

**HALF YEARLY ACCOUNTS
DECEMBER 31, 2003**



BUXLY PAINTS LIMITED

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COMPANY INFORMATION



BOARD OF DIRECTORS

Mr. Mohammad Saeed
Chairman

Mr. Yusuf Babar Khan
Managing Director & Chief Executive

Mr. H. P. Kotwal
Mr. Salman Tank Kureshi
Mr. Sheikh Ajaz Majid
Mr. Shahid Anwar
Mr. John Wilson
Mr. Adnan A. Kehar
Mr. Jamal Khurshid (Alternate to Mr. Sheikh Ajaz Majid)

AUDIT COMMITTEE

Mr. H. P. Kotwal	Chairman
Mr. Salman Tank Kureshi	Member
Mr. Adnan A. Kehar	Member

COMPANY SECRETARY

Mr. Mohammad Shabbir

AUDITORS

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

LEGAL ADVISOR

Mr. Abdus Samad

BANKERS

Bank Alfalah Limited
PICIC Commercial Bank Limited
Habib Bank Limited
National Bank of Pakistan
Muslim Commercial Bank Limited
Bank Al-Habib Limited

REGISTERED OFFICE

X/3, Manghopir Road, SITE, Karachi-75700.

FACTORY

X/3, Manghopir Road, SITE, Karachi-75700.

WEB SITE ADDRESS

www.buxly.com



The Board of Directors is pleased to present the results together with the unaudited accounts for the Half Year ended December 31, 2003.

Sales volume has increased by 22% over the previous corresponding six month period, while expenses remain under control, inspite of inflationary pressures. Financial charges are comparatively also slightly reduced.

We hope to substantially improve upon these results in the second half of the year.


CHIEF EXECUTIVE


DIRECTOR

Karachi

February 24, 2004


AUDITOR'S REVIEW REPORT TO THE MEMBERS



We have reviewed the annexed Balance Sheet of **BUXLY PAINTS LIMITED** as at December 31, 2003, and the related Profit and Loss Account, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof (here-in-after referred to as the "financial statements") for the half-year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Auditing applicable to review engagements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.


Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

Karachi.

February 24, 2004

**BALANCE SHEET (UN-AUDITED)
AS AT DECEMBER 31, 2003**



	Note	December 31, 2003	June 30, 2003
ASSETS			
NON-CURRENT ASSETS			
Operating fixed assets	4	11,380	11,436
Capital work-in-progress		499	1,036
Long-term deposits		677	677
Deferred taxation		1,969	3,434
		14,545	16,583
CURRENT ASSETS			
Stock-in-trade		16,551	13,828
Trade debtors		48,885	40,826
Short term investments		1,450	1,477
Advances and deposits		3,006	2,363
Prepayments and other receivables		369	340
Taxation		6,133	5,716
Cash and bank balances		1,390	2,330
		77,764	66,810
TOTAL ASSETS		92,309	83,393
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 5,000,000 (June 30, 2003: 5,000,000) Ordinary shares of Rs. 10 each		50,000	50,000
Issued, subscribed and paid-up capital		14,400	14,400
Reserves		23,355	22,311
		37,755	36,711
SURPLUS ON REVALUATION OF FIXED ASSETS		4,062	4,966
NON-CURRENT LIABILITIES			
Obligation under finance leases		469	925
Deferred liabilities		781	1,508
		1,250	2,433
CURRENT LIABILITIES			
Current portion of obligation under finance lease		2,022	2,649
Short-term running finance	5	9,371	3,282
Creditors and accrued liabilities		37,564	31,321
Unclaimed Dividends		295	2,002
		49,252	39,253
COMMITMENT	6		
TOTAL EQUITY AND LIABILITIES		92,309	83,393

The annexed accounting policies and explanatory notes 1 to 12 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

**PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2003**



	Note	Half Year Ended		Quarter Ended	
		Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2003	Dec. 31, 2002
		(Rupees in 000's)			
NET SALES		83,310	72,200	40,885	41,044
Cost of sales	7	(62,789)	(53,549)	(30,217)	(29,698)
GROSS PROFIT		20,521	18,651	10,668	11,346
Administrative expenses	8	(4,190)	(4,398)	(2,078)	(2,646)
Selling expenses	9	(13,689)	(11,720)	(7,108)	(6,648)
		(17,879)	(16,108)	(9,186)	(9,294)
OPERATING PROFIT		2,642	2,543	1,482	2,052
OTHER INCOME		177	179	127	99
		2,819	2,722	1,609	2,151
Financial charges	10	(753)	(975)	(422)	(540)
Workers' Profit Participation Fund		(104)	(87)	(80)	(80)
Workers' Welfare Fund		-	(33)	-	(30)
		(857)	(1,095)	(482)	(650)
PROFIT BEFORE TAXATION		1,962	1,627	1,127	1,501
TAXATION					
Current		(417)	(361)	(205)	(205)
Deferred		(1,445)	-	(1,206)	-
		(1,862)	(361)	(1,411)	(205)
NET PROFIT / (LOSS) FOR THE PERIOD		100	1,266	(284)	1,296
UNAPPROPRIATED PROFIT BROUGHT FORWARD		16,318	14,400	17,181	14,848
Transfer from surplus on revaluation of fixed assets with respect to incremental depreciation charged during the period		91	104	39	53
Surplus on revaluation of fixed assets realised on sale and lease back of fixed assets		853	853	426	426
		944	957	465	479
UNAPPROPRIATED PROFIT CARRIED FORWARD		17,362	16,623	17,362	16,623
BASIC EARNINGS / (LOSS) PER SHARE	(RS.)	0.07	0.88	(0.20)	0.90

