial risk factors

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

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

(a) Market risk

(i) Foreign exchange risk

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

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

	2010	**2009**
	(Rupees in thousand)	
Trade and other payables - Euro	**(8)**	(22)
Net exposure - Euro	**(8)**	(22)
Trade and other payables - SFR	**(32)**	(35)
Net exposure - SFR	**(32)**	(35)
Trade and other payables - UKP	**-**	(15)
Net exposure - UKP	**-**	(15)
Trade and other payables - USD	**(2,173)**	(3,158)
Deposits	**1**	1
Net exposure - USD	**(2,172)**	(3,157)
Trade and other payables - JPY	**(57,783)**	(39,933)
Net exposure - JPY	**(57,783)**	(39,933)

	2010	2009
The following significant exchange rates were applied during the year:		
Rupees per Euro		
Average rate	**116.32**	107.99
Reporting date rate	**104.58**	114.82
Rupees per SFR		
Average rate	**79.20**	64.98
Reporting date rate	**79.10**	75.26
Rupees per UKP		
Average rate	**132.60**	126.55
Reporting date rate	**128.96**	135.38
Rupees per USD		
Average rate	**84.17**	79.92
Reporting date rate	**85.60**	81.30
Rupees per JPY		
Average rate	**0.92**	0.81
Reporting date rate	**0.97**	0.85

If the functional currency, at reporting date, had fluctuated by 5% against the Euro, SFR, UKP, USD and JPY with all other variables held constant, the impact on loss after taxation for the year would have been Rs 12.27 million (2009: Rs 9.89 million) higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Foreign exchange risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The group is not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers. The group is not exposed to equity price risk since the investment held by the group in subsidiaries are unquoted and are not subject to fluctuations in market prices. Moreover the equity instrument held by the group does not trade on a regular basis on the stock exchange and historically, it does not have a direct correlation with the equity index of the Karachi Stock Exchange (KSE). Therefore, it is not possible to measure the impact of increase / decrease in the KSE Index on the group's loss after taxation for the year.

(iii) Interest rate risk

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

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

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

	2010	2009
	(Rupees in thousand)	
Financial assets		
Fixed rate instruments		
Bank balances - deposit accounts	**47,089**	35,093
Total exposure	**47,089**	35,093
Financial liabilities		
Floating rate instruments		
Long-term financing	**50,000**	100,000
Short-term financing	**330,000**	385,000
Short-term running finance	**923,553**	1,079,263
	1,303,553	1,564,263

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates on long term financing, at the year end rate, fluctuate by 1% higher / lower with all the other variables held constant, loss after taxation for the year would have been Rs 0.50 million (2009: Rs 1.00 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

(b) Credit risk

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

(i) **Exposure to credit risk**

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

	2010	2009
	(Rupees in thousand)	
Loans to employees	**14,819**	18,116
Long term deposits	**14,845**	16,602
Trade debts	**677,606**	650,516
Trade deposits	**17,486**	16,127
Other receivables	**82,125**	99,677
Cash and bank balances	**290,605**	179,159
	1,097,486	980,197

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

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

The age of financial assets

	2010	2009
	(Rupees in thousand)	
Not past due	**416,328**	329,681
Past due but not Impaired:		
Not more than three months	**502,274**	436,295
More than three months and not more than six months	**69,711**	65,951
More than six months and not more than one year	**30,777**	83,356
Past due and Impaired:		-
More than one year	**78,396**	64,914
	1,097,486	980,197

(ii) Credit quality of major financial assets

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

Banks	Rating Short term	Rating Long term	Rating Agency	2010	2009
				(Rupees in thousand)	
NIB Bank Limited	A1+	AA-	PACRA	**89**	89
Bank Alfalah Limited	A1+	AA	PACRA	**39**	39
Oman International Bank Limited	A-2	BBB	JCR-VIS	**107**	400
Faysal Bank Limited	A-1+	AA	PACRA & JCR	**695**	109
Royal Bank of Scotland	A1+	AA	PACRA	**6,396**	118
Bank Al Habib Limited	A1+	AA	PACRA	**44,385**	32,084
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	**126,476**	11,748
United Bank Limited	A-1+	AA+	JCR-VIS	**2,184**	13
Habib Bank Limited	A-1+	AA+	JCR-VIS	**100,692**	130,530
MCB Bank Limited	A1+	AA+	PACRA	**-**	98
Askari Bank Limited	A1+	AA	PACRA	**74**	396
Citi Bank N.A	A-1	A+	Standard & poor's	**5,684**	-
				286,821	175,624

(c) Liquidity risk

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

The group manages liquidity risk by maintaining funding through an adequate amount of committed credit facilities. At June 30, 2010, the group had Rs 1,360 million available borrowing limits from financial institutions and Rs 282.170 million cash and bank balances.

