

BUXIY

Paints



**NINE MONTHS ENDED
MARCH 31, 2012**

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COMPANY INFORMATION

Company Information

Board of Directors:

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

Audit Committee:

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

Company Secretary:

Mr. Shayan Mufti

Auditors:

KPMG- Taseer Hadi & Co.
Chartered Accountants

Legal Advisor:

Mr. Laiq Ahmed Khan

Bankers:

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

Share Registrar:

Noble Computer Services (Pvt.) Ltd.
1st Floor, House of Habib Building,
(Siddiqsons Tower), 3- Jinnah C.H. Society,
Main Shahrah-e-Faisal, Karachi-75350,
Ph: (92-21) 34325482-87
Fax: (92-21)34325442

Registered Office:

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

Web Site Address:

<http://www.buxly.com>



DIRECTORS' REVIEW

The directors are pleased to present their report with un-audited condensed interim financial statement for the nine months ended March 31, 2012.

Despite the law and order situation coupled with energy crises, our sales revenue have increased from Rs. 60.6 M to Rs. 79.6 from corresponding period of the last year.

Gross margin have increased by 3.1% from corresponding period of the previous year. Expenses have slightly increased from the last year due to increase in sales. Finally we earned net profit after tax of Rs.1.4 M as against a net loss of Rs. 3.7 M of corresponding period.

Despite the increasing challenges, we will strive to optimize the results.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Date: 28 April 2012
Karachi.



**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT 31 MARCH 2012**

	Note	(Un-Audited) 31 March 2012	(Audited) 30 June 2011
(Rupees in '000)			
ASSETS			
Non-Current Assets			
Property plant and equipment	6	1,905	1,879
Long term loans and advances		1,038	737
Long term deposits		91	91
Deferred tax asset	7	-	-
		3,034	2,707
Current Assets			
Stock in trade		21,880	18,988
Trade debts - unsecured		31,427	29,859
Current portion of long term loans and advances		322	232
Mark-up receivable		72	66
Advances and deposits		8,188	7,962
Prepayments and other receivables		5,429	5,652
Taxation - net		8,446	8,518
Term deposit receipts		150	150
Cash and bank balances		2,571	3,970
		78,485	75,397
Total Assets		81,519	78,104
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised Capital			
5,000,000 (30 June 2011: 5,000,000) Ordinary shares of Rs. 10 each		50,000	50,000
Issued, subscribed and paid-up capital			
1,440,000 (30 June 2011: 1,440,000) ordinary shares of Rs. 10 each		14,400	14,400
Reserves		5,993	5,993
Accumulated loss		(14,394)	(15,751)
		5,999	4,642
Current Liabilities			
Short term running finance - secured	8	2,281	2,822
Trade and other payables		73,239	70,625
Interest and mark-up accrued		-	15
		75,520	73,462
Contingencies and commitments	9		
Total Equity and Liabilities		81,519	78,104

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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CHIEF EXECUTIVE OFFICER


DIRECTOR



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2012**

	Notes	Nine months period ended		Quarter ended	
		31 March 2012 (Rupees in '000)	31 March 2011	31 March 2012 (Rupees in '000)	31 March 2011
Sales - net	10	79,639	60,661	26,050	24,572
Cost of sales	11	(64,620)	(51,090)	(21,555)	(18,999)
Gross profit		15,019	9,571	4,495	5,573
Distribution and selling expenses	12	(7,982)	(7,263)	(2,534)	(1,987)
Administrative expenses	13	(4,780)	(4,629)	(1,358)	(1,364)
		(12,762)	(11,892)	(3,892)	(3,351)
Operating profit / (loss)		2,257	(2,321)	603	2,222
Other income		476	850	120	355
		2,733	(1,471)	723	2,577
Financial charges	14	(421)	(1,610)	(172)	(318)
Workers' Profit Participation Fund		(116)	-	(28)	-
Workers' Welfare Fund		(43)	-	(10)	-
		(580)	(1,610)	(210)	(318)
Profit / (loss) before taxation		2,153	(3,081)	513	2,259
Taxation					
Current		(796)	(607)	(260)	(239)
Profit / (loss) for the period		1,357	(3,688)	253	2,020
Earnings / (loss) per share - basic and diluted		0.94	(2.56)	0.18	1.40