The annexed accounting policies and explanatory notes 1 to 12 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

**STATEMENT OF CHANGES IN FINANCIAL POSITION
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2003**



	Half Year Ended	
	Dec. 31, 2003	Dec. 31, 2002
	(Rupees in 000's)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,962	1,827
Adjustments for:		
Depreciation	778	831
Profit on sale of fixed assets	(25)	(26)
Provision for retirement gratuity	368	400
Financial charges on borrowings	753	875
Provision against debts considered doubtful	500	458
Amortisation of deferred income	(38)	(37)
	<u>2,332</u>	<u>2,801</u>
Operating profit before working capital changes	4,294	4,228
Working capital changes:		
(Increase) / decrease in current assets:		
Stock-in-Trade	(2,723)	(983)
Trade Debtors	(8,039)	(8,880)
Advances and deposits	(613)	643
Prepayment and other receivables	(128)	(188)
	<u>(11,504)</u>	<u>(9,388)</u>
Increase / (decrease) in current liabilities:		
Creditors, accrued and other liabilities	5,535	2,157
Provision and other liabilities	553	(46)
	<u>6,088</u>	<u>2,111</u>
	<u>(5,416)</u>	<u>(7,277)</u>
Cash used in operations	(1,122)	(3,049)
Financial charges paid	(683)	(1,180)
Income tax paid	(1,249)	(1,149)
Gratuity paid	(1,055)	(203)
Net cash used in operating activities	<u>(4,109)</u>	<u>(5,581)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in fixed assets	(174)	(1,131)
Capital work-in-progress	(53)	-
Proceeds from sale of fixed assets	68	68
Profit on Short term investments	27	-
Long term deposits	-	137
Net cash used in investing activities	<u>(131)</u>	<u>(908)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(1,707)	(933)
Obligation under Finance lease - net	(1,082)	(987)
Net cash used in financing activities	<u>(2,789)</u>	<u>(1,920)</u>
Net decrease in cash and cash equivalents	(7,029)	(8,389)
Cash and cash equivalents at the beginning of the period	(952)	1,021
Cash and cash equivalents at the end of the period	<u>(7,981)</u>	<u>(7,368)</u>
Cash and cash equivalents comprises :		
Cash and bank balances	1,390	1,415
Short-term running finances	(8,371)	(8,783)
	<u>(7,981)</u>	<u>(7,368)</u>

The annexed accounting policies and explanatory notes 1 to 12 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2003**



	Issued subscribed & paid-up capital	Reserves			Total
		General reserve	Unappro- priated profit	Total	
(Rupees in 000's)					
Balance as at June 30, 2002 as restated	14,400	5,993	14,400	20,393	34,793
Net profit for the period	-	-	1,266	1,266	1,266
Surplus on revaluation of fixed assets realised on sale and lease back of fixed assets	-	-	853	853	853
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation charged in the profit and loss in respect of the period	-	-	104	104	104
Balance as at December 31, 2002	14,400	5,993	16,623	22,616	37,016
Balance as at June 30, 2003	14,400	5,993	16,318	22,311	36,711
Net profit for the period	-	-	100	100	100
Surplus on revaluation of fixed assets realised on sale and lease back of fixed assets	-	-	853	853	853
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation charged in the profit and loss in respect of the period	-	-	91	91	91
Balance as at December 31, 2003	14,400	5,993	17,362	23,355	37,755

The annexed accounting policies and explanatory notes 1 to 12 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

**NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2003**



1. THE COMPANY AND ITS OPERATIONS

Buxly Paints Limited was incorporated in Pakistan on April 8, 1954 as a private limited company. The shares of the company are currently listed on the Karachi and Lahore Stock Exchanges. The company is engaged in the manufacturing and sale of paints, protective surface coatings, varnishes and other related products.

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

2. BASIS OF PREPARATION

These financial statements are unaudited but subject to limited scope review by auditors and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of these financial statements are the same as those applied in preparing the financial statements for the year ended June 30, 2003.

4. OPERATING FIXED ASSETS

The following major additions and deletions were made in operating fixed assets, during the period / year

	December 31, 2003	June 30, 2003
	(Rupees in 000's)	
Additions		
Laboratory equipments	3	20
Furniture and fixtures	43	34
Office equipment	27	-
Computers	58	140
Motor vehicles	633	784
	<u>764</u>	<u>978</u>
Deletions		
Motor Cycle / Motor vehicle	<u>69</u>	<u>431</u>
5. SHORT TERM RUNNING FINANCE under markup arrangements - secured		
From Bank	<u>9,371</u>	<u>3,282</u>

The company is availing facility for short term running finance, aggregating to Rs. 10 million (June 2003: Rs. 17 million), carrying mark - up at the rate of Rs. 0.23 (June 2003: Rs. 0.23) per thousand per day.