The following are the contractual maturities of financial liabilities as at June 30, 2010:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term financing	**50,000**	**50,000**	-	-
Trade and other payables	**969,582**	**969,582**	-	-
Accrued mark-up	**44,420**	**44,420**	-	-
Short term borrowings	**1,253,553**	**1,253,553**	-	-
	2,317,555	**2,317,555**	-	-

The following are the contractual maturities of financial liabilities as at June 30, 2009:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term financing	100,000	50,000	50,000	-
Trade and other payables	902,705	902,705	-	-
Accrued mark-up	50,785	50,785	-	-
Short term borrowings	1,464,263	1,464,263	-	-
	2,517,753	2,467,753	50,000	-

42.2 Fair values of financial assets and liabilities

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

42.3 Financial instruments by category

	Loans and receivables	
	2010	**2009**
	(Rupees in thousand)	
Financial assets as per balance sheet		
Loans to employees	**14,819**	18,116
Long term deposits	**14,845**	16,602
Trade debts	**677,606**	650,516
Trade deposits and short term prepayments	**17,486**	16,127
Other receivables	**82,125**	99,677
Cash and bank balances	**290,605**	179,159
	1,097,486	980,197

	Other financial liabilities	
	2010	**2009**
Financial liabilities as per balance sheet		
Long term financing	**50,000**	100,000
Trade and other payables	**969,582**	902,705
Accrued mark-up	**44,420**	50,785
Short term borrowings	**1,253,553**	1,464,263
	2,317,555	2,517,753

42.4 Capital risk management

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

For this purpose, the group calculates gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as the aggregate of share capital and reserves as shown in the balance sheet plus net debt.

The gearing ratios as at June 30, 2010 and 2009 were as follows:

	2010	**2009**
	(Rupees in thousand)	
Total borrowings	**1,303,553**	1,564,263
Net debt	**1,303,553**	1,564,263
Total equity	**472,040**	196,651
Total capital	**1,775,593**	1,760,914
Gearing ratio	**73.42%**	88.83%

	2010	**2009**
	(Liters in thousand)	
43. PRODUCTION CAPACITY		
Actual production	**32,192**	33,312

The capacity of the plant is indeterminable because it is a multi product plant involving varying processes of manufacturing. Actual production includes resin production of 7.790 million litres (2009: 6.885 million litres) which is used in the manufacture of the final product.

44. Details of operating fixed assets disposed off

Particulars of assets	Sold to	Cost/ Revalued amount	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
		(Rupees)				
Sale of Karachi Plant						
- Leasehold land	Generations School (Private) Limited	271,225,000	-	271,225,000	277,500,000	
- Building	Generations School (Private) Limited	21,875,000	-	21,875,000		
- Furniture	Generations School (Private) Limited	317,544	29,144	288,400	25,000,000	
- Electric Fittings	Generations School (Private) Limited	2,081,228	989,069	1,092,159		
		295,498,772	1,018,213	294,480,559	302,500,000	Negotiation
Plant and machinery						
- Transformer	Shafaqat Hussain	450,000	262,500	187,500	191,125	Company policy
- Home Appliances	Asadullah Khan -Ex employee	278,000	20,850	257,150	453,375	-do-
Electrical fittings						
- Generator	Asad Ullah Khan- Ex employee	137,795	10,335	127,460	120,750	Company policy
- Spilt A/C	Syed Salman -Employee	25,000	833	24,167	24,687	-do-
- Generator	Bashir Ahmed - Ex Chief Executive	245,000	51,042	193,958	122,500	-do-
- Generator 315 KVA	Qasim Engineering Works	1,377,550	792,091	585,459	1,025,000	Tender
Motor vehicles						
- Honda City	Ch Muhammad Riaz Sheikh	835,000	835,000	-	671,000	Tender
- Suzuki Mehran	Muhammad Shakil	555,000	555,000	-	476,500	-do-
- Suzuki Mehran	Muhammad Shakil	350,000	350,000	-	326,000	-do-
- Suzuki Mehran	Muhamamd Shakil	361,800	126,630	235,170	356,000	-do-
- Coure CX	Adamjee Insurance	549,000	192,150	356,850	525,000	Insurance claim
- Suzuki Mehran	Ali Akbar	469,000	320,483	148,517	452,786	Tender
		301,131,917	4,535,127	296,596,790	307,244,723	

45. CORRESPONDING FIGURES

Corresponding figures, where necessary, have been rearranged for the purposes of comparison. Significant reclassification for better presentation include:

- Colour bank machines amounting to Rs 10.086 million from Stock in trade to Other receivables.

- Contracted services amounting to Rs 57.39 million previously included in Salaries wages and benefits under Cost of sales now presented separately under Cost of sales.

- Contracted services amounting to Rs 8.67 million previously included in Salaries wages and benefits under Administrative expenses now presented separately under Administrative expenses.

- Contracted services amounting to Rs 12.73 million previously included in Salaries wages and benefits under Distribution expenses now presented separately under Distribution expenses.

46. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 28, 2010 by the Board of Directors of the company.

47. GENERAL

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

Chief Executive **Director**

Form of Proxy

The Secretary
Berger Paints Pakistan Limited
D-31, South Avenue, S.I.T.E
Karachi – 75700

I/We ____

of ____

being a member of Berger Paints Pakistan Limited and a holder of ____________________
(No. of Shares)

Ordinary Shares as per folio number ______________________________

Hereby appoint ______________________________________

of ____

on my / our behalf at the sixtieth (60th) Annual General Meeting of the Company to be held on October 26, 2010 and at any adjournment thereof.

Signed this ____________________ day of ____________________ 2010.

Signature on
Rs. 5.00
Revenue Stamp

NOTES:

1. The share transfer books of the Company will remain closed from October 18 to October 26, 2010 (Both days inclusive)

2. The member of the Company is entitled to attend, speak and vote at this meeting may appoint another member as his/ her proxy to attend, speak and vote on his/ her behalf. The completed proxy form must be received at Registered Office of the Company not less than 48 hours before the meeting.

3. Any individual beneficial owner of CDC, entitled to vote at this meeting must bring his/ her original NIC with him/ her to prove his/ her identity and in case of proxy, a copy of shareholder's attested NIC must be attached with the proxy form. Representatives of corporate members should bring usual documents required for such purpose.

Shareholders are requested to notify any change in their addresses to the company immediately.