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2012**

	<u>Nine months period ended</u>		<u>Quarter ended</u>	
	<u>31 March 2012</u>	<u>31 March 2011</u>	<u>31 March 2012</u>	<u>31 March 2011</u>
	<u>(Rupees in '000)</u>		<u>(Rupees in '000)</u>	
Profit / (Loss) after taxation	1,357	(3,688)	253	2,020
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss)	<u>1,357</u>	<u>(3,688)</u>	<u>253</u>	<u>2,020</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2012**

	31 March 2012	31 March 2011
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	2,153	(3,081)
Adjustments for:		
- Depreciation	83	68
- Stock Provision	393	-
- Provision for doubtful debts	317	-
- Gain on sale of property plant and equipment	-	(43)
- Financial charges	421	1,610
	<u>1,214</u>	<u>1,635</u>
	3,367	(1,446)
Working capital changes		
(Increase) / decrease in current assets		
Stock in trade	(3,241)	(1,642)
Trade debts	(1,885)	2,276
Advances and deposits	(226)	3,990
Prepayments and other receivables	217	(1,714)
	<u>(5,135)</u>	<u>2,910</u>
(Decrease) / increase in current liabilities		
Creditors, accrued and other liabilities	<u>2,614</u>	<u>34,530</u>
Cash generated from operations	846	35,994
Financial charges paid	(436)	(1,368)
Long term loans and advances paid / recovered	(391)	-
Income tax paid	(724)	(1,015)
	<u>(1,551)</u>	<u>(2,383)</u>
Net cash flow from operating activities	<u>(705)</u>	<u>33,611</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales proceeds of property, plant and equipment	-	200
Addition to Fixed Assets	(153)	(44)
Net cash flow from investing activities	<u>(153)</u>	<u>156</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash flow from financing activities	<u>-</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents	<u>(858)</u>	<u>33,767</u>
Cash and cash equivalents at beginning of the period	<u>1,148</u>	<u>(38,093)</u>
Cash and cash equivalents at end of the period	<u><u>290</u></u>	<u><u>(4,326)</u></u>
Cash and cash equivalent comprises		
Cash and bank balances	2,571	2,498
Short-term running finance	(2,281)	(6,824)
	<u>290</u>	<u>(4,326)</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2012**

	Issued, subscribed and paid-up capital	General reserve	Accumulated (loss)/ unappropriated profit	Total
(Rs in '000).....			
Balance as at 1 July 2010-Restated	14,400	5,993	(9,049)	11,344
Transactions with owners, recorded directly in equity	-	-	-	-
Total comprehensive loss for the year ended 30 June 2011	-	-	(6,702)	(6,702)
Balance as at 30 June 2011	<u>14,400</u>	<u>5,993</u>	<u>(15,751)</u>	<u>4,642</u>
Transactions with owners, recorded directly in equity	-	-	-	-
Total comprehensive income for the nine month period ended 31 March 2012	-	-	1,357	1,357
Balance as at 31 March 2012	<u><u>14,400</u></u>	<u><u>5,993</u></u>	<u><u>(14,394)</u></u>	<u><u>5,999</u></u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2012**

1. STATUS AND NATURE OF BUSINESS

The Company was incorporated in Pakistan in April 1954 as a private limited company under the Companies Act, 1913 (now the Companies Ordinance, 1984) with registered office in Karachi, Sindh and subsequently converted into a public limited company in May 1985. Its shares are listed on the Karachi and Lahore Stock Exchanges. The principal activity of the company is manufacturing (under a toll manufacturing agreement with Berger Paints Pakistan Limited) and sale of paints and allied products.

The registered office of the Company is situated at D-31, South Avenue, S.I.T.E. Karachi, Pakistan.