This facility is secured against first hypothecation charge on the assets of the company, amounting to Rs. 18 million.

Unavailed credit facilities amounts to Rs. 0.629 (June 2003: Rs. 13.718) million.

6. COMMITMENT

Commitment in respect of capital expenditure	<u>33</u>	<u>14</u>
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**NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2003**



	Half Year Ended		Quarter Ended	
	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2003	Dec. 31, 2002
	(Rupees in 000's)			
7. COST OF SALES				
Opening stock				
Raw material	5,115	5,993	5,497	6,801
Container and packing material	449	794	529	818
	5,564	6,777	6,026	7,619
Add: Purchases				
Raw material	44,812	37,688	20,564	16,984
Container and packing material	6,474	4,650	3,069	1,883
	51,286	42,338	23,633	18,867
	56,850	49,115	29,659	26,486
Less: Closing stock				
Raw material	4,858	5,745	4,858	5,745
Container and packing material	558	631	558	631
	5,416	6,376	5,416	6,376
Raw material, container and packing material consumed	51,434	42,739	24,243	20,110
Excise duty	9,811	8,585	4,580	4,809
Manufacturing expenses				
Salaries, wages and other benefits	1,304	2,259	645	1,047
Fuel and Power	551	456	244	256
Toll manufacturing expenses	1,607	-	683	-
Depreciation	525	514	241	244
Others	428	381	240	131
	4,415	3,610	2,033	1,678
Cost of goods manufactured	65,660	54,934	30,856	26,597
Opening stock of finished goods	8,264	5,496	10,496	9,972
Closing stock of finished goods	(11,135)	(6,871)	(11,135)	(6,871)
	62,789	53,549	30,217	29,698

**NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2003**



	Half Year Ended		Quarter Ended	
	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2003	Dec. 31, 2002
	(Rupees in 000's)			
8. ADMINISTRATIVE EXPENSES				
Salaries, wages and other benefits	2,037	2,051	935	948
Depreciation	251	317	97	212
Provision for doubtful debts	500	458	253	458
Others	1,402	1,562	793	1,028
	<u>4,190</u>	<u>4,388</u>	<u>2,078</u>	<u>2,646</u>
9. SELLING EXPENSES				
Salaries, wages and other benefits	3,439	2,828	1,792	1,570
Advertising expenses/ Sales promotion	6,172	5,053	3,367	3,208
Cartage outward	1,613	1,331	784	740
Others	2,465	2,508	1,165	1,132
	<u>13,689</u>	<u>11,720</u>	<u>7,108</u>	<u>6,648</u>
10. FINANCIAL CHARGES				
Finance cost on leases	242	444	101	212
Mark up on short term running finance	353	421	236	277
Bank charges	140	110	76	51
Others	18	-	9	-
	<u>753</u>	<u>975</u>	<u>422</u>	<u>540</u>

11. RELATED PARTY RELATIONSHIP AND TRANSACTIONS

The company has related party relationship with Berger Paints Pakistan Limited. Transactions therewith are as follows:

	December 31, 2003	December 31, 2002
	(Rupees in 000's)	
Sales	40	168
Purchases	41,885	35,312
Toll manufacturing expenses incurred	1,607	-

The transactions with the related party are made under normal course of business at contracted rates and terms determined in accordance with market rates.

12. GENERAL

12.1 These financial statements were authorised for issue by the Board of Directors on 24/03/2004.

12.2 Figures have been rounded off to the nearest thousand rupees.

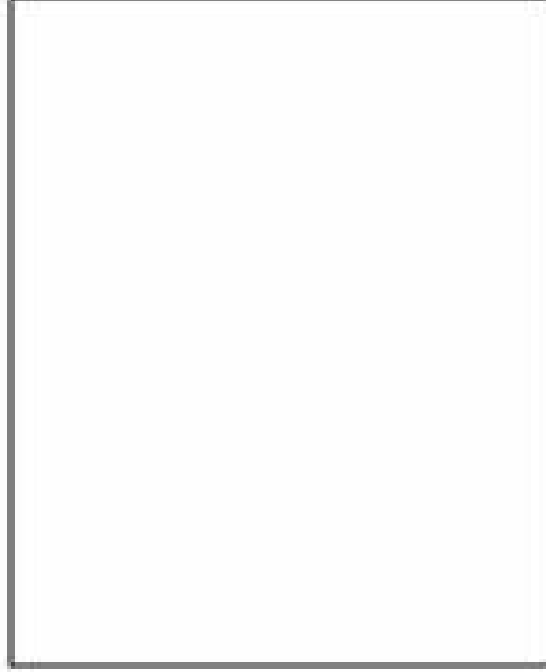

CHIEF EXECUTIVE


DIRECTOR

BUXLY
PAINTS

Adding Beauty & Value

UNDER POSTAL CERTIFICATE
BOOK POST



IF UNDELIVERED PLEASE RETURN TO

BUXLY PAINTS LIMITED

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