2. STATEMENT OF COMPLIANCE

These condensed interim financial information have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 June 2011.

These condensed interim financial statements are un-audited and are being submitted as required by Section 245 of the Companies Ordinance, 1984.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the preceding year ended 30 June 2011.

4. ESTIMATES

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2011.

5. RISK MANAGEMENT

The Company's risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2011.

6. PROPERTY, PLANT AND EQUIPMENT

6.1 The following additions were made at cost during the period:

	31 March 2012 (Un-audited)	30 June 2011 (Audited)
	(Rupees in '000)	
Computers	<u>153</u>	<u>49</u>



6.2 The shareholders of the Company at their Extra Ordinary General Meeting held on 19 January 2011 authorised the sale of the Company owned land measuring 1.1 acres situated at X/3, Manghopir Road, S.I.T.E., Karachi.

However, during last year, the management has not found a suitable buyer for the land and the Board of Directors in their meeting held on 5 October 2011, approved the division of Company's land into two portions as follows:

- To refurbish the Company's building on one portion and rent out and
- To put the other portion on sale or obtain bank loan against the Company's land as deemed fit by the directors.

Shareholders in their 57th Annual General Meeting held on 31 October 2011 have approved the decision of the Board of Directors.

The Board of Directors in their meeting held on 28 October 2011 have decided to give the portion of land to Berger on rent after necessary renovation.

7. DEFERRED TAXATION

Deferred tax asset has not been recognised on account of taxable losses and deductible temporary differences (net of taxable temporary differences) as it is not probable that the offset will be available in future.

8. SHORT TERM RUNNING FINANCE - secured

This represents short term running finance facility of Rs. 45 million (2011: 45 million) obtained from Habib Metropolitan Bank Limited to finance the working capital requirements. The facility carries mark up at the rate of 2.5 percent above three months average KIBOR (2011: 2.5 percent above three months KIBOR), payable quarterly with the floor of 12.5% (2011: 12.5%).

This facility is secured against registered first ranking (pari passu) hypothecation charge over stocks and receivables of the Company, amounting to Rs. 70 million (2011: Rs 70 million). This facility has expired on 30 June 2011.

9. CONTINGENCIES AND COMMITMENTS

	31 March 2012	30 June 2011
(Rupees in '000)....	
Letter of guarantees	<u>2,636</u>	<u>2,637</u>

10. SALES -net

	<u>Nine months period ended</u>		<u>Quarter ended</u>	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
(Rs in '000).....			
Gross sales	93,207	72,003	30,408	29,275
Sales tax	(12,852)	(10,444)	(4,211)	(4,472)
	80,355	61,559	26,197	24,803
Commission and discounts	(716)	(898)	(147)	(231)
	<u>79,639</u>	<u>60,661</u>	<u>26,050</u>	<u>24,572</u>



11. COST OF SALES

	Nine months period ended		Quarter ended	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
(Rs in '000).....			
Opening stock				
Container and packing material	597	-	854	-
	<u>597</u>	<u>-</u>	<u>854</u>	<u>-</u>
Add: Purchases				
Raw material	60,559	50,336	19,121	16,447
Container and packing material	4,660	5,062	1,083	1,971
	<u>65,219</u>	<u>55,398</u>	<u>20,204</u>	<u>18,418</u>
	<u>65,816</u>	<u>55,398</u>	<u>21,058</u>	<u>18,418</u>
Less: Closing stock				
Raw material	-	(3,415)	-	(3,415)
Container and packing material	(1,430)	-	(1,430)	-
	<u>(1,430)</u>	<u>(3,415)</u>	<u>(1,430)</u>	<u>(3,415)</u>
Raw material, container and packing material consumed	<u>64,386</u>	<u>51,983</u>	<u>19,628</u>	<u>15,003</u>
Manufacturing expenses				
Toll manufacturing expenses	2,685	2,261	849	686
	<u>2,685</u>	<u>2,261</u>	<u>849</u>	<u>686</u>
	<u>67,071</u>	<u>54,244</u>	<u>20,477</u>	<u>15,689</u>
Work in process				
Opening stock	3,060	7,262	7,957	8,920
Closing stock	(9,806)	(2,913)	(9,806)	(2,913)
Insurance Claim receivable	-	(4,927)	-	(4,927)
	<u>(6,746)</u>	<u>(578)</u>	<u>(1,849)</u>	<u>1,080</u>
Cost of goods manufactured	<u>60,325</u>	<u>53,666</u>	<u>18,628</u>	<u>16,769</u>
Opening stock of finished goods	17,716	11,919	16,348	16,725
Closing stock of finished goods	(13,421)	(14,495)	(13,421)	(14,495)
	<u>4,295</u>	<u>(2,576)</u>	<u>2,927</u>	<u>2,230</u>
Cost of goods sold	<u>64,620</u>	<u>51,090</u>	<u>21,555</u>	<u>18,999</u>

12. DISTRIBUTION AND SELLING EXPENSES

Salaries, wages and other benefits	5,763	5,076	1,918	1,403
Advertising expenses / sales promotion	92	341	28	52
Carriage outward	1,515	895	507	281
Depreciation	41	25	16	9
Others	571	926	65	242
	<u>7,982</u>	<u>7,263</u>	<u>2,534</u>	<u>1,987</u>

13. ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits	1,855	2,531	620	796
Depreciation	42	43	17	14
Provision for doubtful debts	317	-	-	-
Bad debts written off	393	-	-	-
Others	2,173	2,055	721	554
	<u>4,780</u>	<u>4,629</u>	<u>1,358</u>	<u>1,364</u>

14. FINANCIAL CHARGES

Markup on short term running finance	314	1,472	123	311
Bank charges	107	138	49	7
	<u>421</u>	<u>1,610</u>	<u>172</u>	<u>318</u>



15. RELATED PARTY RELATIONSHIP AND TRANSACTIONS

The related parties comprise Berger Paints Pakistan Limited, directors of the Company, major share holders and their close family members and key management personnel. The Company continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions. Transactions with key management personnel are made as per the term of employment.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these condensed interim financial statements are as follows:

	<u>Nine months period ended</u>	
	<u>31 March</u>	<u>31 March</u>
	<u>2012</u>	<u>2011</u>
	<u>.....(Rupees in '000).....</u>	
Associated undertakings		
Berger Paints Pakistan Limited		
Purchases	<u>60,559</u>	<u>46,867</u>
Toll manufacturing expenses incurred	<u>2,685</u>	<u>2,261</u>
Royalty income	<u>470</u>	<u>690</u>
Due to Berger Paints Pakistan Limited.	<u>39,964</u>	<u>54,383</u>
Due from Berger Paints Pakistan Limited		
- Royalty income	<u>470</u>	<u>690</u>
National Bank of Pakistan - bank deposit	<u>16</u>	<u>95</u>
Remuneration of key management personnel		
Management remuneration	<u>1,577</u>	<u>846</u>
House rent and other benefits	<u>1,047</u>	<u>594</u>
Buxly Paints Limited Provident Fund		
Company's contribution	<u>21</u>	<u>86</u>

16. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue in the Board of Directors meeting held on 28 April, 2012

17. GENERAL

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



CHIEF EXECUTIVE OFFICER



DIRECTOR




Adding Value & Protection

Buxly has been manufacturing superior quality paints since 1933. The company's focus on quality and durability through constant research and development have kept the Buxly name synonymous with customer's trust, generation after generation.

Today, Buxly offers a comprehensive range of products. From preparatory materials to finishing products for regular painting needs for buildings, industries and for extreme conditions and very specialized applications.

When you buy Buxly, you buy excellence in protective and decorative finishes.

Buxly's - commitment to excellence in quality

-  Extensive product Research & Development.
-  Trained and dedicated professional staff.
-  Emphasis on modern Quality Control techniques.